



## **British Columbia Construction Association**

### **A New Model for Managing Apprenticeship in BC**

**Title:** Industry Training Organizations: The New Zealand Experience

**January 2006**



**NEW MODEL FOR MANAGING APPRENTICESHIP**  
*Industry Training Organizations: The New Zealand Experience*

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### **1. EXECUTIVE SUMMARY**

In the fall of 2005 a BC delegation comprised of representatives of the construction and automotive industry, education, and labour stakeholder groups travelled to New Zealand and Australia to investigate their apprenticeship systems.

The goal of this investigation was to gather qualitative data from New Zealander and Australian stakeholders' first-hand accounts on the recent changes to apprenticeship in these countries. This goal's purpose was to provide British Columbian apprenticeship stakeholders robust and copious anecdotal evidence on the context, structure, governance, costs, impacts, and future of these systems' models.

The key reason for gathering this evidence was to enlighten British Columbian decision-makers as to the applicability of the New Zealand and/or Australian apprenticeship systems in British Columbia. A related reason was, through this research-based evidence, to leverage over 10 years' experience in those countries for the revitalization of British Columbia's own system of apprenticeship.

The data were gathered through a large number of semi-structured interviews with a full range of stakeholders representing mainly, but not exclusively, the construction sector. The interviews were taped and the raw, unedited results were presented at a broadly advertised meeting held at the Westin Bayshore, December, 2005. The results were subsequently released in "Lessons Learned in New Zealand and New South Wales; Information gathered in the region by a delegation on Industry Training – November 2005".

#### **1.1 NEW ZEALAND FINDINGS**

The data indicate that industry, education, government, employers, and employees in New Zealand have accepted the system after more than 10 years. It is also clear that when stakeholders talk about strengths, they indicate their willingness to improve the system rather than dismissing it out of hand. There were, perhaps not surprisingly, few positive comments about government or government agencies.

Industry recognized that the ability of ITOs to be led, structured, and staffed in a manner that is suitable for their industry is positive. Industry seems to appreciate that ITOs are run like businesses, with a small hands-on Board dealing with a focussed mandate. Industry also appreciated the large ITO field staff complements because they handle all the "red tape".

The purchase of training on the open market was originally seen as a positive step by government and some stakeholders. The erosion of stakeholders' trust in the open-market approach to training procurement was due to the simultaneous rapid



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decay in the relationship with trades trainers and the quick rise of opportunistic, funding-driven, poorly qualified training agencies. This erosion was both precipitous and calamitous in the polytechnics (state-funded technical post-secondary schools). And, while entry level trades training is not in the ITOs' purview, industry recognized that it was a good entry point into the trades or industry in general. The recent government support for polytechnics and trades training was seen as a necessary investment to increase the quality of training and/or to provide training where none had been available for a while. Government sets aside \$NZ3200/trainee-year to an estimated \$NZ257M/year into the system.

From New Zealand's stakeholders' perspective, their system also has a number of weaknesses. It is safe to assume that people might have a tendency to point out irritants since solving those irritants is probably the subject of their focus.

Industry recognized that ITOs do not provide strategic direction or secure good labor market intelligence and link this intelligence to their activities for the industry which they represent.

In general, New Zealand stakeholders thought that skills training under the ITO and the competency-based model is not generic enough to cut across trades and that focusing on single competencies was not a good long term skills training strategy as it leads/has led to the loss of well-rounded trainers and workers' comprehensive skill sets.

### **1.2 AUSTRALIA FINDINGS**

Unlike New Zealand, Australia has a federated approach to education and training; Canberra establishes broad guidelines and standards which are then elaborated upon by state governments. In Australia, 10, down from 28, federal National Industry Skills Councils using input from tri-partite Industry Training Advisory Boards (ITAB) develop and set training, achievement, and assessment standards.

These training standards are used by Registered Training Organizations (RTOs) to provide a framework for the competency-based industry training approach. Competence in any given competency is verified by RTOs through the collection of field evidence such as progress cards, competency record books, and attendance records at training institutions.

Government sets aside two \$A4500/trainee funding streams to an estimated \$A400M/year in New South Wales only. Government funding flows to the employer or the RTO based on the number of trainees or apprentices registered with the employer or RTO. Half the funds are used to provide support activities and the other half for training. Training is delivered by both public and private trainers with preferential rights going to public trainers. In addition, in the construction industry, government funding is supplemented by funds held in trust and which are raised through an industry levy.



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In New South Wales, there are 16,000 construction apprentices who are supported in the field by a large RTO field staff complement – 40 apprentice/field staff and about 420 public and private RTOs.

The Australian system is competency-based, but it seems that most apprenticeship is based on time served. In general, apprenticeships last 4 years. Stakeholders think this might be due to the fact that the competency-based system has been a challenge from a compliance perspective; that there have been difficulties in getting training plans flexible enough to accommodate a competency-based approach; that there have been attempts to attempt to “dumb down” trades training or establish “cherry-picking” approach to training delivery; and that competency-based assessments do not provide outcome standardization guarantee as each RTO can set their assessment measures independently.

From all stakeholders’ perspective the new system is more expensive and cumbersome since it has to satisfy two parallel bureaucracies. The stakeholders also pointed out that the new system’s modular, competency-based training was based on political considerations rather than training outcomes.

### **1.3 NEW MODEL**

Using another country’s apprenticeship and training system as a model for British Columbia requires a prudent look at four major areas: issues of system overall cost and effectiveness, issues of governance, practicality of competency-based approach, and training delivery.

In general terms, there are only four questions when considering a new approach to industry training:

- What training?
- Who gets trained?
- Who decides?
- Who pays?

The new industry training model for British Columbia is encapsulated in the ITA model. The model is outlined in the ITA’s paper “ITOS: Moving Forward with Industry Training Reform”. The ITA sets out a simple plan that contains the following elements:

- Rolling out ITA’s industry training reforms through the formation of 10 to 15 ITOs
- Outlining ITA’s expectations of ITOs to perform labour market research, developmental, support, and marketing activities
- Expecting ITOs to fund their training programs on a matching contribution model where industry must provide at least 20% of its contributions in cash



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- Retaining all decision-making authority from training spending to new training programs to credentialing
- Progressively devolving ITA of all operational responsibilities.

This new model is similar to New Zealand's model with the exception of some key differences in a diminished governance level and scope, crown retention of training delivery locus of control, and industry self-funding. The New Zealand competency-based approach has been retained yet none of the issues raised by New Zealand stakeholders are addressed.

### **1.4 MOVING FORWARD**

#### **1.4.1 Existing Voices**

##### ***1.4.1.1 The Independent Contractors and Businesses Association of British Columbia (ICBA)***

ICBA<sup>1</sup>'s discussion paper on the ITA's model, "Establishing an Industry Training Organization for the BC Construction Industry", really makes two points: (1) ITOs have to be overseen by a non-partisan Board of Governors, and (2) BCCA<sup>2</sup> is a partisan organization, hence should not be an ITO.

This, in effect, is a call to having a non-political approach to industry training in British Columbia. Yet, while this is a noble call, both the ITA model and ICBA's discussion paper focus on "issues of regulation, oversight, trust, and control – politics."<sup>3</sup> It stands to reason, then, that all stakeholders approach industry training in British Columbia, including governance through ITOs, from their constituents' viewpoints while remaining fully cognizant of the politics that animate all viewpoints. Through dialectical dialog, using questions posed below all stakeholders can develop and implement a model that will serve all stakeholders.

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<sup>1</sup> <http://www.icba.bc.ca/>

<sup>2</sup> <http://www.bccasn.com/>

<sup>3</sup> Nestle, Marion (2003) – p.172, *Safe Food*, University of California Press



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### **1.4.1.2 CITO Proposal**

The Industrial, Commercial, and Institutional (ICI) construction sector submitted an Industry Training Organization proposal to ITA in June 2005<sup>4</sup>. To date the proposal has not been considered by ITA.

CITO would be a “not-for-profit” legal entity registered under the BC Society Act. The organization would be headed by a 14 member Board including all stakeholder groups. The Board would devolve planning, fiscal, curricular, and standards activities to operational staff through Board committees. One of these Committees, the Executive Committee would oversee CITO’s Board-selected Chief Executive Officer and his/her staff. The CEO would in turn ensure that the Board’s ITA-modelled vision, mission, and educational and business values were operationalized.

CITO would be funded through a number of fiscal streams. These streams include ITA contributions (as stated in ITA’s documents), industry cash and in-kind contributions, training-related revenues, direct governmental grants and contracts, and industry-sponsored contracts.

CITO’s proposal is for an industry-led training system, from labour market training demand analysis, through training intervention planning, standards setting, assessments, and training delivery.

CITO’s proposal is more encompassing than subsequent ITA documents for the formation of ITOs stipulate. At the same time some issues also communicated to industry after the proposal was forwarded to ITA are missing.

### **1.4.2 Questions**

Initiate dialog with ITA<sup>5</sup> and other industry stakeholders to answer some of the questions that follow:

- Governance / Control
  - Why has ITA decided on a number of ITOs?
  - How will ITA define a “sector”?
  - How will ITA prioritize ITO creation requests?
  - Who will decide the worth and utility of an ITO?

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<sup>4</sup> <http://www.bccasn.com/cito/cito.html>

<sup>5</sup> <http://www.itabc.ca/aboutITA.php>



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- Why is the purchase decision with ITA – is this not an operational issue?
- If industry is expected to develop criteria why not performance assessment?
- **Mandate / Oversight**
  - What is the value added ITA brings to the ITO activities in BC?
  - Can ITOs modify their mandate as they see fit?
- **Approval Authority / Trust**
  - How does ITA rationalize having industry perform all the work yet have to defer to a crown agency to approve industry's work?
  - What value-added does ITA bring to the ITO-driven industry training scheme?
- **Training Model & Training Delivery**
  - Will we see a skills quality drop as New Zealand saw with a competency-based approach?
- **Assessment / Oversight**
  - Is standards approval a guarantee of quality? What expertise will ITA have to approve and maintain industry-based standards?
  - How will practical assessments be rolled out in a cost-effective and meaningful fashion?
  - How will competency-based training and assessment match up with Red Seal programs?

### **1.4.3 First steps**

ITA's role at this juncture is simple. Engage with industry in a meaningful, goal-oriented discussion of CITO's proposal. At the same time, engage industry at large in discussions covering the key questions posed above.

For the ITA to remain relevant to industry, to remain a value-added component to industry training, a decisive move on the construction industry's proposal for an ITO is imperative.

ITA has to recognize that consensus in any industrial sector is more of a dream than an achievable reality. That is why a majority consent, be it based on absolute majority plus one or first-past-the-post concepts, is a more appropriate model to gauge industry support. Moving beyond politics is probably also unachievable, but through discussion and dialog coupled with a full recognition of stakeholders' vested interest, moving forward is achievable.



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### **2. INTRODUCTION**

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The data were gathered through a large number of semi-structured interviews with a full range of stakeholders representing mainly, but not exclusively, the construction sector. The interviews were taped and the raw, unedited results were presented at a broadly advertised meeting held at the Westin Bayshore, December, 2005. The results were subsequently released in "Lessons Learned in New Zealand and New South Wales; Information gathered in the region by a delegation on Industry Training – November 2005".

The BC Delegation consisted of stakeholders from the employer, employee, educational, and supplier communities. These stakeholders were also representative of under-represented groups – women and Aboriginal, and of geographic distribution.

The members were:

Manley McLachlan, President, BC Construction Association

Abigail Fulton, Vice-President, BC Construction Association

Rosalind Thorn, President, Northern Construction Association

Debra Hicks, President, Southern Interior Construction Association

Dan Mott, President, Mott Electric Ltd.

Wayne Knight, President, W.R. Knight Contractors



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Wayne Peppard, Executive Director, BC & Yukon Territory Building  
Construction Trades Council

George Douglas, Dean of Trades Development, BC Institute of Technology

Pat Matthieu, Director of Enrolment Planning, BC Institute of Technology

Johannes Jonker, Dean, Trades Division, College of New Caledonia

Lloyd Stamm, Director of Operations, Automotive Industry Training Association

Brennan Gohn, Communications Manager, Khowutzun Development Corporation

And, as an Observer:

Ed Wong, Vice-President, Education Partnerships, Business Council of BC



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### **3. NEW ZEALAND FINDINGS AT-A-GLANCE**

#### **3.1 PROLOGUE**

Starting in 1984, the New Zealand government embarked on a series of deep reforms to government services, labour market and economic regulations, public ownership, and industry training.

The two major changes in industry training were (i) a shift of control mechanisms to industry from government, and (ii) the adoption of a competency-based training and qualification model.

In order to effect these changes the New Zealand government established Industry Training Organizations (ITO) starting in 1992. Initially there were 61 ITOs, a number which fiscal failure and consolidation has whittled over the years to 41. The ITOs' role is to establish industry skills standards, arrange for the delivery of and assessment of both formal and on-the-job training.

Parallel to the creation of these ITOs, in 1990, the New Zealand government also created the New Zealand Qualification Authority (NZQA), a crown entity charged with ensuring competencies were valid and reliable - based on recognizable, applicable, and applied standards. ITOs created and registered standards in the National Qualification Framework (NQF), a repository for groups of unit standards lumped into industry and trade-specific qualifications. There are currently about 10,000 unit standards for trades.

Competencies or unit standards, defined as the ability to perform a task in a job setting, are assessed by registered assessors. Individuals wishing to be granted a qualification are examined by ITO assessors who are checked by NZQA moderators. Prior to being assessed against a unit standard or competency, individuals can access training on the job, by correspondence, or through private, and of late through public training institutions. In order to obtain a national credential, an individual needs to accumulate about 120 units.

Government sets aside \$NZ3200/trainee-year to an estimated \$NZ257M/year. The government funding flows to the ITOs based on the number of trainees registered with the ITO. Under the headcount funding formula, an ITO receives an industry-variable Standard Training Measure (STM) fee times the number of STMs delivered; where an STM is equal to 120 unit standards. In addition to government funding, ITOs' revenues must include 30% industry cash contribution. This revenue target is accomplished through a fee structure. The fees structure varies by ITO and may include fees to both the employer and the trainee.



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Each ITO expends funds on administrative and training activities. Training is purchased from mainly private training providers, and of late through a slowly revitalized public trades training sector (polytechnics).

### **3.2 REPORTED STRENGTHS**

The BC delegation collected thoughts and comments through semi-structured interviews with a wide variety of stakeholders. From New Zealand's stakeholders' perspective, their system has a number of strengths. From the data, it is hard, however, to gauge the stakeholders' ranking of responses either in a criterion-referenced or normative fashion.

The data seem to allow inferring that industry, education, government, employers, and employees in New Zealand have accepted the system after more than 10 years. It is also clear that when stakeholders talk about strengths, they indicate their willingness to improve the system rather than dismissing it out of hand. Clearly, British Columbia can learn from their experience by concentrating on the strengths of the New Zealand system when implementing reforms here.

Strengths can be classified under 3 categories: ITOs, Training both formal and on-the-job, and the role of government and the crown entity NZQA. There were, perhaps not surprisingly, few positive comments about government or government agencies.

#### **3.2.1 ITOs**

Industry recognized that the ability of ITOs to be led, structured, and staffed in a manner that is suitable for their industry is positive. While not explicitly stated, the lack of "cookie-cutter" requirements for ITOs, the very fact that they can be "different" works.

Industry seems to appreciate that ITOs are run like businesses, with a small hands-on Board dealing with a focussed mandate. Industry also appreciated the fairly large staff that ITOs had, e.g. BCITO with 90 field staff for 8000 trainees.

The comments about the benefits of large field staff complements centered on the fact that these staff handle all the "red tape". There was particular emphasis on government or NZQA process-oriented documentation requirements that these staff took care of.

#### **3.2.2 Training**

The purchase of training on the open market was originally seen as a positive step by government and some stakeholders. Yet industry recognized some of the



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pitfalls of this model (see below). The initial unfettered growth in training offerings was seen as a result of the open market approach.

While the entry level training is not in ITOs' purview, industry recognized that it was a good entry point into the trades or industry in general. Growing that training system appears to be a desired.

The recent government support for polytechnics and trades training was seen as a necessary investment to increase the quality of training and/or to provide training where none had been available for a while. The polytechnics have started a new "cadet" system where the polytechnics place students in industry.

Competency-based system with the assessor being the employer could be seen as a strength since it places the assessment activities with the entity most familiar with the work and the individual being assessed. Yet stakeholders expressed concerns about the unevenness of application of the assessment process.

When the competency-based system was established, reaching trade certification was achievable in 2 years, a timeframe that has slid back to the original 4 years. This is perhaps due to the evolution of the system from a pure competency-based system to one of a combination of competence and time served.

### **3.2.3 Government and NZQA**

Although not specified as such, the audit process and the verification of assessors by NZQA were seen as a good oversight step, especially given the diversity in the ITOs.

There was recognition that the competency-based, ITO, formal training system was starting to deliver but that the achievement was largely due to the recent substantial investments in the system.

### **3.3 REPORTED WEAKNESSES**

The BC delegation collected thoughts and comments through semi-structured interviews with a wide variety of stakeholders. From New Zealand's stakeholders' perspective, their system has a number of weaknesses. From the data, it is hard, however, to gauge the stakeholders' ranking of responses either in a criterion-referenced or normative fashion. It would be safe to assume that industry, education, government, employers, and employees in New Zealand have accepted the system after more than 10 years. It is also safe to assume that people might have a tendency to point out irritants since solving those irritants is probably the subject of their focus. Clearly, British Columbia can learn from the New Zealand experience by concentrating on the strengths and the avoiding the weaknesses outlined by users of that system.



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### **3.3.1 ITOs**

Industry recognized that the business approach and the very fact that they can be “different” is a weakness, particularly because it leads to a failure to provide strategic direction for the industry to which they belong in particular or to the country/economy in general. This is particularly evident in attracting equity or diversity trainees to industry.

The lack of strategic activities is linked to the ITOs’ inability to secure good labor market intelligence and to link this intelligence to their activities.

The large number of ITOs has led to an overlap of ITOs for single employer and/or for the same trade. This is also perceived to be an expensive approach to skills training where the emphasis is on process rather than delivery and outcomes. For example, the Building Construction ITO (BCITO) has a budget of \$NZ12M for 8000 trainees, but only 500 trainees are getting off-the-job training.

At the inception of the ITO system in New Zealand, 61 ITOs were created. Since then, the number has been reduced to 41. It is the view of government that this number is too high but they did not articulate what they considered to be a target number.

### **3.3.2 Training**

The open-market approach to training procurement was seen as a major factor in the current dissatisfaction with training availability and quality. The marked erosion of stakeholders’ trust in this supply-side approach to training was attributed to two simultaneous events. The first event was a rapid decay in the relationship with trades training departments due to low-cost bidding imperatives on training opportunities, while the second event was the quick rise of opportunistic, funding-driven, poorly qualified training agencies exploiting the cost-driven delivery model. Stakeholders noted that the erosion was both precipitous and calamitous in the polytechnics – a state of affairs that is only being reversed now with massive public re-investment efforts.

In general, New Zealand stakeholders thought that skills training under the ITO and the competency-based model are not generic enough to cut across trades. In carpentry, for example, residential construction-specific competencies are emphasized making it difficult for trainees to be employed in other sectors of the construction industry where carpentry skills are required. Most stakeholders emphasized that focusing on single competencies was not a good long-term skills training strategy as it leads/has led to loss of well-rounded trainers and comprehensive skill sets. There is recognition that traditional apprenticeships’ culture and broad spectrum skills outcomes has been lost and will be hard to regain.



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This, not surprisingly, has resulted in industry saying that the quality of training is poorer under the competency-based system, especially a system where in-school training has been de-emphasized to be replaced by workplace-based training. In general, distance education, a common method of delivering theory, was seen as unsuitable for trades training.

The devolution of competence assessment (verifying achievement on unit standards) to the employer creates a burden and a potential conflict. And while there is an audit process through the NZQA moderators, stakeholders doubted the skill level of assessors was adequate. In addition, there is a need to have more engaged employers.

### **3.3.3 Government and NZQA**

The devolution of training to industry, with the exception of funding and oversight activities, has led to a funding-based rush into the training “business”. The head count funding formula, in particular, led to a large increase in the number of registered trainees while, at the same time, the average age of the trainees increased substantially.

NZQA was seen as a large and expensive bureaucracy with whom it was difficult to communicate.

Return on Investment (ROI) for the system is difficult to assess.

### **3.4 CONSIDERATIONS FOR APPLICABILITY IN BC**

Using the New Zealand apprenticeship and training system as a model for British Columbia requires a prudent look at four major areas: issues of system overall cost and effectiveness, issues of governance, practicality of competency-based approach, and training delivery.

#### **3.4.1 Cost and effectiveness**

The data brought back by the BC delegation clearly shows that the level of investment in New Zealand is far superior to that in British Columbia. The key question to ask is whether this is money well-spent. A positive answer would give an indication of the investment levels required in BC.

Yet it is clear from the New Zealand data that the decision-makers there saw a problem with the head-count, i.e. input, approach to training. Clearly their gradual interest in behavioural outcomes of training shows that they believed that simple counts were too rudimentary a tool to measure the impact of training. Clearly, the link between training and the economy and/or the ability of industry to find and



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secure appropriately trained employees in response to demand could not be demonstrated using inputs.

While New Zealand decision-makers claim that the original rush into training has broadened the scope of training activities and industries impacted, the average age of trainees has increased, the number of training providers grown exponentially, and the loss of training capability in key trades and occupations severely undermined.

It is only further investment in the public sector training infrastructure that seems to have partially solved the perceived problems.

### **3.4.2 Governance**

Shifting the training locus of control to industry was a good thing. Yet the data brought back by the BC delegation show that the sheer number of ITOs originally formed is perhaps more an indication of opportunistic fiscal behaviour by training players than industry dissatisfaction with the (then) existing state of training affairs. This conclusion is partially supported by the progressive reduction in ITOs, the ITOs' shift in focus to commercialism, and the desire of government to further reduce the number of ITOs.

The data collected by the BC delegation does not show what a magic number of ITO might be or which industries ought to be covered. What seems clear, however, is that given the choice of starting either with no target ITO number or with a pre-ordained ITO number, neither solution will work: it is impossible to structurally mirror industry's organization for the purpose of defining and securing training. This is because the boundaries are too indistinct to be reproduced in a manner that is ideally suited for all stakeholders.

Assigning competency standards' responsibility and accountability to a crown entity while expecting industry to develop the standards leads to a duplication of effort (assuming the effort is aligned). Having to assign moderators to verify the assessors' work begs the question as to who is responsible for ensuring that the moderators' work is of good quality. It would seem that, from a perceptual perspective, the system is inadequate as industry believes that the system is not producing good quality trades people.

### **3.4.3 Competency-based systems**

Competency-based training systems are a good thing. They are easy to conceptualize and, from a management perspective allow any user to rapidly focus on immediate need (just-in-time training) while avoiding repeat training and duplication. These systems also allow for flexible credentialing where bridging



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and laddering are key, where siloing is a thing of the past, and where credentials are easy to obtain for proficient practitioners.

Yet, the data brought back from New Zealand indicate that the model is a conceptual giant with practical feet of clay. The ever-growing 18,000+ competencies developed in New Zealand (with about 10,000 for trades) indicate that the silo approach has been pushed down: where it used to be located at the trade or occupation level, now it is at the work activity level. This is mirrored in the 900 or so qualifications available. Quantity is not a substitute for quality, and an extremely specific credential is as good as no credential at all.

But those are problems that can be solved by cogent application of eupsychics. A more intractable problem is the administration of competence assessment. Data from New Zealand clearly show that the human resources investment there is substantial but insufficient to produce good results.

### **3.4.4 Training delivery**

The data brought back by the BC delegation show that New Zealand's experience with free-market approach to training provision destroyed the public trades training system. One could argue that the public system's inefficiency caused its demise, but that facile comment belies current governmental investments to revive the system. Clearly, public training systems have something to offer, whether it is because they had a pool of qualified instructors or because industry trusted their ability to deliver competent graduates.

There is no doubt that traditional trades training such as that delivered by New Zealand's polytechnics is expensive. But cost is only one of the considerations when delivering training. Acceptance, usage, and training outcomes are also key considerations. In New Zealand, industry clearly looked at distance education as wholly unsuitable for trades in addition to pointing out that (e.g.) BCITO's \$NZ12M only sent 500 trainees to "proper" training.



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### **4. AUSTRALIA FINDINGS AT-A-GLANCE**

#### **4.1 PROLOGUE**

Unlike New Zealand, Australia has a federated approach to education and training; Canberra establishes broad guidelines and standards which are then elaborated upon by state governments such as that of New South Wales. While the BC delegation interviewed stakeholders in New South Wales only, it seems that the findings are applicable to other states as well.

Clearly, this federated approach, especially when it comes to trades and industry training is more akin to the situation in Canada than is the centralized New Zealand model. In trades training, for example, through the Red Seal program, Ottawa can be said to set Canadian standards and guidelines for training, while provincial decision-makers are free to develop pathways to achieve these standards.

The Australian standards-setting approach is also similar to that in Canada, at least when compared with Red Seal occupations. In Australia, 10, down from 28, federal National Industry Skills Councils using input from tri-partite Industry Training Advisory Boards (ITAB) develop and set training, achievement, and assessment standards.

These training standards are used by Registered Training Organizations (RTOs) to provide a framework for the competency-based industry training approach. Competence in any given competency is verified by RTOs through the collection of field evidence such as progress cards, competency record books and attendance records at training institutions.

Vocational Education & Training Accreditation Boards (VETABs) are state-based bodies that provide accreditation services for RTOs – there are 420 RTOs in New South Wales. VETABs are also responsible for oversight of the Australian Training Quality Framework (ATQF). The ATQF could be described as a state “branch plant” of the federal National Training Quality Council (NTQC), itself a subsidiary of the Australian National Training Authority (ANTA).

Since the late 1990s, the Australian federal government has progressively increased its role in the application of industry training standards. Canberra’s hands-on approach in Vocational Education & Training (VET) has met with varied success depending on the states. This is perhaps because the progressively increasing injection of federal funds in the system has not translated into a commensurate funding relief for states governments.

Government sets aside two \$A4500/trainee funding streams to an estimated \$A400M/year in New South Wales only. The government funding flows to the



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employer or the RTO based on the number of trainees or apprentices registered with the employer or RTO. Half the funds are used to provide support activities and the other half for training. Training is delivered by both public and private trainers with preferential rights going to public trainers.

In addition, in the construction industry, government funding is supplemented by trust funds which are raised through an industry levy. The funds are used to support ITABs and sundry industry activities.

### **4.2 REPORTED STRENGTHS**

The BC delegation collected thoughts and comments through semi-structured interviews with a wide variety of construction and government stakeholders. From Australia's stakeholders' interviews, it is clear that they are slowly getting used to their system. This is reflected in their focus on exposing the way it works and peeling away the multiplicity of layers. From the data, it is hard to gauge the level of Australian stakeholders' support for the new system. The assignment of the comments as positive reflects the frequency with which the stakeholders reported these elements.

#### **4.2.1 Registered Training Organizations (RTO)**

In New South Wales, there are 16,000 construction apprentices. The high level of participation is due in part to the funding mechanism, but perhaps more importantly because one cannot employ and apprentice without entering in a formal indentureship contract.

To ensure that the apprentices are committed to the trades, some RTOs (e.g. Master Plumbers) have a rigorous selection process for apprentices. Following this comprehensive approach to hiring, apprentices are supported in the field by a large staff complement. While this may seem to be burdensome, industry attributes its 90% completion rate to these practices.

#### **4.2.2 Training**

The purchase of training through RTOs is seen as a good thing. Industry noted that the bulk of training funds was used up by public RTOs.

To support training in the field, some RTOs have adopted a field staff: apprentice ratio of 1:40 and have established a field visit cycle of 4 visits/year. This approach and investment is supported by a belief (not universal among stakeholders) that the competency-based system is more accountable. Shared accountability, where both the employer and the RTO are required to sign off on competency documents, is seen as a key piece of the system.



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Industry noted that the recent introduction of pre-apprenticeship in public institutions and vocational courses in secondary schools are a good feeder mechanism.

### **4.2.3 Government and qualifications**

The Australian dual government level model to industry training is credited with making available up to 100 apprenticeships and 600 traineeships. This embarrassment of riches when it comes to training programs is not seen as a strength by all groups.

The recent addition of New Apprenticeship Centres (NACs) focusing on marketing activities and registration of apprentices and funded by the federal government is seen as a positive step that has allowed the number of trainees to increase.

### **4.3 REPORTED WEAKNESSES**

The BC delegation collected thoughts and comments through semi-structured interviews with a wide variety of construction and government stakeholders. From Australia's stakeholders' interviews, it is clear that they are slowly getting used to their system. This is reflected in their focus on exposing the way it works and peeling away the multiplicity of layers. From the data, it is hard to gauge the level of Australian stakeholders' support for the new system. It is clear that there are two divergent streams of opinion in industry: those who are adapting to the new system, and those who are using elements of the new system to maintain what a more traditional training regimen that has been and continues to be effective for them. The reported weaknesses were clearly expounded by the latter group.

#### **4.3.1 Registered Training Organizations**

While the number of RTOs was not explicitly listed as a drawback, industry noted that there were 420 RTOs in New South Wales. Industry also pointed out that there was a mix of public (known as TAFE) and private RTOs. There seemed to be some friction caused by the difference in funding between the two types of RTOs. Public RTOs are funded on a budget cycle while private RTOs are funded exclusively through the headcount funding formula where apprentices registered through "New Apprenticeship Centres" drive the funding. It should be noted, however, that funding is not capped in either scenarios.

Due to different training philosophies, some RTOs have been trying to develop job-specific courses/training regimen which do not lead to well-rounded trades people.



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### **4.3.2 Training**

Even if the system is competency-based, it seems that most apprenticeships are based on time served. In general, apprenticeships last 4 years. Stakeholders think this might be due to the fact that the competency-based system has been a challenge from a compliance perspective; that there have been difficulties in getting training plans flexible enough to accommodate a competency-based approach; that there have been attempts to “dumb down” trades training or establish a “cherry-picking” approach to training delivery; and that competency-based assessments do not provide outcome standardization guarantees as each RTO can set their assessment measures independently.

Due to the complexity of the competency-based approach, training packages which were supposed to be reviewed every 3 years are only being reviewed every 5 years, leading some to wonder if technological changes are adequately captured in the training materials. The sheer volume and cost of the training packages initiative has led the two levels of government to decide not to develop new packages.

The overall 60% completion for construction apprenticeships is unfortunately not even across trades. For example, electrician completion rates are slightly over 90% while bricklaying is at 30%.

### **4.3.3 Government and Qualifications**

From all stakeholders’ perspective the new system is more expensive and cumbersome since it has to satisfy two parallel bureaucracies. The stakeholders also pointed out that the new system’s modular, competency-based training was based on political considerations rather than training outcomes.

## **4.4 CONSIDERATIONS FOR APPLICABILITY IN BC**

Using the Australian apprenticeship and training system as a model for British Columbia would require a seamless articulation between federal industry groups and provincial decision-makers. Given the current difficulties in getting agreement, this is unlikely to happen. There are a number of elements that might be considered for adoption in BC. As was the case when considering the New Zealand industry training system, issues around competency-based systems, costs, and governance dominate.

### **4.4.1 Cost and effectiveness**

The Australian system is expensive. This is not surprising given the number of bodies involved in the processes. The New South Wales estimate of \$A400M for a population base of 6M puts the adoption of this system BC unlikely from a cost



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perspective. From a structural and managerial perspective, having to fund agencies to market and register apprentices, other agencies to track and assess in the field, and yet other agencies to develop standards, and accredit training organizations is unaligned with the lean organizational approaches preferred in BC. From a governmental perspective, having to establish different funding mechanisms for public and private training organizations in addition to managing levy trust funds and relationships with all key players indicates that managing the system requires more inputs than the system delivers in outputs. A cynic might be surprised that the system delivers at all in terms of number of apprentices and trainees.

There is, however, one remarkably candid feature to the system: the dual funding streams. Here, recognizing that any training system requires funds to deliver the training and funds to administer the trainees and the training is honest and straight forward. In BC, rather than shifting support costs to assorted stakeholders based on political considerations, adopting a set of clear delivery and support guidelines and managing to them would be a welcome addition to the current state of affairs.

### **4.4.2 Governance**

As mentioned earlier, the Australian plethora of government, industry, training stakeholders involved has created a diffuse decision-making, hence, accountability framework. It is unfortunate that the stakeholders did not explain why the system had evolved to what it is, save to mention that it was the result of politics. An outsider's consideration of the number of key players and the piecemeal approach to decision-making and oversight will inescapably indicate that the system designers' main aim was to keep every stakeholder happy and connected in some fashion. In other words, the Australian system's complexity appears to be the result of some sort of consensual approach to system design – a committee approach where all viewpoints need to be rewarded.

Unlike New Zealand's system, Australian RTOs' ability to drive the training system on behalf of industry seems to have been diluted to satisfy federal and state governments. BC would do well to examine a consensus-based approach to governance if it runs the risk of leading to the Australian complexity.

### **4.4.3 Competency-based systems**

For most of the Australian stakeholders, competency-based training systems might not be a good thing. While they are useful, they tend to lead to focus on immediate need (just-in-time training) at the expense of a referential skills framework. While these systems should allow for flexible credentialing where bridging and laddering are key, they have led to a multiplicity of programs with shifting field-based competency assessments standards.



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The 100 apprenticeships and 600 traineeships are an indication of this complexity, and from industry's perspective, quantity is not a substitute for quality. This is especially true if the field-based competency assessments are not uniform. Like was noted for New Zealand's system, it is the administration of competence assessments – not to mention the alignment of training delivery to competencies – that is intractable, even with strong IT tools. Data from Australia, like those of New Zealand clearly show that the human resources investment needs to be more substantial than it is to produce results. It is unlikely that BC has the ability to afford such a system.



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### **5. PROPOSED BC INDUSTRY TRAINING MODEL**

Starting with the establishment of the ITA in 2004, British Columbia decision-makers have signalled their intention to drastically change the way industry training activities are delivered in the province and to shift the locus of control to industry.

#### **5.1 QUESTIONS**

The questions that need to be answered when designing a reform for industry training fall in the same general categories as those that were considered in the analysis of the New Zealand and Australian experiences. The questions that need to be answered are not new, nor are they ground-breaking.

In general terms, the questions are:

- **What training**  
Covers skills modeling (e.g. competencies, job tasks), delivery (e.g. OJT, F2F), assessment (e.g. performance, paper-based), materials, etc.
- **Who gets trained**  
Covers which industry, in support of which economic activity, included and excluded individuals or groups of individuals, etc.
- **Who decides**  
Covers decision-making processes, responsibilities, and accountabilities and attaches them to a governance framework
- **Who pays**  
Covers issues of funding and/or other resources, establishes an exchange rate between cost-sharing and decision-making

To date two papers have been put forward focusing on issues of “who decides, and who pays”. The first paper was put together by ITA and the second, in response to the first by ICBA.

Neither of the papers offers a trenchant analysis of the problems that need to be solved and the solutions (i.e. how the questions are answered) that would solve those problems. Rather, ITA presents a solution and ICBA supports part of the solution.



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### **5.2 PROPOSED ANSWERS**

#### **5.2.1 Industry Training Authority (ITA)**

The ITA model is outlined in “ITOS: Moving Forward with Industry Training Reform”. Perhaps tellingly, the paper focuses on governance issues. In short the ITA sets out a simple plan by:

- Reminding industry of ITA’s enabling legislative framework and commitment to “delegation of powers”
- Signalling ITA’s intention to roll out industry training reforms through the formation of 10 to 15 ITOs
- Outlining ITA’s expectations of ITOs to perform labour market research, developmental, support, and marketing activities
- Expecting ITOs to fund their training programs on a matching contribution model where industry must provide at least 20% of its contributions in cash
- Retaining all decision-making authority from training spending to new training programs to credentialing
- Progressively devolving itself of all operational responsibilities.

The ITA states that its mandate was predicated “by an almost universal recognition that the existing system was not meeting labour market and industry needs” and that the best way to solve industry training needs is through “industry solutions”.

These industry solutions will have to be rolled out by “significantly expand[ing industry’s] direct engagement in and support for training.” Yet, despite these expectations, ITA denies industry responsibility for “occupational standards and certification”, and the provision of “vital assurances of quality, consistency and portability.”

ITA’s commitment on control for stated quality assurance purposes is in contrast with its “original vision entailing a focus on strategy and policy”. Arguably strategy and policy exclude operational issues required by quality control activities.

In terms of training, ITA mandates a competency-based model, where ITOs, through ITA contribution agreements will generate program profiles, occupational analyses, program outlines, exam banks, and practical assessments. ITOs will also be expected to develop training providers’ specifications that ITA might use to make decisions on the delivery of training programs.

Training provisions funding will be negotiated directly by ITA with the mix of public and private training providers as ITA sees fit. The funding to support ITOs will take the form of a yearly base grant of \$CDN200,000 for 3 years. In addition,



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ITOs will be *eligible* for annual contributions equal to 5% of training expenditures from the previous year. In exchange ITOs will have to raise the same amount as that granted by the ITA, where at least 20% is in cash – no fundraising mechanism is authorized or suggested.

### **5.2.2 Independent Contractors and Businesses Association of BC (ICBA-BC)**

In December 2005, ICBA forwarded a Discussion Paper, “Establishing an Industry Training Organization for the BC Construction Industry”, in response to the ITA model discussed above. After establishing its credential as a commentator, ICBA sums up its position as follows:

- ITOs are a good thing and the concept is supported by ICBA
- ITOs have to be overseen by a non-partisan Board of Governors numbering 8-12 from stakeholders such as contractors, suppliers, “clients”, planners, demographers, educational experts, etc.
- Best approach to ITOs in the construction sector is to start with multiple ITOs which will eventually amalgamate through a combination of competition and/or rewards for creating benchmarking
- ITOs responsibilities ought to be slowly transferred from ITA to ITOs
- ITOs should be marketed to industry
- BCCA is not the appropriate body to be the construction sector ITO

ICBA’s paper is silent on the industry training model. While it purports to be in response to ITA’s paper about moving forward the industry training reform, it chooses to avoid talking about training.

ICBA’s paper almost exclusive focus on governance shows that partisanship is already part of the discussion in BC. Yet it is not an issue that was raised by stakeholders in New Zealand and Australia during the BC delegation’s visit. ICBA’s comments on Board structure and the need for neutrality at that level, just like ICBA’s calls for a separation of the executive and strategic are appropriate reminders of good governance.

Likewise, ICBA’s comments on the scope of work that will be required of ITOs are a good, sobering reminder of the immense task facing any industry training organization. It remains that the scope of work is commensurate with the training model adopted. As the New Zealand experience shows, a competency-based approach is extremely labour intensive, hence would require many of the precautionary, progressive steps briefly described in ICBA’s paper.

Perhaps tellingly, ICBA makes a strong case for marketing to industry. It is unclear whether it is the industry training model, the ITO concept, the governance structure, or some other dimension that needs marketing. But it is logically



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inconsistent to have ITA claim that there was a universal call for change to the industry training system, and have ICBA claim there is support for a new governance structure, then insist that this ought to be *marketed* to industry – marketing could be defined as the art of convincing someone to accept something that is not really required.

This rationally wanting approach is also reflected in ICBA’s strongly stated opinion that BCCA is not an appropriate body to be an ITO, mainly because it is stakeholder-dominated. One cannot but wonder if that call is not partisan in and of itself.

### **5.3 COMPARE AND CONTRAST**

Clearly, the ITA is in a position to make sure that its view on the reform of industry training is implemented. Given the similarity between the New Zealand system and the ITA proposal, a simple table showing major elements of the two systems is informative.

Of course, a simple juxtaposition of the two systems begs for some consideration of the impact the differences between the two systems might have in BC. The impact, in turn, can serve as a springboard for discussion between industry at large and ITA on how best move forward.

<b><u>Element</u></b>	<b><u>New Zealand</u></b>	<b><u>ITA</u></b>	<b><u>Implications</u></b>	<b><u>Questions</u></b>
Governance	ITO Initial large number based on industry ability to organize	ITO 10-15 with undefined sectoral mandate	Pre-ordained number of ITOs removes the ability of industry to self-organize while large number leads to inefficiencies, overlap, and wastage; notions of competitive survival	Why has ITA decided on a number of ITOs? How will ITA define a “sector”? How will ITA prioritize ITO creation requests? Who will decide the worth and utility of an ITO?
Mandate	Training provision and standards, field assessments,	Training forecasts, standards development, field support, marketing and communications	ITOs plan the work but cannot put it into action in BC. Total operational burden on ITO in BC – where operations have been defined by ITA.	What is the value added to the ITO activities in BC? Can ITOs modify their mandate as they see fit?
Approval authority	Overall under NZQA oversight for standards	All deferred to ITA	BC model means full accountability rests with ITO but responsibility and control rests with ITA.	How does ITA rationalize having industry perform all the work yet have to defer to a crown to approve its work?



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<b><u>Element</u></b>	<b><u>New Zealand</u></b>	<b><u>ITA</u></b>	<b><u>Implications</u></b>	<b><u>Questions</u></b>
Training Model	Competency-based	Competency-based	Difficulty in creating and maintaining competencies. Difficulty in assessing the competencies in the workplace.	Will we see a skills quality drop as New Zealand saw with a competency-based approach?
Training delivery	ITOs purchase but cannot deliver	ITA purchases based on ITO recommended criteria	Purchase criteria recommendations do not guarantee action.	Why is the purchase decision with ITA – is this not an operational issue? If industry is expected to develop criteria why not performance assessment?
Assessment	ITO-supervised assessor, back-check by NZQA moderators	Industry develops tools and methodologies subject to ITA approval	Motivation to develop tools and methodologies that are not under control of industry might lead to lack of engagement.	Is standards approval a guarantee of quality? What expertise will ITA have to approve and maintain industry-based standards? How will practical assessments be rolled out in a cost effective and meaningful fashion? How will competency-based training and assessment match up with Red Seal program?
Funding	Educational unit delivered sliding rate, headcount flat fee, employer and employees training fees	Base grant for 3 years, 1-for-2-1 matching grant based on educational spend previous fiscal, one-off contributions agreements for developmental work,	Through ITOs, industry is expected to self-fund training yet not gain control over the substance of the training system. Lack of clear rationale for adopting a modified and aggressive New Zealand model	What value-added does ITA bring to the ITO-driven industry training scheme?

**Table 1.** Comparison of New Zealand and ITA models; implications and questions



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### **6. MOVING FORWARD**

Clearly, it is in the best interests of all stakeholders in moving the industry training issue forward as quickly as possible. It stands to reason that ITA's interest lies in seeing industry self-organize into ITOs. As pilot projects, the horticulture and residential construction industries have organized into ITOs, as has the automotive industry (Automotive Industry Training Association).

As noted above, one of the BC delegates who travelled to New Zealand and Australia belongs to AITA. This participation was consciously and purposely designed. Part of the purpose was to ensure that ITO formation learnings in the automotive sector were leveraged for the construction industry. Indeed, in June 2005, the Institutional, Commercial, and Industrial (ICI) construction sector, through a group organized by the BC Construction Association, had submitted a proposal to ITA requesting recognition of Construction Industry Training Organization (CITO).

This proposal has yet to be commented on or responded to by ITA. Moving forward surely includes recognizing the construction industry's desire to do just that.

#### **6.1 CONSTRUCTION INDUSTRY TRAINING ORGANIZATION (CITO)**

The ICI submitted a proposal to ITA in June 2005. One could argue that the proposal does not follow the template outlined in ITA's November 2005, "Application Process for New Industry Training Organization". But that does not excuse ITA's silence before or since the proposal was submitted.

Surely ITA recognizes that its documents are "intended to guide rather than to strictly prescribe the steps that industry groups will follow in seeking the approval of new Industry Training Organizations." The following is an attempt to unblock what appears to be a stalled ITO process for the construction industry.

##### **6.1.1 CITO proposal elements**

CITO would be a "not-for-profit" legal entity registered under the BC Society Act. The organization would be headed by a 14 member Board including all stakeholder groups (in the broad sense of the term). The Board would devolve planning, fiscal, curricular, and standards activities through Board committees. One of these Committees, the Executive Committee would oversee CITO's Board-selected Chief Executive Officer. The CEO would in turn ensure that the Board's ITA-modelled vision, mission, and educational and business values were operationalized.



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CITO would be funded through a number of fiscal streams. These streams include ITA contributions (as stated in ITA's documents), industry cash and in-kind contributions, training-related revenues, governmental grants and contracts, and other industry-sponsored contracts.

Since the CITO proposal predates ITA's ITO documents, the activities planned for CITO are more inclusive than those stipulated in ITA's documents; likewise, the proposal is silent on some proposal requirements (see below for additional details).

### **6.1.2 Elements not included in the proposal**

The proposal does not explicitly outline how CITO's proposed vision, mission, and values statements "reflect ITA policies, principles, and values" but it is clear that alignment in and support for ITA's core principles are present.

CITO Board is more inclusive than the ITA allows. "ITO Board Chairs and Board committee chairs must be employers". CITO lists journeypersons, education providers, and Building Trades Union representatives on its proposed Board list. Surely, the inclusive nature of CITO's Board does not indicate an unwillingness to follow ITA's requirements.

Industry opposition is not explicitly tackled in the CITO proposal. It stands to reason, however to consider a proposal sponsored by a number of well-established industry associations from all parts of the province that whatever opposition there is must be outside of the industry main stream. If ITA expects all ITO proposals to exhibit unimpeachable support from all potential stakeholders; if ITA expects a theoretically perfect consensus to emerge, then it is unreasonable to expect that ITOs will ever be formed.

CITO's proposal is short on Key Performance Indicators details beyond participation indices. It seems logical, however, given the number of successful business players involved with the CITO proposal that the limited number of specific, measurable, achievable, and realistic, performance measures suggested is more an issue of evolving thoughts than inability or unwillingness.

Overlap with other potential ITOs is not mentioned. It is clear that the residential construction sector employs construction workers whose skills cross-over to the ICI domain. Likewise, industries such as mining, smelting, or manufacturing may have tradespersons that might also work in the ICI sector. This oversight can be easily remedied through trade prioritization (i.e. "scaling" from ICBA's perspective) and discussions with other emerging ITOs.



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### **6.1.3 Elements included in the proposal outside the purview of ITOs**

The CITO proposal includes in its applied role description the following items that are listed as part of ITA's oversight duties:

- Develop an annual training plan
- Accredite training providers; assess the delivery of training programs
- Implement training management system
- Track trainees; act as a centralized training entity

These ITA duties do not necessarily have to be undertaken by any ITO. It remains, however, as listed in the questions above, that some of these exclusive ITA duties do not seem to be aligned with the purpose and intent to have an industry-led system.

## **6.2 ITA**

ITA's role at this juncture is simple. Engage with industry in a meaningful, goal-oriented discussion of CITO's proposal. At the same time, engage industry at large in discussions covering the key questions posed above.

For ITA to remain relevant to industry, to remain a value-added component to industry training, a decisive move on the construction industry's proposal for an ITO is imperative.

ITA has to recognize that consensus in any industrial sector is more of a dream than an achievable reality. That is why a majority consent, be it based on absolute majority plus one or first-past-the-post concepts, is a more appropriate model to gauge industry support. Moving beyond politics is probably also unachievable, but through discussion and dialog coupled with a full recognition of stakeholders vested interest moving forward is achievable.