

Balancing training quantity and quality

A strategic training plan for the building and construction sector 2010-15

Report to BCITO

December 2010

About NZIER

NZIER is a specialist consulting firm that uses applied economic research and analysis to provide a wide range of strategic advice to clients in the public and private sectors, throughout New Zealand and Australia, and further afield.

NZIER is also known for its long-established Quarterly Survey of Business Opinion and Quarterly Predictions.

Our aim is to be the premier centre of applied economic research in New Zealand. We pride ourselves on our reputation for independence and delivering quality analysis in the right form, and at the right time, for our clients. We ensure quality through teamwork on individual projects, critical review at internal seminars, and by peer review at various stages through a project by a senior staff member otherwise not involved in the project.

NZIER was established in 1958.

Authorship

Prepared by: Sharon Pells

Quality approved by: John Yeabsley

Date: 22/12/2010 1:47 p.m.

Version: 2 – final version

Acknowledgements: The assistance of Andrew Kear and Loretta Garrow at BCITO

is gratefully acknowledged.

8 Halswell St, Thorndon P O Box 3479, Wellington Tel: +64 4 472 1880 Fax: +64 4 472 1211 econ@nzier.org.nz

NZIER's standard terms of engagement for contract research can be found at www.nzier.org.nz.

www.nzier.org.nz

While NZIER will use all reasonable endeavours in undertaking contract research and producing reports to ensure the information is as accurate as practicable, the Institute, its contributors, employees, and Board shall not be liable (whether in contract, tort (including negligence), equity or on any other basis) for any loss or damage sustained by any person relying on such work whatever the cause of such loss or damage.

Executive summary

This plan has been developed by the Building and Construction Industry Training Organisation (BCITO) as part of BCITO's commitment to fulfilling its skills leadership role. It provides a broad overview of skill and training needs in the building and construction sector over the next five years. It also outlines some priorities and actions for BCITO based on those skill and training needs.

Strong growth in the demand for BCITO apprenticeships over the time horizon of this plan (2010-15), is a key point identified. This is due to a lift in building activity over the next five years coinciding with the implementation of compulsory occupational licensing. However, over the next few years Government anticipates a reduction in industry training funding as a whole.

The plan identifies a number of trade-offs and challenges for BCITO and others involved in education and training for the building and construction sector. These trade-offs include reconciling the growing emphasis in tertiary education on completions and learner progress, with the introduction of compulsory occupational licensing in the building and construction sector. The former acts as a pressure to reduce apprentice numbers, while the latter acts as a pressure to increase apprentice numbers.

A further trade-off arises from growing specialisation in the building and construction sector, and the New Zealand Qualification Authority's (NZQA's) targeted review of qualifications. The former encourages a larger number of more specialised qualifications, whereas the latter encourages a fewer number of more general qualifications.

Overall, balancing training quantity and quality is the overarching theme of this plan. The plan identifies three broad priorities for BCITO.

- Simplifying the qualifications structure.
- Transitioning to the occupational licensing regime.
- Lifting completion rates and encouraging apprentices' progress.

Contents

1.	Intro	oduction	1		
	1.1	BCITO's core role	1		
	1.2	BCITO's particular approach to industry training	1		
	1.3	This plan	2		
	1.4	Main theme – balancing training quantity and quality	2		
2.	Con	struction sector	3		
	2.1	Key features – highly cyclical sector	3		
	2.2 licen	Future outlook - growth in activity will coincide with implementation of the sing regime			
	2.3	Implications – rise in demand for formal qualifications	4		
3.	Tert	iary education environment	5		
	3.1	Key trends - greater value for money for Government	5		
	3.2	Implications – a tougher environment	5		
4.	Skill	needs of the sector	6		
	4.1	Workforce numbers – strong growth anticipated	6		
	4.2	Types of skills – specialisation v breadth of skills	6		
	4.3	Workforce demographics - young, European, males	7		
	4.4	Qualification profile – level four dominates	7		
	4.5	Foundation skills - low literacy and numeracy levels	8		
	4.6	Implications – improving foundation skills a key focus	8		
5.	Edu	cation and training for the sector	9		
	5.1	Apprenticeships play a key role	g		
	5.2	Many provider-based education and training options	9		
	5.3	Active involvement in school-based programmes	9		
	5.4	The recession has impacted on training numbers	10		
	5.5	BCITO has above-average completion rates	10		
	5.6	Implications – a complex training landscape	10		
6.	Prio	Priorities11			
	6.1	Balancing training quantity and quality	11		
	6.2	Three key priorities	11		
7.	Acti	on plan	12		
Fig	gure	c			
		ighest qualification held			
Figu	re 2 In	npact of the recession	10		

Tables

Table 1 Construction sector	3
Table 2 Action plan for BCITO	12

1. Introduction

1.1 BCITO's core role

This plan has been developed by Building and Construction Industry Training Organisation (BCITO). BCITO is the ITO which covers the building and construction, fibrous plastering, solid plastering, tiling, and cement and concrete industries.¹

As an ITO, BCITO is required to: 2

- set skill standards and develop national qualifications (national certificates and diplomas)
- arrange the delivery and assessment of industry training³
- provide leadership in matters relating to skills and training.

ITOs are funded mainly by government and partly by industry. In broad terms, government funding is based on training participation - the number of learners enrolled in national qualifications or "standard training measures" (STMs). However, ITO funding rules are changing. In future, funding will depend on completions and learner progression, as well as participation. These changes have important implications for training quantity and quality, and are considered in section 3.

1.2 BCITO's particular approach to industry training

Each ITO has interpreted its core role in different ways, depending on the needs of the industry(ies) it serves. BCITO's particular approach to industry training reflects the long history of apprenticeships in parts of the building and construction sector. The majority (70%+) of BCITO apprentices are enrolled in carpentry qualifications.⁴ While there is some variation in BCITO's approach by sub-sector, in carpentry that approach involves:

- the development of a training plan and ongoing support from a local BCITO Training Advisor
- practical learning from the apprentice's employer
- theory learning from BCITO-developed training materials, combined with the opportunity for apprentices to attend evening classes from a local provider (e.g. polytechnic)
- regular assessment of the theory and practical learning by a BCITO Training Advisor a recent change in BCITO's assessment processes.

1

¹ For BCITO's gazetted coverage, see http://www.tec.govt.nz/Resource-Centre/Directories/Industry-Training-Organisations/Building-and-Construction-Industry-Training-Organisation-Incorporated/

² See Industry Training Act 1992 http://www.legislation.govt.nz/act/public/1992/0055/latest/DLM266246.html.

³ ITOs arrange or broker training; they are prohibited from providing training themselves - see *Industry Training Act 1992* - http://www.legislation.govt.nz/act/public/1992/0055/latest/DLM266246.html..

⁴ NZIER (2010), Boom and bust study: The impact of cyclical building activity on BCITO apprenticeships.

BCITO is part of a wider group of ITOs – the Built Environment Training Alliance ("the BETA Group") – which serves the construction sector as a whole. BCITO works closely with these ITOs on cross-sector initiatives, such as the "BConstructive" school-based programme (see section 5.3), and the development of a skills strategy for the built environment sector (see next sub-section).

1.3 This plan

This plan has been developed by BCITO as part of its commitment to fulfilling its skills leadership role. The skills leadership role entails:

- identifying skill needs
- developing strategic training plans to assist industry in meeting those needs (i.e. this plan)
- promoting training.⁵

Essentially this role involves BCITO taking a broad, strategic overview of skill and training needs in the sectors it serves. This plan therefore has a reasonably long (five year) time horizon. While it focuses primarily on priorities and actions for BCITO, it also looks beyond BCITO's own boundaries to the wider skills and training needs, and education and training arrangements, across the building and construction sector.

This plan is evidence-based. It draws on a number of research studies, including some commissioned by BCITO and the BETA Group. Note that much of the information in this plan relates to the construction sector as a whole.⁶

This plan sits beneath and complements sector-wide skills initiatives, such as the recently released BETA Group-developed skills strategy.⁷

1.4 Main theme - balancing training quantity and quality

This plan describes skill needs in the building and construction sector (section 4) and the education and training arrangements in the sector (section 5). It also considers anticipated changes in the building and construction sector (section 2) and in tertiary education (section 3), and BCITO's strategic response to those changes (sections 6 and 0). The changes imply trade-offs between training quantity and quality, which is the theme which underpins the priorities and actions in this plan.

2

See *Industry Training Act* 1992 - http://www.legislation.govt.nz/act/public/1992/0055/latest/DLM266246.html.

⁶ In standard industry classifications, the construction sector comprises residential building, non-residential building, heavy and civil engineering construction, and construction services. BCITO's coverage relates predominantly to the first two of these sectors, and accounts for around 42% of employment in the construction sector as a whole - see NZIER (2007), Baseline data: Data analysis to support BCITO's planning and marketing activities.

⁷ BETA Group (2010), A strategic Future for Skill Development in the Built Environment Sector: Background.

2. Building and construction sector

2.1 Key features - highly cyclical sector

Table 1 Building and construction sector

Feature		Implications for skills and training
Large	The construction sector accounted for around 4-5% of NZ's GDP over the period 2003-10 (1) Around 173,800 people (8% of total NZ) were employed in the construction sector in the September 2010 quarter (2)	A large workforce implies that the training market is potentially large, depending on the role that training plays in skills development
Labour intensive	The building and construction sector is labour intensive compared to many other sectors and industries (3)	The sector is at risk from future constraints in the NZ labour supply
Low productivity	Productivity in the building and construction sector is low relative to other industries and has been declining (3)	Skills development makes an important contribution to productivity improvements
Highly cyclical	Residential construction activity tends to move in sync with the economic cycle, but is highly volatile in comparison. Non-residential construction tends to lag the economic cycle (4)	Skill and labour (and therefore training) demand fluctuates. Forecasting training numbers is challenging Firms use a number of strategies – such as contracting labour, and recruiting and shedding labour as required – to manage their fluctuating skill and labour needs (4). These strategies may inhibit investment in training
Small firms	The building and construction sector is dominated by small to medium enterprises (SMEs) (3) and sole traders and people who are self-employed (5)	The uptake of formal training tends to be relatively low in SMEs and among sole traders and the self-employed (6)

Notes: (1) See Statistics New Zealand's GDP statistics http://www.stats.govt.nz/browse_for_stats/economic_indicators/GDP/GrossDomesticProduct_HOTPJun10qtr.aspxlf.

- (2) See Statistics New Zealand's Household Labour Force Survey http://www.stats.govt.nz/browse_for_stats/work_income_and_spending/employment_and_unemployment/HouseholdLabourForceSurvey_HOTPSep10qtr.aspx.
- (3) Infometrics (2010), Productivity in the built environment.
 (4) NZIER (2010), Boom and bust study: The impact of cyclical building activity on BCITO apprenticeships.
- (5) BETA Group (2010), A strategic Future for Skill Development in the Built Environment Sector:

 Background.
- (6) Vaughan, Karen (2002), Turning barriers into opportunities: a literature review on small to medium-sized enterprise (SME) engagement with formal training.

Source: See notes

Overall, highly cyclical demand for skills and labour means that workforce numbers (and the quality of that workforce) fluctuate. When firms struggle to recruit workers, they may compromise on the skills and attributes of new hires.

2.2 Future outlook - growth in activity will coincide with implementation of the licensing regime

As the economy recovers from the recent recession, residential (and then non-residential) building activity is forecast to grow strongly over the period 2011-2014

from its current relatively low base (see section 4.1). More generally, the labour market will tighten and firms will (again) find it harder to recruit the skilled people they need.

The lift in activity coincides with the implementation of compulsory occupational licensing, introduced in response to problems with leaky buildings. From 1 March 2012, building practitioners must be licensed in order to carry out or supervise work on homes and small-medium sized apartment buildings that is critical to the integrity of the building. The licensing process is streamlined for people holding a recognised qualification. The recognised qualifications are mainly national qualifications, such as those developed by BCITO and other BETA Group ITOs. In addition, from 2015 only trade-qualified staff will be able to undertake restricted building work.

2.3 Implications - rise in demand for formal qualifications

The lift in building activity, combined with compulsory occupational licensing, means that the demand for qualifications (and apprenticeships) is likely to rise substantially over the next five years. But the changes also mean there will be pressure on firms and workers to obtain the licences so they are able to continue building. BCITO may therefore have limited ability to screen prospective apprentices. So while training volumes may increase, maintaining training quality will be challenging.

Infometrics (2010), Future employment prospects and skill needs in the construction industry: November 2010 Monitoring Report.

⁹ See http://www.dbh.govt.nz/occupational-licensing.

¹⁰ See http://www.dbh.govt.nz/lbp-rules-2007-recognised-qualifications.

3. Tertiary education environment

3.1 Key trends - greater value for money for Government

The broad issues facing ITOs and the wider tertiary education sector over the next five years are outlined below.

- Value for money. Ensuring greater value for money from tertiary education is the key theme running through the Tertiary Education Strategy 2010-15.¹¹ The Government estimates that the introduction of new rules (see next bullet) and current economic conditions could result in annual funding to ITOs decreasing by as much as \$20 million in 2011 while maintaining and improving outcomes.¹²
- Completions and progress. Industry training funding and policy will place a greater emphasis on completions and learner progress in future. In 2011, TEC intends to modify funding rules governing ITOs' use of funding, improve the systems that track trainees, and strengthen TEC's own monitoring processes.¹³
- Simpler qualifications structure. The New Zealand Qualification Authority's (NZQA's) targeted review of certificates and diplomas essentially aims to rationalise the qualifications structure.¹⁴
- Specific demographic groups. Key priorities in the Tertiary Education Strategy 2010-15 include: increasing the number of young people (aged under 25) achieving qualifications at levels four and above, particularly degrees; increasing the number of Māori students enjoying success at higher levels; increasing the number of Pasifika students achieving at higher levels.¹⁵
- *Higher level qualifications*. Government intends to shift some funding from industry training to universities. ¹⁶

3.2 Implications - a tougher environment

These changes imply a more challenging environment for BCITO and providers involved in education and training for the building and construction sector. Education and training for the sector typically sits at sub-degree level (see section 4.4). Funding is tighter and Government's expectations around outputs are higher.

On the face of it, the growing emphasis on completions and learner progress is a good thing. Completing a qualification means that learners and firms are more likely to receive a positive return on their training investment. However, the changes may lead to trade-offs in training quantity and quantity. There is a danger that training participation may fall, if new enrolments are more carefully screened to select

¹¹ http://www.minedu.govt.nz/theMinistry/PolicyAndStrategy/TertiaryEducationStrategy.aspx.

¹² http://www.beehive.govt.nz/release/getting+best+out+our+industry+training+organisations.

¹³ http://www.tec.govt.nz/About-us/News/Media-releases/TEC-tightens-up-industry-training-rules/.

¹⁴ http://www.nzqa.govt.nz/about-us/consultations-and-reviews/targeted-review-of-qualifications.

¹⁵ http://www.minedu.govt.nz/theMinistry/PolicyAndStrategy/TertiaryEducationStrategy.aspx.

¹⁶http://www.beehive.govt.nz/release/govt+shifts+55+million+more+student+places.

individuals more likely to complete. There is also a danger that training quality may slip, if standards are lowered to encourage completions. So balancing training quantity and quality will be a key challenge.

4. Skill needs of the sector

This section considers the number and characteristics of people employed in the building and construction sector. To the extent that the actual workforce reflects the desired workforce by firms in the sector, this provides an indication of skill needs.

Workforce numbers - strong growth anticipated 4.1

Job openings arise from new positions (growth needs) and the need to replace existing workers who leave the sector due to retirement, migration, career changes etc (replacement needs).

BETA Group-commissioned forecasts indicate the building and construction sector has been slow to recover from the recent recession and employment will remain at low levels in 2010.¹⁷ However, the recovery of residential and non-residential building from 2011 onwards, together with continued strong growth in infrastructure, will result in strong employment growth through to 2014. Employment in building and construction (growth needs only) is forecast to increase by 26% from 2010 to 2014 an average annual percentage growth of 6.1%.¹⁸

But given the volatile nature of the sector, forecasting skill needs is difficult. Having said that, the lift in activity from the current low base is inevitable - but its timing is debatable. The longer the delay, the more likely that pressure points will emerge including in firms' ability to recruit and retain the right people.

Firms tend to hire apprentices when they see an extended workload ahead of them and when skilled labour is difficult to find. 19 Compared with other sectors, apprentice numbers in building and construction are always likely to have more pronounced swings. There is limited scope to smooth them out during the peaks and troughs.²⁰

4.2 Types of skills - specialisation v breadth of skills

Some building and construction occupations are anticipated to grow more strongly than others over the next few years. For example, employment growth in the managerial occupations - Construction Project Manager (annual average growth of 6.9% from 2010-14) and Project Builder (6.6%) - is expected to be higher than the sector as a whole (6.1%).²¹

¹⁷ Infometrics (2010), Future employment prospects and skill needs in the construction industry: November 2010 Monitoring Report.

¹⁸ Ibid. Note that while the forecasts covered both growth and replacement needs, these figures exclude replacement needs.

¹⁹ NZIER (2010), Boom and bust study: The impact of cyclical building activity on BCITO apprenticeships.

²¹ Infometrics (2010), Future employment prospects and skill needs in the construction industry: November 2010 Monitoring Report.

More generally, there is a tension between specialised and broad-based training. On the one hand, skills in the sector are increasingly specialised, due to factors such as growth in sub-contracting and occupational licensing. On the other hand, employers value workers with broad-based skills who can turn their hands to a variety of tasks.²² This creates a dilemma for qualification designers such as BCITO.

4.3 Workforce demographics - young, European, males

Compared with the New Zealand workforce in general, in 2006 people working in construction were more likely to be:²³

- *young* 26.4% of construction workers were aged 29 and under, compared with 24.9% in the total employed population
- European 73.0 of construction workers were European, compared with 68.8% in the total employed population. They were also more likely to be Māori (13.4% compared with 11.3%), but were less likely to Pasifika (4.0% and 4.8% respectively) and much less likely to be Asian (3.2% and 8.0% respectively)
- *male* 86.7% of construction workers were male, compared with 52.9% in the total employed population.

The demographic profile of the workforce is important for a number of reasons.

- The age profile has implications for replacement needs. For example, a young age profile implies career changes to other sectors may be an important outflow from the sector, as young people tend to have higher turnover rates than older age groups. Indeed, there is an ongoing "sorting" process between firms and BCITO apprentices, as the employer and apprentice test their fit to each other at the start of the apprenticeship.²⁴ BCITO apprentices are most likely to terminate in their first year, followed by their second year, third year etc.²⁵
- Firms may struggle to recruit new staff if the demographic groups they have traditionally drawn from account for a smaller proportion of the future New Zealand workforce.
- Some of Government's priority groups (young people and Māori) are overrepresented in the building and construction sector, while others (Pasifika) are under-represented.

4.4 Qualification profile - level four certificates

Level four certificates are relatively common among construction sector workers – see Figure 1. However, there is some variation across the sector, with 45% of carpenters holding a level four certificate in 2006, which is a much higher proportion than the sector as a whole.²⁶

²² NZIER (2006), Skills and training in the building and construction industry: Findings from qualitative research with BCITO's stakeholders.

²³ Based on an analysis of data from Statistics New Zealand's 2006 Census.

NZIER (2010), Boom and bust study: The impact of cyclical building activity on BCITO apprenticeships.

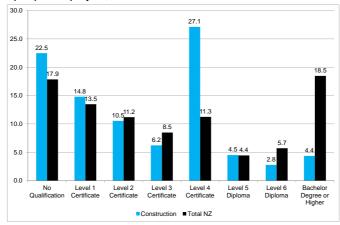
²⁵ Ibid

²⁶ NZIER (2007), Baseline data: Data analysis to support BCITO's planning and marketing activities.

Note that Figure 1 relates to the highest qualification attained, both at school and afterwards. In terms of school qualifications only, 34% of people working in the construction sector in 2006 left school with no secondary school qualifications, compared with 25% across all sectors.²⁷ In other words, people working in the construction sector are more likely than others to leave school with no qualifications, but having left school are likely to gain a level four certificate. Note that these patterns are similar to those in many other trades which have a tradition of apprenticeship training.

Figure 1 Highest qualification held

Percent of people employed, 2006



Source: Statistics New Zealand's 2006 Census

4.5 Foundation skills - low literacy and numeracy levels

In 2006, 48% of workers in the construction sector were found to have low literacy levels, compared to 40% of the New Zealand workforce in general. 52% of workers in the construction sector were found to have low numeracy levels, compared to 46% of the New Zealand workforce in general. Low literacy and numeracy levels are viewed by many in the sector as the single biggest factor influencing low productivity, with estimates of re-work in the building sector ranging between 3 and 5% of the total value of construction work, much of which is attributed to lack of basic education and training. Low literacy and sector ranging between 3 and 5% of the total value of construction work, much of which is attributed to lack of basic education and training.

4.6 Implications - improving foundation skills a key focus

Given the drive towards more formal qualifications in parts of the sector due to factors such as compulsory occupational licensing (see section 2.2), reducing the barriers which prevent people from starting or continuing a qualification is important.

²⁷ This is based on an analysis of data from Statistics New Zealand's 2006 Census.

This is based on the Adult Literacy and Life Skills (ALL) Survey - an international comparative assessment that provides information about the literacy and numeracy of adults aged 16 to 65 years-old. The ALL survey in New Zealand was conducted on behalf of the Ministry of Education in conjunction with the OECD and a range of international agencies in 2006.

²⁹ Building and Construction Sector Productivity Task Force (2008), *Skill Issues in the Building and Construction Sector: Summary scoping paper.*

This requires an even greater emphasis on identifying and addressing poor foundation skills such as literacy and numeracy.

5. Education and training for the sector

5.1 Apprenticeships play a key role

Apprenticeships are considered by many employers to play a key role in the training system for the building and construction sector.³⁰ As at December 2009, BCITO had 6,680 apprentices enrolled in its qualifications.³¹ In addition to BCITO-facilitated apprenticeships (see section 1), a number of polytechnics offer apprenticeship-style training leading to one of a number of certificates in building and construction, as well as the NCC Leading Hand and Supervisor/Management.

Apprenticeships are important in some sectors covered by other BETA Group ITOs.

5.2 Many provider-based education and training options

As well as apprenticeships, there are a wide range of provider-based full-time study options available. These options relate to pre-apprenticeship and other programmes offered by polytechnics and private providers. Key features of provider-based programmes in the "Building" field of study in 2007 are as follows.³²

- Many "qualifications" there were 93 unique certificates, 75 of which were awards based on local courses (developed by providers) and 18 of which were national qualifications (developed by ITOs).
- *Mainly local certificates* 66% of equivalent full-time students (EFTS) were enrolled in local certificates (as opposed to national qualifications).
- Mainly polytechnic-based polytechnics accounted for 91% of the 5,615 EFTS.
- Rapid growth EFTS grew by 160% (from 2,160 to 5,615) from 2001 to 2007.

5.3 Active involvement in school-based programmes

There are several school-based programmes relevant to the building and construction sector.

BConstructive is a programme developed by the BETA Group for Year 11-12 high school students. It aims to provide students with skills relevant to the building and construction sector, and to increase their awareness of the career options available.³³

_

³⁰ NZIER (2006), Skills and training in the building and construction industry: Findings from qualitative research with BCITO's stakeholders.

³¹ See http://www.educationcounts.govt.nz/statistics/tertiary_education/participation.

³² This is based on an analysis of data from the Industry Training Federation's "Tertiary Supply Tool". This tool uses data from the Ministry of Education's database. The data contained in this report relates to the "Building" New Zealand Standard Classification of Education (NZSCED) field of study classification. Note that this classification covers some non-BCITO-related detailed fields of study, such as glazing, plumbing, gasfitting and drainlaying.

³³ http://www.bconstructive.co.nz/.

The Gateway programme aims to strengthen the pathway for secondary students (years 11-13 students) from school to workplace learning.³⁴ BCITO and other BETA Group ITOs are actively involved in the Gateway programme.

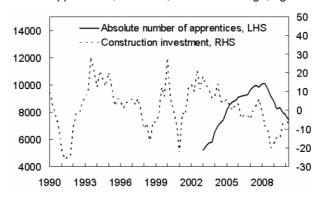
The recession has impacted on training numbers 5.4

Figure 2 shows that 2003-07 were years of strong growth for BCITO, but apprentice numbers have fallen since the recession. This reflects the point made in section 2.1 – that the cyclical nature of construction activity results in volatile training numbers.

Provider-based EFTS have also fallen slightly since the recession - EFTS in the "Building" field of study declined by 7% from 2008 to 2009.³⁵

Figure 2 Impact of the recession

Total active BCITO apprentices, left scale; annual % change, right scale



Source: Statistics NZ, NZIER derived from BCITO database

5.5 BCITO has above-average completion rates

Government is placing a growing emphasis in its funding on completions and learner progress (see section 3.1). The average completion rate for BCITO's apprentices was 47.1%, for apprentices expected to complete between 2003-2009, which was above the ITO-average rate (around 35-40% over the same period).³⁶ However, some types of BCITO apprentices were less likely to complete than others. These include Māori, Pasifika, and very young apprentices - the demographic groups identified as priorities by Government (see section 3.1).³⁷

Implications - a complex training landscape 5.6

There are many education and training options available for the building and construction sector. Some employers appreciate the wide choice available, while

³⁴ http://www.tec.govt.nz/Funding/Fund-finder/Gateway/.

This is based on analysis of data from the Ministry of Education's website http://www.educationcounts.govt.nz/statistics/tertiary_education/participation

³⁶ NZIER (2010), Boom and bust study: The impact of cyclical building activity on BCITO apprenticeships.

³⁷ Ibid

others find the situation confusing.³⁸ The current drive to rationalise qualifications (see section 3.1) will encourage BCITO to work closely with the other BETA Group ITOs and providers to simplify the qualifications structure.

6. Priorities

6.1 Balancing training quantity and quality

This plan has identified a number of dilemmas and trade-offs for BCITO and others involved in education and training for the building and construction sector.

- Government is reducing funding for industry training over the next few years, but BCITO (and other BETA Group ITOs) could see rapidly-growing demand for apprentices due to a lift in building and construction activity coinciding with the implementation of compulsory occupational licensing.
- ITOs essentially face a trade-off between STM funding, and funding based on completions and learner progress. Lifting completion rates relies on a number of factors, such as improving the quality of the outputs by developing processes to increase the likelihood of completion. But it also relies on improving the quality of the inputs i.e. selecting apprentices most likely to complete. This effectively means reducing apprentice numbers.
- There will be a growing emphasis on completions and learner progress, but compulsory occupational licensing will essentially constrain BCITO's ability to screen new apprentices. Poor foundation skills in the sector mean that some people may struggle to obtain the qualifications required for their licenses.
- Young people, Māori and Pasifika are priority demographic groups in education for Government, but a greater emphasis on completions could lead to a reduction in participation among these groups which already have relatively low completion rates.
- Growing specialisation in the building and construction sector and compulsory occupational licensing act as forces to make qualifications more specialised, whereas some firms' desire for broad skill sets and NZQA's targeted review of qualifications act as forces to make qualifications fewer in number and more general.

Overall, balancing training quantity and quality will be challenging. Navigating around firms' needs and Government's priorities will inevitably mean trade-offs in some cases.

6.2 Three key priorities

Looking across the points raised earlier in this plan, BCITO has identified three broad priorities in relation to its skills leadership role. These priorities are as follows.

- Simplifying the qualifications structure.
- Transitioning to the occupational licensing regime.
- Lifting completion rates and encouraging apprentices' progress.

11

³⁸ NZIER (2006), Skills and training in the building and construction industry: Findings from qualitative research with BCITO's stakeholders.

7. Action plan

Table 2 identifies some of the key strategies and actions which BCITO intends to take over the next few years to address the priorities in section 6.

Table 2 Action plan for BCITO

Priority	Strategy/action	Timeline
Simplifying the qualifications structure	Work with polytechnics with the aim of agreeing a common pretrade qualification	June 2011
	Work with other BETA Group ITOs to identify areas of commonality and rationalise qualifications and/or components	Ongoing
Transitioning to the occupational licensing regime	Negotiate with the Tertiary Education Commission – the Government agency which funds tertiary education – funding levels which reflect the anticipated growth in apprentice numbers, due to the lift in building activity coinciding with the introduction of compulsory occupational licensing	September 2012
	Manage the diverse needs of workers who will need to be licensed. This includes BCITO continuing to embed literacy and numeracy into its qualifications and learning resources, and BCITO's Training Advisors continuing to identify potential literacy issues and accessing specialist providers to address those issues	Ongoing
	Review qualifications to ensure they align with the licensing classes	June 2011
Lifting completion rates and encouraging apprentices' progress	Extend the carpentry assessment model (where BCITO Training Advisors undertake assessment) to other trades	December 2011
	Enhance individual training plans, with goal setting and achievement assisted through technology improvements	Ongoing
	"Ring fence" apprentices over-duration and initiate appropriate	Ongoing

Source: BCITO

BCITO cannot undertake these actions alone. It will need to work closely with the its industry stakeholders, firms in the building and construction sector, ITOs in the BETA Group, and education and training providers to ensure the action plan becomes a reality.