

Event backgrounder: MITO New Zealand's 2018 Industry Summit

To:	Hon Chris Hipkins, Minister of Education
From:	Section 9(2)(a) Acting Manager, ITO Investment, Operations Directorate
Date:	22 May 2018
Reference:	E/18/00269

You are speaking at the MITO Industry Summit on 30 May 2018

1. This paper provides background information about MITO New Zealand (MITO) ahead of your attendance and speech at the annual MITO Industry Summit on 30 May 2018 at 10.05am.
2. The event marks MITO's 25th anniversary as an industry training organisation (ITO).
3. The theme of this year's summit is "Celebrating the past, focused on the future".
4. You are scheduled to speak for 20 minutes. Following your address you will be asked to cut the 25th anniversary ceremonial cake.
5. Hon Phil Twyford, Minister of Transport, has been invited to speak at 11.30am.
6. We recommend that you proactively release this event backgrounder, with a minor withhold (table 2), once it has been considered by you.

This event is MITO's sixth annual Industry Summit

7. The summit allows key industry stakeholders and major corporate employers to engage with the MITO Board on education and vocational training issues. These include tertiary education policy, government initiatives, regulatory and compliance requirements, and emerging technologies.
8. The contribution from industry stakeholders and employers shapes the strategic priorities for the ITO. It is also an opportunity for MITO to update stakeholders on its performance.
9. The summit focuses on the future for MITO's industries in terms of innovative and digital technology. It provides practical ideas and tools for industry associations and employers to help prepare for these emerging technologies.

Background information on MITO

10. The board chair is David O'Kane and the chief executive is Janet Lane.

11. MITO has coverage for the automotive, commercial road transport and logistics, stevedoring and ports, freight forwarding and distribution, industrial textile fabrication, extractives and drilling, gas, protective coating and resource recovery industries¹.
12. In its traditional sectors (automotive, commercial road transport and logistics) MITO has an established model that delivers good educational performance. MITO has supported a strong training culture in these industries.
13. Employers serviced by MITO are mostly smaller organisations. In 2017 there were around 2,345 employers with one trainee each. In particular, the automotive industry is predominantly made up of small and medium businesses with strong links to regional and national industry associations.
14. In 2016, MITO's Motor Industry (level 4) programme was the third highest funded programme across all ITOs, making up 5.5 percent (\$9.5 million) of total delivery. MITO has new apprenticeship programmes for industries that have not engaged in apprenticeship training. Apprenticeship numbers have grown since the introduction of New Zealand Apprenticeships in 2014.
15. MITO has a 2018 funding allocation of \$11.4 million following steady growth in training volumes over the past few years. (see Table 1). MITO's investment plan has been approved for three years.

Table 1: Funding and learner numbers 2014-17

	2014	2015	2016	2017
Funded delivery	\$9.9m	\$10.7m	\$10.6m	\$10.0m
Total trainees and apprentices	5,400	5,500	5,600	5,700

16. Recently, MITO introduced a new constitution to support a changed governance structure. The new structure provides for a Governance Board with members elected by a stakeholder council.
9(2)(g)(i)
17. MITO recently had to vacate its central Wellington offices at short notice due to the discovery of earthquake-related damage. MITO has now established new offices with little disruption to employers or trainees.

MITO educational performance indicators have shown improvement

18. MITO's educational performance indicators have improved (see table 2). Credit achievement has consistently increased over the last three years. Programme completion in 2016 is a significant increase on earlier years (in both the new cohort-based programme rate and the previous programme completion measure).
19. MITO's largest funded programmes (Motor Industry (level 4) and Extractive Industries (level 5)) perform well with high credit achievement rates.

¹ MITO merged with Tranzqual (transport and logistics) in 2011 and the Extractives ITO in 2012.

Table 2: Educational performance indicators 2014-17

	Credit Achievement				Programme Completion			Cohort-Based Programme Completion ²	
	2014	2015	2016	Section 9(2)(b)(ii)	2014	2015	2016	2016	Section 9(2)(b)(ii)
MITO	72	81	96		63	68	90	69	
ITO subsector	85	87	87		72	75	77	62	

²2017 rates have not yet been published.

MITO received a positive External Evaluation and Review (EER) in late 2016

20. In December 2016, the New Zealand Qualifications Authority EER rated MITO 'highly confident' for both ITO performance and capability in self-assessment. This EER result means MITO is a Category 1 ITO.
21. The EER noted that MITO's stakeholder engagement with industry is strong. This engagement provides MITO with a broad range of current information and a sound understanding of their industries, their expectations, direction and future training needs.
22. In reference to road transport, the EER noted 85 percent of learners who undertake the heavy truck licence choose to complete an approved course using MITO resources instead of the alternative option. Employers recognise the added skills MITO resources provide, such as the pre-driving check and information on use of log books.
23. The New Zealand Transport Agency, as a key stakeholder in driver licensing and endorsements, also values MITO's resources and quality assurance of assessor judgements.

MITO is looking to the future needs of its industries

24. MITO encourages school students into its industries through Startup and Gateway programmes. The ITO also runs scholarship programmes. These scholarships are awarded to high-achieving trainees to support apprenticeships, business diplomas, advanced technical programmes, and management courses.
25. MITO has received funding from the Government's Low Emission Vehicles Contestable Fund for the development of qualifications for the safe inspection, servicing and repair of electric vehicles (EVs) in New Zealand. This will enable industry-wide access to training and qualifications for EVs by 2019.
26. MITO supports the Evolocity programme that introduces secondary school students to engineering and EV technology. In four years the programme has grown from 11 to more than 100 teams who build and race EVs in a national competition.

² Cohort-based programme completion rate was introduced from 2016. The previous programme completion measure has been included for context.

27. In response to the shortage of road freight transport drivers, national road carrier bodies have set up a Road Transport Workforce Development Strategy with input from officials. A sector workforce engagement programme (SWEP)³ led by MBIE and MSD is currently engaging with industry, MITO, and tertiary education organisations around the strategy. MITO has worked with SWEP and the sector to develop qualifications to meet sector needs. An entry level qualification supports the transition of younger people into the industry on a career development pathway.
28. In the extractives sector, MITO is working with industry associations and Worksafe New Zealand to anticipate and meet the need for a skilled workforce. MITO has worked with the government-led team responsible for overseeing the recommendations of the Pike River Royal Commission Inquiry. This has culminated in a new regulatory framework for health and safety in the extractives industry and a review of extractives qualifications to align with the Commission's recommendations.

Possible questions that may be raised at the summit

29. When will ITOs have an opportunity to contribute to the VET review?

The Ministry of Education is already engaging with ITOs and other TEOs around the country. There will be more opportunities to get involved as the review proceeds.

30. What kinds of change are you hoping to come out of the VET review?

It has been a while since we looked across the system of vocational education and training in this way. This is a real opportunity to come up with a system that supports, and is supported by, industry. The review has a particular focus on work-based learning that adapts to different needs – from broad, first qualifications up to flexible, just-in-time training. I want the review to show us how we can have a strong network of provision in the regions. ITOs are an important part of how we meet some of those regional needs and provide opportunities for some of our more remote learners. And we need to address the needs of a diverse range of learners, so that touches on issues of access, achievement and outcomes for different learner groups.

31. Should additional funding be tagged to the skills leadership function?

ITO funding issues are part of the broader review of vocational education, and that's where this question will be fully worked through. But I note that industry benefits greatly from effective skills leadership, so it's not unreasonable to expect industry to contribute to the cost. I would also point out that the TEC can allocate up to \$3.5m annually for industry training-related projects, and up to \$1.0m annually for qualifications development activities.

32. Will the Government consider a single apprenticeship funding rate as proposed by the Productivity Commission?

The concept of a single funding rate for apprenticeship training was proposed in the Productivity Commission's report into *New Models of Tertiary Education*, released in March 2017. This approach would make funding for apprenticeships the same, regardless of whether it was undertaken through an ITO or an institute of technology or polytechnic (ITP).

The VET review will consider how ITO and provider funding compare with each other, and how the funding system could encourage collaboration.

³ SWEP organisations include TEC, MBIE, MSD, national road carrier organisations, and tertiary education organisations.

But, I'm not going to jump ahead at this early stage and say precisely what changes are needed in the funding of vocational education. We're in a process of engagement and analysis to get to that point and I want to respect that process and the contributions ITOs and others are making to it.

33. 9(2)(g)(i) [Redacted]

[Redacted]

34. What is being done about driver shortages in the transport sector?

The actions the sector and MITO are taking to address driver shortages are explained in paragraph 26.

Section 9(2)(a)

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Manager, ITO Investment Team, Operations
Directorate
Tertiary Education Commission

22 May 2018

Hon Chris Hipkins
Minister of Education

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Appendix - Biographies



David O'Kane, Chair - MITO

David has been a board member of MITO since 2008, and chair since 2011. He has previously been a board member and chair of Vehicle Testing Group Ltd. and the Motor Trade Association.



Janet Lane, Chief Executive – MITO

Prior to joining MITO in 1999 as the chief executive, Janet held the senior ministerial liaison position with the New Zealand Tourism Board.

Janet has a background in politics, management and education. She has held a range of research and advocacy portfolios in national politics in Canada and New Zealand. She has also worked in the private sector, leading project teams in total quality management, brand and product development, as well as building human resource capability at an enterprise level.

Janet is an invited member of the Institute of Quarrying's executive council, and currently serves as a Director on the I-CAR NZ Board.