

# Report of External Evaluation and Review

## The Skills Organisation

Highly Confident in ITO performance

Confident in capability in self-assessment

Date of report: 20 October 2016

# Contents

Purpose of this Report.....	3
Introduction .....	3
1. ITO in context.....	3
2. Scope of external evaluation and review .....	5
3. Conduct of external evaluation and review.....	6
Summary of Results .....	7
Findings .....	9
Recommendations .....	25
Appendix .....	26

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# Purpose of this Report

*The purpose of this external evaluation and review report is to provide a public statement about the industry training organisation's (ITO) performance and capability in self-assessment. It forms part of the accountability process required by Government to inform investors, the public, trainees, communities, employers, and other interested parties. It is also intended to be used by the ITO itself for quality improvement purposes.*

## Introduction

### 1. ITO in context

Name of ITO:	The Skills Organisation
Location:	Head office: Level 2, LG House, The Crossing, 60 Highbrook Drive, East Tamaki, Auckland
Gazette re-recognition date:	1 December 2017
Gazette coverage:	Plumbing, gasfitting, drainlaying, roofing, electrotechnology, real estate, financial services, local government, public sector (with some exclusions), security, contact centre, offender management, cranes and scaffolding, ambulance, emergency management, elevating platforms, health and safety, industrial rope access, rigging, first aid and civil defence.  Gazetted coverage can be retrieved from <a href="https://gazette.govt.nz/notice/id/2015-au1701">https://gazette.govt.nz/notice/id/2015-au1701</a> (24 February 2016)
Number of qualifications registered on NZQF:	171 (76 New Zealand qualifications, 95 National qualifications)
Number of CMRs on the NZQF:	11
Number of STMs:	2,860 standard training measures (as at end of May 2016)
Number of trainees:	13,438 industry trainees  512 Gateway students
Number of staff:	154

Number of registered workplace assessors:	2,700 workplace and contracted assessors.
Distinctive characteristics:	<p>The organisation has completed 16 reviews of qualifications and has six remaining to complete.</p> <p>4,100 employers across 22 sectors are engaged with the ITO in training or providing input into training.</p> <p>657 trainees were assessed for literacy and numeracy in 2015.</p> <p>The average age of trainees has slightly decreased to 23 years, with the average age of a plumbing and gasfitting trainees 24 years, and 39 years for a cranes trainee.</p> <p>The industry training organisation (ITO) receives funding from a range of sources, which is in line with its strategy to increase the diversity of its income to protect against future changes. The ITO receives \$2.8 million in funding from the Tertiary Education Commission, a government tertiary funding agency, and 38 per cent of its total income sourced from industry payments for training. The ITO also has an international team that works with overseas governments to develop qualifications and training, such as in Saudi Arabia.</p> <p>The ITO owns a resource development company that develops learning and assessment materials, which are pre-moderated by its industry experts.</p>
Recent significant changes:	<p>Until 2012, The Skills Organisation was known as the Electro-technology Industry Training Organisation (ETITO). The Skills Organisation merged with three other ITOs at that time (Plumbing, Gasfitting and Drainlaying ITO, Learning State, and Opportunity – The Learning Organisation). The most recent addition to its coverage was the emergency management sector in 2015.</p> <p>As a consequence, the ITO has grown from covering five industries with 57 qualifications, to 22 industries with 138 pre-TRoQ qualifications</p>

and 105 post-TRoQ.<sup>1</sup>

On 21 April 2016, the telecommunications sector was transferred to Connexis, bringing the total number of sectors the organisation covers to 22.

Previous quality assurance history:

At the previous external evaluation and review (EER) in 2012, NZQA was Confident in the educational performance of The Skills Organisation, previously known as ETITO, and Confident in its capability in self-assessment.

The Skills Organisation did not meet all NEM (national external moderation) requirements in 2015. Learner evidence did not meet the national standard for four unit standards. The Skills Organisation was requested to submit an action plan to address ongoing assessment and moderation issues which was accepted in March 2016. The effectiveness of the actions taken will be known when national external moderation is completed at the end of 2016.

## 2. Scope of external evaluation and review

The EER scope included the following areas:

### **Strategic Engagement**

This area is the corporate arm of the organisation responsible for providing the corporate services, managing a large number of targeted reviews of qualifications, as well as overseeing Workforce Capability, Workchoice, Gateway, joint ventures with iwi, and other initiatives.

### **Workforce Capability**

The ITO has a number of collaborations with other ITOs, iwi and other non-governmental organisations to help increase youth, Māori and Pasifika engagement in training for a career.

### **Trades and Apprenticeships**

This area includes training for the electro-technology, plumbing, gasfitting, drainlaying, roofing, cranes, and scaffolding industries.

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<sup>1</sup> TRoQ – the targeted review of qualifications is an NZQA-led project to refine and update tertiary qualifications.

## **Security**

Security was a focus area from the previous EER and has typically had low qualification completion. It was selected again to review actions taken by the ITO since the last EER to improve engagement in training for this sector.

## **Building Control Surveying**

Employees from 33 local and regional councils are registered with the ITO to complete this qualification. The qualification is for building inspectors and enables local and regional councils to comply with building compliance and control regulations.

# **3. Conduct of external evaluation and review**

*All external evaluation and reviews are conducted in accordance with NZQA's published policies and procedures. The methodology used is described fully in the document Policy and Guidelines for the Conduct of External Evaluation and Review available at: <http://www.nzqa.govt.nz/for-providers/keydocs/index.html>) [Refer to ITO supplement]. The TEO has an opportunity to comment on the accuracy of this report, and any submissions received are fully considered by NZQA before finalising the report.*

A team of four evaluators visited the ITO's the head office in Auckland over two weeks, totalling four and a half days. The EER team held evaluative conversations with The Skills Organisation staff including the chief executive, senior management team, heads of industry, industry managers, account managers, Workforce Capability manager, workforce staff, Workchoice staff, public sector staff based in Wellington, resource development team, qualification team, and the assessment and moderation team. The team also spoke with board members and a range of stakeholders including employers from the security, electrical and plumbing sectors, Vodafone, and the Ministry of Business, Innovation and Employment. The evaluators interviewed a smaller sample of trainees and assessors by telephone.

Two evaluators spent a day during the first week at the Wellington office to evaluate the Building Control Surveying focus area and talk to staff about progress with the development and implementation of public sector qualifications and training.

The documents reviewed included the annual board report (February 2016), the ITO's data on qualification and credit completion for each sector, qualification development planning documents, moderation reports, provider monitoring reports, industry manager activity and monitoring plans.

# Summary of Results

## Statement of confidence on ITO performance

NZQA is **Highly Confident** in the performance of **The Skills Organisation**.

The Skills Organisation designs, develops and provides qualifications that meet the needs of the broad range of industries it supports and their various stakeholders. Since the mergers with other ITOs in 2012, The Skills Organisation has consolidated and embedded practices across the organisation for consulting with sectors to develop relevant qualifications. The Skills Organisation was well positioned to do this with an organisational framework that uses the strengths from each of the sectors to ensure that it can deliver what the different sectors need.

The Skills Organisation has a strong understanding of industry need for suitable training pathways across all the sectors it is responsible for. Wherever possible, the ITO works collaboratively with other ITOs, training providers and agencies to meet regional and different employers' needs for trained staff. The effectiveness of this approach is evident in the career pathways and training programmes that are highly valued by employers and trainees.

Trainee achievement is strong across the organisation, with some improvement in Māori achievement for 2015 contributing to this. Any issues identified within sectors are managed well, and the strategies that have been implemented show that the ITO management and board have a solid understanding of the issues and how they can bring about change. Workforce Capability activities, including joint ventures with other organisations and schools, are providing youth with a good range of information to make decisions about career options and are beginning to attract youth, in particular Pasifika and Māori, into trades.

Governance and management foster an organisational culture of improvement with a problem-solving approach helps to ensure the ITO remains industry focused. Evidence supporting the judgement of highly confident includes:

- Well-organised responsiveness meeting statutory functions
- Effective staff recruitment and development
- Change management and incorporation of different industries' cultures
- Engagement in pilot programmes (public sector, literacy and numeracy) to determine needs and evaluate strategies
- Industry focus.

The move into international training is strengthening monetary resources to contribute to the ITO's obligations to the industries it serves.

## Statement of confidence on capability in self-assessment

NZQA is **Confident** in the capability in self-assessment of **The Skills Organisation**.

The centralisation of core functions of qualification development, resource development and moderation has enabled the organisation to build a sound infrastructure to support its industries. The organisation carries out comprehensive consultation to develop qualifications that industry sees as credible. The information gained from the consultation process has been used to develop appropriate training arrangements, which is reflected already in the increase seen in trainees from the public sector and in the cranes industry due to the engagement.

Until recently, the ITO did not gather comprehensive stakeholder feedback and has started to gather data across a range of stakeholders for analysis. Preliminary results of an industry-wide survey of employers and trainees shows high satisfaction with training pathways and the relevance of qualifications to industry needs.

The ITO's close relationship with industry stakeholders, including peak bodies, employers, trainees and providers, has been used to inform resource development and assessment strategies. The ITO effectively monitors the quality of training provision and of trainee progress to ensure that the resources and assessment is contributing to successful programme completion.

Any areas for concern are highlighted by industry managers, who identify solutions and report to the ITO Board. The Board acts on recommendations as needed. Moderation systems was a recent area for improvement, with assessor engagement across all sectors. The ITO has implemented recommendations from the 2015 NZQA moderation report to address concerns, and this is helping to identify any gaps and to make improvements.

Overall, the ITO can demonstrate that it anticipates and responds appropriately to changes within the sectors it looks after, as well as responding to government priorities. The organisation is well resourced, with an experienced, skills-based board focused on future developments for its industries. The organisation is well-positioned to make informed decisions using industry reports, its own research, and feedback from industry managers and staff.



# Findings<sup>2</sup>

## 1.1 How well does the ITO understand and meet the needs of industry, trainees and government?

The rating for performance in relation to this key evaluation question is **Excellent**.

The rating for capability in self-assessment for this key evaluation question is **Excellent**.

Engagement with a range of stakeholders within each sector is key to ensuring qualifications are relevant and meet the needs of government, industry, employers and trainees. The organisation does this by listening and responding to all stakeholders, including regulatory bodies, such as Master Electricians New Zealand and the Plumbers, Gasfitters and Drainlayers Board, as well as responding to the needs of tertiary providers, employers and professional associations at national and regional levels.

The electricity, plumbing and gasfitting trades comprise the majority of the ITO's employers. The ITO is doing an excellent job in understanding the training needs of these sectors. Stakeholder needs are listened to and this was demonstrated with the recent targeted reviews of qualifications where the ITO took into account all stakeholder input, regardless of the timelines set by NZQA, to produce qualifications that suit individual industry needs.

However, the cranes industry has taken longer, as the issues around implementing compulsory training are yet to be resolved with the employers in this sector. Initial responses to the national survey show that those that responded were very happy with how the ITO is approaching the issue and working out a solution. This is similar to feedback from the roofing sector, where there is still a need to increase engagement with a wider range of stakeholders in order to provide qualifications to meet the needs of roofing companies, but those involved in training are satisfied with the work the ITO is doing.

The ITO has an in-depth understanding of the difficulties of engaging security employers in training their workers. In 2015 there were 15,955 employees. However, only 712 employees (4.5 per cent of the total) and 51 employers (2.7 per cent of the sector total) were involved in training. This is because the security industry workforce is characterised by a competitive and price-sensitive environment with high staff turnover. The workforce is mainly part-time, with employees often employed at the minimum wage, working long hours. These all create barriers to industry training, as employers find it difficult to see the return on investment from training an ever-changing workforce, who are not employed full-

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<sup>2</sup> The findings in this report are derived using a standard process and are based on a targeted sample of the organisation's activities.

time, when competing for security services. Many employees also struggle with basic literacy and numeracy skills and/or English language.

The ITO has used the targeted review of security qualifications to work with the employers who are committed to training, and has developed a new level 3 qualification more suited to security industry requirements. The ITOs previous attempts to engage with companies that do not have a commitment to training employees were unsuccessful, even with the introduction of mandatory training for security workers. In contrast, the organisation's industry research shows there is an increasing demand for high-quality security services as the army and police are withdrawing from providing services at major events. This may drive demand for security training with companies that train staff achieving contracts over those that do not. However, the ITO has had several attempts at addressing the low uptake and completion of qualifications in this sector and further monitoring of achievement needs to be considered before the strategy is seen as a success.

The Skills Organisation was involved in the government's Reboot programme aimed to boost participation in trades after the Christchurch earthquakes. However, this was not a success as many dropped out of training after the minimum three months. The ITO learnt from this and now provides incentives for completion of training instead of incentivising employers up front, and is looking at ways to provide more on-job support to trainees in response to employer feedback.

The strategic engagement team provides strategic direction across the ITO's activities. This team is responsible for leading targeted reviews of qualifications and managing initiatives to increase participation in training. To date, the ITO has completed 16 targeted reviews, with six more remaining. This is a notable achievement given the diverse sectors and qualifications it looks after. The reviews involve consultation across the sector to ensure qualifications are fit for purpose and match the needs of trainees.

The Workforce Capability team, managed by the strategic engagement team, brings together a number of programmes and initiatives to improve the attraction of the training, and retention and progression for youth, Māori and Pasifika, people with learning and literacy challenges, and youth not in education, employment or training (NEETs). A key goal for the ITO is to increase participation by under-25-year-olds in training for a career. The average age of The Skills Organisation trainees has dropped since the previous EER to 23 years, indicating the organisation is attracted more young people into training. Factors contributing to this include the merging with other ITOs with younger trainees and the Workforce Capability initiatives. The ITO, as a key player in the national *Got a trade? Got it made!* campaign, has attracted more secondary school leavers into trade training rather than university by providing secondary schools careers advisors with better information on trades training and offering students work experience.

The Workforce Capability initiatives are based on partnerships and collaborations with other agencies, including tertiary training organisations, ITOs, community groups and iwi. Another of the targeted initiatives is Workchoice. Workchoice

activities are also targeted to support secondary students, but with a different focus on providing information about a range of vocations to inform future vocational education and career pathway choices, not just those that the ITO is responsible for. Students spend one or two days per week in a workplace to learn about a job and make a choice. This is similar to the Gateway programme, which focuses on providing tasters to secondary school students in trades the ITO is responsible for. There have been some changes to the Gateway programme, and a survey will be carried out to see the extent to which the programme meets needs.

The ITO aims to use understanding from research to build evidence for this approach as a basis for future funding decisions by government, in particular funding vocational training for Māori youth. An example is a two-year pilot beginning in 2016 and developed in partnership with Northland Polytechnic, Ako Aotearoa and two iwi in Northland. The purpose of this joint venture is to promote seamless funding for youth entering either trades training or other tertiary study, with help in career planning and support to transition from secondary school to tertiary study. The need was identified because of the fragmented support currently available which has not been achieving results. Part of the strategy is to invest in developing relationships with schools. At this stage, there are around 30 youth involved in the training. However, further work is required to meet the participation rate targets set by Tertiary Education Commission, which provides 50 per cent of the funding.

Māori are better positioned than Pasifika in some ways to invest in the ventures, with structured iwi support and funding available to develop youth career opportunities. The ITO is developing a strategy to reach out to Pasifika communities and increase Pasifika youth participation in trades. An example of a new initiative is a joint venture with South Auckland secondary schools and a building and engineering training provider to encourage Māori and Pasifika into trade training. Individual initiatives have targets, primarily related to participation and achievement, but an overarching measure of success to guide decision-making and inform government was not evident in the documents sighted.

Overall, evidence shows that the ITO provides timely, up-to-date and relevant information to industry. The Skills Organisation has drawn information from sector research as well as its own research to understand the sectors it works for and identify current and future skills shortages. This information covers census data on employer and trainee numbers, and the ITO conducts future skills forecasting. The ITO uses this information to understand where training is required, both at a regional and national level, in order to develop qualifications to meet future needs for people with the right skills. The 38 per cent cash contribution to the ITO from employers is above the government's expectation of 33 per cent, indicating that a reasonably high proportion of employers are prepared to support training managed by the ITO.

## 1.2 What is the value of the outcomes for employers and their trainees?

The rating for performance in relation to this key evaluation question is **Excellent**.

The rating for capability in self-assessment for this key evaluation question is **Excellent**.

The Skills Organisation provides value with its research capability and problem-solving approach to developing qualifications for the sectors under its coverage. This has enabled the ITO to bridge gaps within qualifications that were not fit for purpose by working out solutions to enable buy-in from a range of stakeholders. This is the approach currently being applied to the difficulties with the security qualifications, which are near completion, and to help improve the current qualifications for crane workers.

The framework for developing qualifications involves building qualification pathways aligned to workplace activities that trainees can follow throughout their career. An example is the alignment of call centre qualification to the operational requirements of a large corporate client, which is increasing qualification completion rates. Another example is where the ITO has worked with industry and regulatory bodies to develop continuing professional development courses for registered electricians, plumbers and gasfitters, as well as for real estate professionals. The ITO also investigates what is working in other sectors and brings across ideas – such as using the pro-rata payment system for electricians that is used for plumbing and gasfitting apprenticeships – to remove financial barriers to trainees and their families/employers.

The ITO also measures success by industry productivity reports. The productivity reports produced by sector peak bodies provide information about individual companies' financial and future employment needs, as well as identifying employers that are engaging with the ITO's training. The information is also used to identify trainee numbers and allocate funding and resources to meet targets. An example is a survey of 455 electrical contractors conducted by Master Electricians New Zealand during 2014. The report, released in December 2015, provided information to the ITO on the number electrical contractors with six or more apprentices in comparison with electrotechnology employers with six or more apprentices. It found 13 per cent of electrical contractors had six or more apprentices and only 7 per cent of electrotechnology employers had six or more apprentices. The report gave a breakdown of the location and types of work, which shows that the fastest growing area was in lighting and the slowest growing in repair of white goods.

The ITO is also conducting a return on investment analysis to identify the return to the business on supporting staff through a qualification, to encourage the uptake of training. In the plumbing sector, pay rates are already built into the apprenticeship levels to encourage employees to complete an apprenticeship and gain a qualification.

Since taking over responsibility for the public sector qualifications in 2012, the ITO has not made much progress in increasing participation rates. However, the ITO has been proactive in managing the targeted reviews of qualifications, with strong evidence of continuing consultation to understand the value of training for this sector, particularly in relation to regulatory compliance issues. The building control qualifications were developed in consultation with the government and the Building Officials Institute, an industry professional association, to enhance national consistency across councils and local bodies. The qualification outcomes support the transferability of staff across councils, as well as strengthen building industry standards.

The Skills Organisation is working in partnership with the Government Regulatory Practice Initiative to deliver competency-based regulatory compliance qualification programmes. These build on core public sector knowledge and skills, with the flexibility to incorporate a wide range of roles, including police, case managers, maritime workers and compliance roles.

Further work is underway to develop a set of qualifications for public sector operations staff, policy analysts, managers and leaders. These are linked to existing public sector competency frameworks and State Services Commission leadership programmes, and will help ensure consistency across the sector and the achievement of transferable skills. The ITO has a general manager in Wellington to help build sustainable relationships with key government organisations, such as the Ministry of Business, Innovation and Employment, and this is helping create a shift in attitude in the public sector towards workplace qualifications.

The security sector has posed more challenges for the ITO because of the lack of uptake of training and low qualification completion. Currently, most trainees complete just the three unit standards required by the Ministry of Justice to be compliant with security standards, and there are concerns within key employers in the industry that New Zealand is lagging behind other parts of the world in security standards. The ITO has chosen to focus on only working with companies that support trainees achieve the full qualification in the hope that this will help raise understanding of the importance of a trained sector. There is evidence that larger firms are marketing their security services based on having fully trained employees. There is a gap in training for casual workers or youth who may want to apply for army or police roles, with no clear pathway from security training to the services.

The Workforce Capability team has yet to measure the value of the outcomes of the contributing initiatives. For example, it is difficult to track Workchoice and Gateway programme outcomes due to the broad opportunities open to school leavers. However, it does monitor the participation of youth, Māori and Pasifika in training with the ITO. The ITO supports iwi employment goals for their youth with structured training programmes and support, and is developing relationships within the Pasifika community to talk to family about the benefits of a trade qualification over having a student loan for an undergraduate degree.

The ITO has approximately 30 trainees participating in literacy support programmes each month. The strategic engagement team has a literacy strategy that covers traditional literacy and numeracy skills, as well as digital, financial, and health and safety literacy skills. The strategy involves surveying industries to identify vocational literacy needs. An evaluation of literacy provision and processes for trainees, using a new tool developed by Literacy Aotearoa, was used to measure behavioural changes and improvements in response to the implementation of learning strategies. This involved gathering feedback from employers involved in a pilot for a call centre and then a follow-up survey of 250 stakeholders, including employers. This led to a focus on embedding literacy strategies into materials across a number of programmes, and the provision of targeted support for organisations with trainees. However, the ITO has yet to measure the effectiveness of this support.

The ITO is also developing additional assessments with specific diagnostics tests alongside the Adult Literacy and Numeracy Assessment Tool with the vocational training pilot in Northland. Three ITOs, as well as Ako Aotearoa, are involved in a research project looking at the impact of providing this additional literacy support over eight weeks.

The Skills Organisation has a multi-faceted communications and support system for its industries. This includes the activities of account managers who work with employers and employees to create training solutions. The ITO also holds a national forum for off-job training providers as well as industry advisory forums to update stakeholders on skills shortages and future forecasting for training.

Overall, the ITO listens to industry needs and provides qualifications that assist industry with skills retention and development of the workforce. The organisation has recently completed a preliminary analysis of a nationwide survey of employers and trainees, including previous trainees. The data shows highly positive responses in relation to learning relevant skills (96 per cent of trainees) and 89 per cent of employers reporting that the training agreement met their expectations.

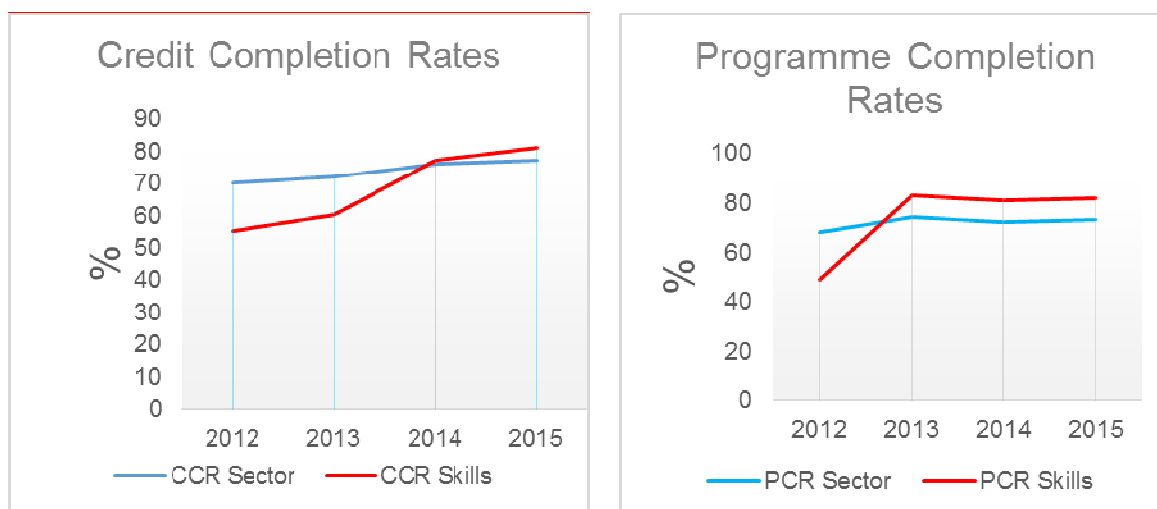
### 1.3 How well do trainees achieve?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Good**.

Overall ITO results show 80 per cent credit completion and 81 per cent programme completion. These results are higher than in 2014, which had 76 per cent and 72 per cent respectively. The higher rate of credit achievement is due to the removal of inactive trainees and better support for cranes trainees to complete.

**Fig 1. Trainee achievement as measured by the Tertiary Education Commission educational performance indicators, 2014 and 2015**



Source: Skills ITO focus area outcomes prepared for the 2016 EER

The ITO has overseen a steady increase in completion rates over the years and has consolidated achievement. The organisation is aware of the issues it needs to address to improve achievement rates, and its strategies are working towards removing barriers to completion. An example is the doubling of credits achieved in the crane industry – the ITO identified those that were near completion and helped trainees achieve through the provision of trained assessors and tailored support.

The data is skewed according to the industry demand for trainees, driven by the economic environment, which is beyond the ITO's control. The impact of the global financial crisis meant fewer employers were prepared to take on trainees/apprentices because of the associated training costs. This is reflected in the decrease of credits achieved in the electrotechnology, plumbing and gasfitting sectors from fewer trainees employed, leading to lower credit and programme completion rates in 2015. Enrolment rates peaked in 2014, with the bulk of credits expected in the trainees' final year, i.e. 2018.

The majority of security sector trainees enrol in the level 2 security qualification and only complete the three units required for compliance, which has led to the lower rates of qualification completion historically. Māori and Pasifika trainees each represent 16 per cent of total trainees enrolled in 2015, and both are achieving at just over 50 per cent. This is more than the overall average of 40 per cent in 2015, which the organisation understands is due to one security firm undertaking on-job assessment to help completions. The ITO is encouraging other firms to follow this example.

The Skills Organisation is proactively working with companies to improve completion rates. One example is the ITO alignment project for Courts security staff to match the on-job learning to assessment, with 73 of 80 trainees achieving the qualification. The EER team also heard that some of the larger employers align pay rates to the completion of qualifications, although there is no evidence that this

helps to improve completion rates – the sector comprises mainly part-time workers with low literacy skills. It is anticipated that revising the qualification and focusing on supporting the companies that want their trainees to complete the full qualification will improve participation and completion rates in this sector.

The Skills Organisation monitors female participation in trades, but not for other sectors. The data shows that there is still a large gap, with less than 2 per cent of trainees who are female. In the roofing industry only one female trainee is currently enrolled. Although the ITO does not have a direct influence on female employment in trades, it is using the *Got a trade? Got it made!* campaign to attract more female secondary school leavers. The results have yet to be seen, and it is not clear what other strategies the organisation has to increase female trainees.

The ITO data shows that it is contributing to other government priorities to increase participation and achievement for youth, in particular Māori and Pasifika. In 2015 there was an increase in Māori trainee enrolments in level 4 programmes – to 1,973 from 1,660 in 2014. However, there is still a large majority of Māori enrolled in level 1-3 programmes that do not progress to higher levels. Achievement overall for this group of trainees is 127 per cent for levels 1-3, but only 57 per cent for level 4 qualification achievement. The 2015 credit completion rate indicates that Māori achievement has improved, with credit completion very close to the national average of 80 per cent. Māori enrolled in the level 4 qualification completed 79 per cent of credits, and 77 per cent for levels 1-3.

In 2015 there were 683 Pasifika students enrolled in level 4 programmes, and 1,013 in levels 1-3, reflecting the participation of Māori. However, there is lower programme completion, with only 51 per cent completing a level 4 qualification in comparison with 89 per cent completing a level 1-3 qualification. Overall credit completion is 79 per cent. Although a small number of total trainees identified as Pasifika, the ITO needs to implement more effective strategies to engage and retain Pasifika in training to meet government expectations. Although there is an increase in achievement for Māori in particular, there is still a low number of Māori and Pasifika trainees across all the sectors managed by the ITO.

The ITO has had a literacy and numeracy strategy for a number of years, with the embedding of literacy activities in training materials since 2006. This, along with a literacy tutor to support trainees, is helping trainees succeed. This is most apparent in the higher pass rate of trainees with literacy issues passing industry registration examinations. A more robust reporting of outcomes of literacy support would help to provide evidence that the ITO's strategies are helping to lift achievement, including all areas of literacy that the ITO is working towards improving.

The success of initiatives such as Gateway, Workchoice and Bright Sparks is mainly measured by the number of trainees engaged in these activities as they do not lead to formal qualifications.

The public sector division of the ITO, which looks after training in government organisations and agencies, including local government, has an overall programme

*Final Report*



completion rate of 72 per cent. There are areas that have produced lower results, such as offender management with only 49 per cent completion in 2015, and 123 per cent for emergency management. An area that is showing good outcomes is the building control sector, with 334 trainees enrolled in the Building Control Surveying qualification consisting of 242-251 credits. Results show that 100 per cent have completed the qualification. This success is attributed to the support from local government and councils for the training, as well as the qualification being required to meet workplace regulatory compliance. The ITO helped with the achievement by providing recognition of prior learning assessed for longer-term workers and having appropriate support systems in place to monitor progress towards completion.

Overall, the data shows that trainees are completing qualifications. Although some sectors need improvement, the ITO understands the barriers and is implementing strategies to increase achievement. An example is more trainee on-job support and communication with employers as a result of employer survey feedback. In addition, the ITO's relationship with providers helps to understand the trainees and their learning issues, which are reported to the senior management team to recognise the problems and provide resources to address the gaps.

The organisation has a comprehensive system for reporting achievement, using the Tertiary Education Commission's educational performance indicators to show that strategies for increasing achievement are working. It analyses completions towards credits and qualifications at a much deeper level for every qualification. This is possible with the systems in place, where data is captured for individual trainees on the database and checked by the account managers, who report to the industry managers about expected progressions and completions, which is then communicated to senior management. Further analysis of strategies, such as literacy and Māori achievement in relation to improved outcomes across all sectors, would help the ITO to understand whether the strategies are contributing to success, and to identify areas for improvement.

#### 1.4 How effective is the training arranged by the ITO?

The rating for performance in relation to this key evaluation question is **Excellent**.

The rating for capability in self-assessment for this key evaluation question is **Good**.

The ITO manages a range of training to effectively meet the different needs of the 22 sectors it is responsible for. The organisation does this with the centralisation of qualification development activities, which starts with industry consultation about skills needs. The training arrangements are developed alongside the qualification outcomes to ensure training is fit for purpose. The resource development team works alongside the qualifications team to develop resources, including on-job evidence workbooks, distance learning materials, and online learning and assessment activities (e.g. real estate, security and financial services).

The more traditional trade theory programmes are mainly delivered off-job by polytechnics, private training establishments or via distance learning with some on-job assessment for practical tasks where possible. In most cases, the training providers develop their own materials, but the ITO is increasingly collaborating with providers to encourage more consistency in the training. The ITO has established strong relationships with training providers over the years, which enables good communication about changes to content and any other issues, and ensuring that the training is effective in enabling trainees to achieve qualifications. The ITO monitors providers' performance across a number of areas including credit reporting progress, trainee satisfaction and completions. In return, the ITO ensures that the providers have good information about trainee enrolments to schedule block courses to meet trainee demand. The close monitoring enables the ITO to identify individual trainee progress and find solutions or refer to additional support to enable trainees to compete. Trainee and employer feedback showed high satisfaction with the training arrangements.

Where the ITO has identified under-performance by a provider, it works together with the provider to identify solutions. In one case this led to the ITO reviewing the suitability of the provider delivering the training, and it may opt to use other providers with the support of the industry's regulatory body.

The ITO ensures that the training is flexible to meet trainees' needs. For example, an electrical trainee has several options to complete the training, from day or night courses to attendance at block courses, alongside on-job training and assessment. Employer feedback collected by the ITO shows that employers are very satisfied with the arrangements, and trainees liked the one-to-one support they received from the ITO. The ITO is working to establish a framework for better understanding the needs of Māori and Pasifika trainees and how to encourage more participation and success.

The ITO is managing the different needs for on-job training with the alignment of the security qualification for five large security firms to help trainees complete. The ITO has developed an on-job assessor training course to support the security industry to use experts to assess the qualification. The alignment has also enabled the ITO to develop a recognition of prior learning assessment for people who have had a career in the special air services or police to gain the level 2 qualification and go on to complete the level 6 qualification. Another project with the Ministry of Justice has also boosted completion rates, with 73 of the 80 trainees enrolled completing the qualification. The further development of a small credit programme to cover the basic compliance standards will focus on the communication and presentation skills required by security workers, along with additional online theory assessments. This is part of the ITO's overall strategy to encourage more participation in training across the sector.

Other sectors are also using the ITO's expertise to align workplace activities to qualification outcomes to help employers gain skills and formal qualifications for their role. The most recent is the collaboration with Vodafone to develop on-job training pathways for its call centre staff. However, this project is in the early

*Final Report*

stages, with few completions to report, but it provides an example of a successful public/private partnership funding training arrangement.

The Building Control Surveying training is also on-job, and the ITO supports councils with regular visits and facilitation of assessment for councils that have small numbers of staff, unlike larger councils that use on-job assessors. An online training pathway is under development to provide more access to the learning and assessment.

The quality of the training arrangements is maintained by the ongoing engagement of ITO field staff with trainees and employers to identify and address issues to ensure training arrangements are effective. The solutions include developing appropriate learning resources – online and paper-based as appropriate – to meet trainee needs. The ITO shows a responsiveness to needs, for example the changes to trainee learning and assessor materials as a result of feedback. Stakeholders also reported that the ITO gave additional resources to help trainees on the job, including literacy and numeracy support.

Industry feedback shows that, overall, the ITO has developed training arrangements that have an appropriate mix to suit individual industry needs. These include mapping of training towards qualification outcomes to in-house training needs, monitoring of off-job training, along with comprehensive monitoring of satisfaction and progress. The success of this will be measured by the improvements to trainees' achievement and confirmed through sector-wide surveys.

### 1.5 What is the quality of the assessment being undertaken towards industry standards and qualifications?

The rating for performance in relation to this key evaluation question is **Good**.

The rating for capability in self-assessment for this key evaluation question is **Good**.

The ITO carries out moderation of approximately 1,200 education organisations with accreditation for The Skills Organisation unit standards, covering a range of areas from health and safety, first aid and real estate through to financial services and trades. Most of the organisations are secondary schools that engage in secondary school moderation activities, leaving around 500 tertiary education organisations that the ITO is responsible for moderating assessment externally.

The ITO has developed external moderation systems to suit the different types of assessment. For example, the ITO moderates each of the electrical training providers' assessment materials and reviews assessment outcomes individually face to face, ensuring that all assessments are covered over a three-year timeframe. Then all providers meet annually at the national deans' forum to review issues with assessment and to identify improvements. Moderation of plumbing, gasfitting and drainlaying assessments occurs together at national meetings.

The ITO holds national assessor forums in the three main centres for registered assessors to share best practice and benchmark practices with one another. This

*Final Report*

initiative was implemented as a result of an ITO project to review assessment and moderation across the sectors. The ITO managers also provide assessors with support, which helps to keep assessors up to date with unit standard changes and practices. Assessors are required to have training in assessment and moderation, indicated by the achievement of unit standards 4098 and 11551. In some sectors, verifiers are used to gather evidence, which is then assessed by a registered assessor on the job. Verifiers receive training as well as assessors. These activities help to confirm the authenticity and validity of the evidence. The ITO's work in developing assessment resources and aligning assessment to workplace activities, such as for security firms or Vodafone, is also effective for ensuring consistency.

The resource development team develops learning and assessment materials for online and on-job training and assessments, or uses the ITO's sister company to develop the materials, which are then moderated by trained ITO staff. The approved learning and assessment materials help to ensure consistency of assessment undertaken by the on-job assessors. Feedback from provider monitoring reports and industry manager reports on moderation activities is used to help inform improvements to resources. A recent restructure brought together the team overseeing targeted reviews of qualification and the resources development team under the core strategic engagement area, which better aligns these activities, that is, to use moderation information to inform the development of qualification and training resources.

Where recognition of prior learning is conducted to assess candidates with current experience in a role, such as in compliance regulation, the ITO ensures that the evidence requirements are clearly outlined and trainees are required to gather a portfolio of evidence to support their application. This provides assurance that candidates are assessed in accordance with qualification requirements

Overall, the ITO has developed a comprehensive system to moderate all the major activities within its responsibility, both on and off-job. The system is facilitated by the relevant training and assessment resources supplied by the ITO, as well as national assessor and off-job provider forums to enable the sharing of best practice and provide feedback for future enhancements. Further assurance that all assessments are valid and meet national standards will be provided once the ITO has met national external moderation requirements for 2016. The ITO has already submitted an assessment plan to NZQA outlining how it will address the issues, which are mainly related to robustness of evidence of literacy and numeracy assessment.

## 1.6 How well does the ITO's governance and management support the ITO to meet its statutory functions?

The rating for performance in relation to this key evaluation question is **Excellent**.

The rating for capability in self-assessment for this key evaluation question is **Excellent**.

The Skills Organisation has undergone extensive growth since the previous EER. It has managed to consolidate relationships with its sectors as well as taking a deliberate focus on partnering with a wide range of stakeholders, including iwi, institutes of technology and polytechnics, and government agencies for the benefit of the sectors or particular demographic it is responsible for. It has provided effective leadership across the various targeted reviews of qualifications activities, as well as the development and moderation of learning and assessment resources. The ITO is now focused on its strategic direction, which involves increasing participation and engagement of Māori and Pasifika, as well as attracting more women into trades. The ITO is also working with employers to remove barriers to participation and to encourage completion of training in some sectors.

The Workforce Capability team, which manages the many initiatives aimed at youth (e.g. Bright Sparks, Workchoice, Gateway) and the joint ventures with iwi and other tertiary providers, is helping to attract more youth into trades. The organisation has also embedded literacy in resources and has good support in place to assist trainees. However, further evaluation of the effectiveness of the individual strategies needs to be conducted, including the effectiveness of the newly developed strategies for Māori and Pasifika. The ITO has begun building internal capability to help develop the strategy, but this is still in the early stages and it was not evident what information underpins the organisation's strategies to engage, or whether activities are linked up.

The diversification of funding sources has been successful, with more funding coming from sources other than government. The income generated from international training developments provides benefits to New Zealand industry training. The ITO evaluates where the funds are best spent by asking employers what they want. Currently, the ITO is focused on providing more wraparound support for employers to enable them to take on trainees.

The ITO has demonstrated a clear understanding of its role in partnering with industry. It has developed a culture of understanding, with its staff operating in a service leadership role. The establishment of a service culture is apparent in the feedback from stakeholders and the responses from staff interviewed by the EER team. The management of the targeted reviews of qualifications was an example of where the ITO sought input about the qualifications and training needs and direction from a wide range of stakeholders for each review. As a result, the industry acceptance of qualifications is very high, even if the delays in some cases did not meet NZQA timelines for registration.

There are still some areas that the ITO is working on to address issues, with the security sector lack of engagement a noticeable one. After a number of attempts to improve security qualification achievement rates over several years without success, the ITO has made a strategic decision to shrink to quality, in that it aims to work with employers who are keen to support their employees achieve the full qualification, in the hope that this will flow into more security firms becoming motivated to train staff to secure contracts. This strategy is operating with the full support of the peak representative body for security.

The merger of the public sector training organisation's qualifications into The Skills Organisation involved a mixture of incorporating old and new approaches to developing qualifications and managing training. This has helped the ITO to successfully establish itself as credible within the sector. The state sector, local government and corporate team, based in Wellington, has very clear and effective purpose and direction established by the ITO public sector general manager. The team has developed appropriate sector relationships and is innovative and responsive to the needs of the sector. Initiatives have been developed in partnership, such as the Vodafone training alignment and the Building Control Surveying qualification, with the ITO willing to listen and build solutions in collaboration. There is potential to record industry feedback to confirm that initiatives have been successful and to gather information about future developments, as it is not currently systematically collated from all sources.

The Skills Organisation is using information from all levels within the organisation and from external stakeholders to inform decisions and future planning. This enables the organisation to respond well to the varying needs of the wide range of sectors. It has demonstrated that it manages risk appropriately and has an effective, future-focused board which is focused on implementing changes to meet industry needs. Overall, the EER team found that the ITO was well organised and responsive in meeting its statutory functions in relation to the sectors it is responsible for.

# Focus Areas

*This section reports significant findings in each focus area, not already covered in Part 1.*

## 2.1 Focus area: Strategic Engagement

The rating in this focus area for ITO performance is **Excellent**.

The rating for capability in self-assessment for this focus area is **Good**.

## 2.2 Focus area: Workforce Capability

The rating in this focus area for ITO performance is **Good**.

The rating for capability in self-assessment for this focus area is **Good**.

## 2.3 Focus area: Apprenticeships and Trades

The rating in this focus area for ITO performance is **Excellent**.

The rating for capability in self-assessment for this focus area is **Excellent**.

## 2.4 Focus area: Security Sector

The rating in this focus area for ITO performance is **Good**.

The rating for capability in self-assessment for this focus area is **Good**.

The Skills Organisation has engaged with the security industry association and employers over a number of years regarding the skills development needs of the security industry. It has adopted a variety of approaches to match programme design and delivery to the needs of industry, learners and the regulatory agency (Ministry of Justice). Notwithstanding these efforts, persistently low trainee achievement data reflects a lack of commitment to training in an industry characterised by part-time, low-wage employment and high staff turnover. Over the period 2013 to 2015, credit completion rates (37 per cent, 53 per cent and 51 per cent) and programme completion rates (42 per cent, 22 per cent and 40 per cent) have been consistently below Tertiary Education Commission targets.

More recently, The Skills Organisation has identified those employers who are committed to training and is engaging with them in the targeted reviews of qualifications process. In 2016 The Skills Organisation has adopted a 'shrinking to quality' approach, which prioritises the completion of the level 2 security qualification rather than just the minimum unit standard requirement for employment (three conflict management units, 12 credits). While this has reduced

trainee numbers from 1,605 in 2015 to 729 in 2016 (year to date), this is a realistic approach to supporting skills development, maintaining the credibility of the security qualifications, and is likely to result in improved trainee outcomes.

The Skills Organisation is also reviewing the way that the qualification is delivered, primarily through alignment of the training programmes of large employers to the qualification, and on-job assessment. An alignment project in 2015 with the Ministry of Justice resulted in 73 out of 80 trainees successfully completing the level 2 qualification.

## 2.5 Focus area: Building Control Surveying

The rating in this focus area for ITO performance is **Excellent**.

The rating for capability in self-assessment for this focus area is **Excellent**.



# Recommendations

There are no recommendations arising from the external evaluation and review.

# Appendix

## Regulatory basis for external evaluation and review

*In 2009 NZQA introduced the evaluative approach to quality assurance in the tertiary education sector, consisting of self-assessment and external evaluation and review. This is applied in the quality assurance of programme approvals and accreditations under sections 249 and 250 of the Education Act 1989, as well as for training schemes (section 251), consents to assess against standards (section 252) AND PTE registration under Part 18 of that Act.*

*The NZQA Board also published policies and guidelines for the conduct of external evaluation and review of ITOs on 27 May 2010. NZQA relies on ITOs to build the self-assessment and external evaluation and review model into their infrastructure. ITOs will be evaluated on their infrastructure and use of the model in the following ways:*

- Advising Ministerial recognition of an ITO under the Industry Training Act, 1992*
- Accepting arrangements for monitoring and assessing of industry training under section 10 of the Industry Training Act 1992*
- Registering standards on the Directory of Assessment Standards*
- Awarding consents for ITOs (or their assessors) to assess against standards on the Directory of Assessment Standards under section 252 of the Education Act 1989*
- Applying programme approval criteria where ITOs are course owners.*

*External evaluation and review is also used by NZQA as a monitoring and evaluation tool, with the outcomes of these processes informing Tertiary Education Commission decisions relating to re-recognition of an ITO. In addition, external evaluation and review reports are one contributing piece of information in determining future funding decisions in relation to an investment plan agreed between an ITO and the Tertiary Education Commission. The understandings and expectations for the implementation of ITO quality assurance are set out in a protocol to the Memorandum of Understanding between NZQA and the Tertiary Education Commission.*

*This report reflects the findings and conclusions of the external evaluation and review process, conducted according to the policies and criteria approved by the NZQA Board. The report identifies strengths and areas for improvement in terms of the ITO's performance and capability in self-assessment.*

*External evaluation and review reports are public information and are available from the NZQA website ([www.nzqa.govt.nz](http://www.nzqa.govt.nz)).*

*Information relevant to the external evaluation and review process is summarised in the publication *Policy and Guidelines for the Conduct of External Evaluation and Review*. Two other documents explain how the process is applied to ITOs: *EER Policy and Guidelines – ITO Supplement* and *Evaluation Indicators for Industry Training Organisations*. These documents are available at:  
<http://www.nzqa.govt.nz/providers-partners/registration-and-accreditation/external-evaluation-and-review/policy-and-guidelines-for-eer-ito/introduction/>*

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