

Reform of Vocational Education

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# Competenz Industry Engagement on WDCs<sup>(C)</sup>

25 October 2019



**Competenz**

Skills for industry

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## Executive summary

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Competenz has engaged comprehensively with industry sectors and employers under current gazetted coverage on the establishment of Workforce Development Councils (WDCs). This has included direct engagement with 198 industry associations and employers through workshops, meetings, phone calls and with a further 1,900 employers through an online survey.

### Stakeholders expressed a high level of consensus for:

the establishment of six or seven WDCs, with a preference for the ITF-proposed sector coverage

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a skills based, rather than vertically integrated alignment, approach to sector coverage

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Competenz having a leadership role in the establishment of a WDC covering the Manufacturing, Engineering and Logistics industries. The majority of existing sectors believe they align best to this grouping and WDC. A small number of sectors, including Forestry, believe that they align better to a different WDC

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WDCs being governed through a skills-based Board of up to ten directors, but supported by mechanisms that ensure each sector is responsive and accountable

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minimisation of uncertainty and disruption throughout the transition, so that there is no, or little, impact on learners and employers

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generic vocational skill standards such as leadership, work-readiness, literacy and numeracy being covered by a WDC in the post-RoVE model.

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### Stakeholders remain concerned that:

operating and governance models may not ensure responsiveness to all sectors

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the level of funding provided for WDCs may not allow them to fulfil their proposed functions

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there may be duplication and a lack of consistency between WDCs, and engagement processes might require untenable industry and employer input

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the apparent overlap and lack of clarity on the respective roles of WDCs, RSLGs and CoVEs will lead to duplication and gaps in understanding of skills requirements.

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Competenz remains committed to supporting the RoVE vision and working constructively to realise this, while ensuring the transition is as seamless as possible for all stakeholders. We look forward to continuing engagement with all stakeholders through the next stages of design and implementation.

Industry sectors have differing views on possible operating and governance models for WDCs. There is considerable further work required with industry and individual sectors before stakeholders will develop confidence in the proposed approach.

Stakeholders expressed strong support for WDCs utilising common information systems and processes but there was less consensus as to the benefits of shared services for back office functions, particularly if these were to be provided through a centralised WDC or entity.

# 1.0

## Competenz industry engagement on WDCs

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Competenz has undertaken comprehensive engagement with industry sectors and employers from our current sector coverage, on the establishment of the WDCs, since the beginning of September.

Competenz also engaged with three industry sectors under coverage with other ITOs (meat processing, dairy processing and joinery) and one sector not currently covered (prefabrication), after being approached by representatives from these sectors.

### This engagement included:

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#### A general industry stakeholder workshop

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#### Specific sector workshops for the Forestry, Fire Protection and Wood Manufacturing sectors

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#### Discussion in Sector Advisory Group (SAG) meetings for Wood Manufacturing and Pulp and Paper

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#### Individual meetings with industry associations and significant employers

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#### An information pack and survey sent to 1,900 employers who are, or have recently been, engaged with industry training through Competenz

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#### RoVE Programme Team representatives attended the majority of the workshops

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#### Participation in TEC's town hall industry meetings in Auckland, Hamilton, Wellington and Christchurch.

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Throughout this period, Competenz engaged directly with 48 associations and 150 employers through workshops and meetings. We additionally provided information and invited feedback from 1,900 individual employers through an online survey.

We achieved effective engagement with almost all of the sectors and key employers under current gazetted coverage. We did not hear back from representatives of the Biosecurity or Lift and Escalator sectors.

## 1.0 Competenz industry engagement on WDCs

### General stakeholder workshop

This was conducted in Auckland on 05 September. All industry associations and key employers, currently engaged with Competenz, were invited to this workshop. RoVE officials presented and were in attendance. A total of 225 associations or employers were invited to this workshop with 85 attending. A list of invitees and attendees is provided in appendix 1A. A summary report from this meeting is provided in appendix 2A.

### Forestry sector workshop

This was conducted in Auckland on 12 September. All industry associations, key employers and contract assessors currently engaged with Competenz in the Forestry sector and representatives from Primary ITO were invited to this workshop. RoVE officials presented and were in attendance. A list of invitees and attendees is provided in appendix 1B. A summary report from this meeting is provided in appendix 2B.

### Sector meetings

Competenz conducted workshops with the following key sectors during the consultation period.

Wood Manufacturing and Processing – Meeting 1	
Date	10 September
Location	Rotorua
Attendees	12, including 4 from Competenz
Notes	A list of attendees is provided in appendix 1C. Minutes are provided in appendix 2C.

Wood Manufacturing and Processing – Meeting 2	
Date	15 September
Location	Wellington
Attendees	9
Notes	A list of attendees is provided in appendix 1G. Minutes are provided in appendix 2G.

Pulp and Paper	
Date	30 September
Location	Rotorua
Attendees	5, including 3 from Competenz
Notes	A list of attendees is provided in appendix 1D. Minutes are provided in appendix 2D.

Fire Protection – FPA NZ Board and Council Meeting	
Date	26 September
Location	Auckland
Attendees	30
Fire Protection – Workshop	
Date	4 October
Location	Auckland
Attendees	21
Notes	A list of attendees from these events is provided in appendix 1E. A summary of the discussion points is provided in appendix 2E.

Mechanical Building Services, Refrigeration and Air Conditioning	
Date	7 October
Location	Auckland
Attendees	6 Attendees, including 4 from CCCANZ and 2 from Competenz
Notes	A list of attendees is provided in Appendix 1F. A summary of discussion points is provided in appendix 2F.

Marine Transport Association (in conjunction with annual conference)	
Date	4-6 September
Location	Auckland
Attendees	66
Notes	A list of attendees is provided in Appendix 1H. A summary of discussion points is provided in Appendix 2H.

## 1.0 Kompetenz industry engagement on WDCs

### Individual meetings with associations

Throughout the consultation period, Kompetenz met individually with 20 industry associations; some on several occasions.

A list of associations that were engaged with, and the dates of these engagements, is provided in appendix 1I.

Key points from these discussions are summarised in section 2 of this feedback.

A summary of the WDC preferences for each industry sector is provided in section 5. Individual statements of endorsement from each association are provided in appendices 3A and 3B.

### Individual meetings with significant employers

Throughout the consultation period, Kompetenz met individually with 11 employers; some on several occasions.

A list of employers that were engaged with, and the dates of these engagements, is provided in appendix 1I.

Key points from these discussions are summarised in section 2 of this feedback.

A summary of the WDC preferences for each industry sector is provided in section 5. Individual statements of endorsement from employers are provided in appendices 3C and 3D.

### Letters

Competenz subsequently sent letters to all those associations and employers that we had engaged with directly through this process. Stakeholders were requested to provide statements of endorsement:

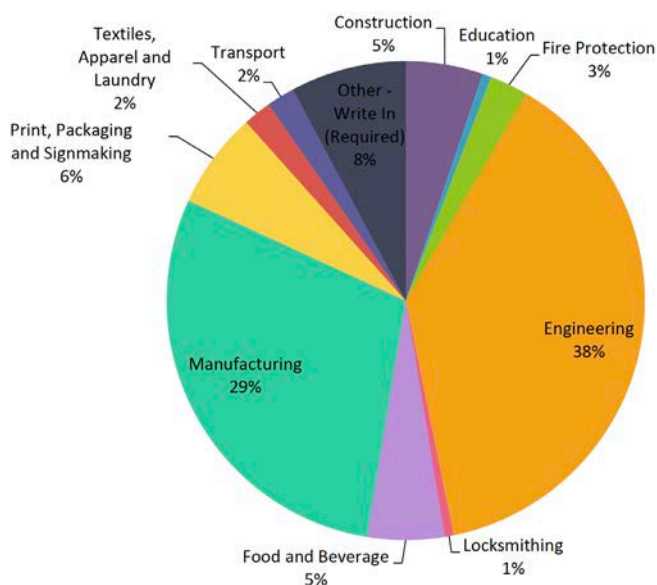
- confirming their preferred WDC coverage, and/or
- for WDC groupings based upon skills-alignment, where sectors could be covered under more than one of the proposed WDCs, or for larger employers with skill requirements that span multiple WDCs, and/or
- for Kompetenz leadership involvement in the establishment of a Manufacturing, Engineering and Logistics WDC.

The statements of endorsement received are provided in appendices 3A to 3D.

### Survey

This sets out the key findings of the survey, sent to Kompetenz employers that Kompetenz had not directly engaged with through other consultation activity. The aim of the survey was to identify whether employers felt their sector sat within the proposed Manufacturing, Engineering and Logistics WDC or if not, to identify where they felt they belonged.

- » The survey was sent on 26 September and was open for one week. It was sent to over 1,900 employers across all current sectors under Kompetenz coverage except Forestry.
- » The majority of responses were from the Engineering sector (38%) and the Manufacturing sector (29%), followed by a small representation from the Construction, Fire Protection, Food and Beverage, PPS, Transport, Apparel, Textiles and Laundry sectors.
- » Results of the survey can be found in appendix 3E.



# 2.0

## Key themes during engagement

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**Throughout our engagement, the primary discussion points have been:**

**Ensuring that industry understands RoVE and the roles of the future organisations**

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**Consideration of the number and sector coverage of the WDCs, including options for the alignment of sectors**

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**Principles for establishing the governance of WDCs**

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**Minimisation of any adverse impact on learners and employers during transition.**

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## 2.0 Key themes during engagement

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### 2.1

#### Points of agreement

##### 2.1.1

###### Number

There is a very high level of consensus that the number and coverage of WDCs:

- » should not be so broad that individual sector requirements and influence on governance/operations will not be heard or addressed
- » should not be so narrow that employers would have to engage with a significant number of different WDCs over similar skill requirements
- » ensures that they are grouped with sectors where the skill requirements align with their own.

Minimal support was expressed for having four or fewer WDCs. This is the preference of only one sector association (who ultimately remains sceptical about engaging with any of the proposed WDC options). There was a very high level of consensus from all other stakeholders that coverage under such a model would be too broad to enable a WDC to be responsive to individual sector needs.

Similarly, no support was expressed for a model with more WDCs than the six under the Vocational Pathway model, or the seven under the Industry Training Federation (ITF) variation of this.

Ultimately, all sector associations and significant employers under Competenz coverage who expressed a preference, aligned with one of four sectors proposed under the ITF-proposed model. Similarly, the preference of 85% of individual employers, who responded to our survey, indicated a preference for their sector to be covered by a WDC based on the same four sectors under the ITF model. Of the remaining, 9% of all respondents stated a preference for a corresponding sector under the Vocational Pathway model.

It is useful to highlight that, within the existing Competenz coverage context, there is little significance in the distinction between the Vocational Pathways and ITF-proposed models, other than for the logistics and transport service sectors. The importance to stakeholders of these latter sectors being covered under either the ITF-based Manufacturing, Engineering and Logistics WDC or the Manufacturing and Technology based Vocational Pathway model, is discussed in the next section.

##### 2.1.2

###### Skills alignment

Throughout the engagement process, Competenz discussed the vertically integrated option for skills alignment alongside that of a skills-aligned approach.

Every sector under current Competenz coverage recognised that although employers needed to engage across the supply chain for their sector as part of their operating model, the core function of a WDC is setting the skill and capability requirements of a sector both now and future and ensuring these standards are consistently delivered to industry standards. Therefore, a skills-based alignment of WDCs best ensures that skill standards and requirements align across different sectors and industries and consistency is maintained.

It also enables transferability across like sectors and the ability to promote careers in the broader industry groupings. A particular concern in considering the alternative approaches was to minimise any barriers to the portability of skills, qualifications and employees between industry sectors. A vertically integrated alignment was seen as particularly problematic in this regard, as it was perceived that there is a high risk this would result in duplication and different skill standards being developed for similar skill sets.

For example, a vertically integrated alignment might result in the skill standards for a milk tanker driver being significantly different than those for a petrol tanker driver, despite the skill requirements being essentially similar. Similarly, the skill requirements for food processing and manufacturing were seen as essentially very similar to those in other manufacturing processes, particularly with the emergence of technology and automation across manufacturing industries. The skills alignment of the different manufacturing processes has recently been explored in the skills shift project in manufacturing, led by The Manufacturers' Network, and The Employers and Manufacturers Association in conjunction with MBIE that Competenz has been part of the working party for.

Ultimately, no Competenz-covered sector expressed support for a vertically integrated approach, regardless of which WDC they believed that they would best align with in the future. The dairy and meat processing sectors, not currently under Competenz coverage, determined that the benefits of skills alignment and alignment with other manufacturing sectors, outweighed those of a supply chain alignment within Primary coverage. Likewise, the Wood Processing industries determined that although their supply chain is within the forestry sector, the skill and capability alignment for their workforce and transferability of their workforce was between other manufacturing industries.

## 2.0 Key themes during engagement

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### 2.1.3

#### **A WDC covering Manufacturing, Engineering and Logistics**

The majority of sectors currently covered by Competenz, indicated that they want to be supported by the Manufacturing, Engineering and Logistics WDC proposed by the ITF. A small number of sectors identified that the skill characteristics for their sector align with a different WDC. The preference of each sector is detailed in section 5.1. Signed statements of endorsement to this effect are provided in appendices 3A to 3D.

Stakeholders that believed they aligned best to a Manufacturing, Engineering and Logistics WDC offered two key reasons for their decision:

##### **i. Skills alignment**

The proposed coverage and naming best represents synergistic broad sector groupings; each with distinctive common skill requirements that are best characterised and described under the manufacturing, engineering and logistics groupings.

The skills alignment between manufacturing, engineering and logistics is highlighted in The Manufacturers' Network-led work on skills shift within the manufacturing sector, as a result of the adoption of Industry 4.0 technology and practices, that Competenz has contributed to.

A small number of stakeholders initially questioned the inclusion of logistics within this grouping. The key discussion points were whether logistics might also potentially align under a Services WDC, and whether the breadth of the proposed Manufacturing, Engineering and Logistics coverage might detract from the ability to be heard effectively within the WDC. The majority of stakeholders recognised that logistics operations occurred in many other sectors, but are critically aligned to manufacturing and there didn't appear to be a stronger alignment to any of the other proposed WDCs.

Stakeholders from within the manufacturing and broader logistics sector highlighted that much of the skill requirement for transport service operations, under all modes (with the exception of small passenger services), has strong alignment with both logistics and engineering. Splitting these across different WDCs was seen as problematic for these sectors.

For example, marine engineering is closely aligned with mechanical and heavy automotive engineering which is relatively clear. In turn, the skill requirements for ship's crew, officers and masters are closely aligned, both with marine engineering (through a single regulator, common New Zealand regulation and common international training and certification conventions) but also with logistics. Similarly, heavy road and rail transport operations are strongly aligned with both heavy automotive engineering and with logistics. Grouping these transport services with logistics and

engineering was seen as the best possible skills alignment under the proposed WDCs. It should be noted that Competenz did not engage directly with all of the transport service sectors currently under different ITO coverage during this consultation.

##### **ii. Retention of existing relationships and expertise**

Stakeholders placed significant value in the current sector knowledge, expertise and relationships established with Competenz. Ensuring this expertise, and the people who have the expertise, transition effectively into a WDC was seen as critical for a seamless standard setting transition, and as a basis for establishing the additional functional scope required of a WDC. Those industries that have aligned with a Manufacturing, Engineering and Logistics WDC but are not under current Competenz coverage, such as the meat and dairy processing sectors, stated that this was equally important for their sector. Stakeholders also expressed a high level of confidence in the leadership and engagement structures developed under the current ITO functions. They also strongly supported the involvement of Competenz leadership in the establishment of a WDC, as discussed further below.

### 2.1.4

#### **Forestry sector**

There was a strong consensus from stakeholders that the Forestry activities relating to Silviculture and Harvesting would be best covered under a Primary Sector WDC. As advised in section 2.1.2, stakeholders believed that the activities relating to the processing and manufacturing of timber and wood products should be aligned with those of other manufacturing processes under a Manufacturing, Engineering and Logistics WDC.

### 2.1.5

#### **Cz leadership in WDC establishment**

With only two exceptions, industry associations and significant employers in the sectors currently covered by Competenz, expressed support for Competenz having a leadership role in supporting industry in the establishment of this WDC. Statements of endorsement for this are provided in appendix 3A to 3D. Further, of the 86% of employers surveyed who indicated that their sector would best be served under a Manufacturing, Engineering and Logistics WDC, 95% indicated that they supported Competenz taking a leadership role in supporting industry to establish this. There were two primary reasons suggested by stakeholders in supporting this approach. There was significant acknowledgement of the capability of Competenz and the opportunity for industry to leverage this in the establishment phase of a WDC. Further, although industry support the minister's desire for WDCs to be industry led, there was significant concern raised on the time commitment required by industry to establish new WDCs.



## 2.0 Key themes during engagement

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The two sectors who did not endorse Kompetenz leadership involvement wished to abstain from endorsing this approach until more direction was available on the structure, coverage and establishment of the WDCs.

During engagement, there was considerable discussion and agreement that a WDC is not simply a renamed ITO for standard setting purposes. Industry stakeholders recognised and supported this, but also believe that Kompetenz has critical expertise, relationships and approaches to sector engagement and support that they value highly, and want to see retained in the creation of a WDC covering their sector.

Kompetenz believes that there will be similar support from corresponding sectors, currently covered by other ITOs, for the involvement of their ITOs in the establishment. To this end, Kompetenz believes that the most appropriate approach in establishing a Manufacturing, Engineering and Logistics WDC would be a collaborative one, involving MITO, Marine & Composites ITOs, Primary ITO and the sector stakeholders currently under the collective sector coverage.

### 2.1.6

#### **Principles for governance and Board composition**

Almost all sectors indicated that governance and management of the WDCs is a key issue for them. There is almost universal concern that the voice and responsiveness to individual sector skill needs might be inadequate under the broad sector coverage envisaged for WDCs. This concern was at the forefront of almost all discussions relating to the governance and management of the WDCs. As such, this is a critical area to be addressed during the establishment, if industry sectors are to develop confidence in the overall RoVE transformation.

There was a high level of consensus that WDCs should be governed by skills-based Boards comprising between eight to ten directors. The required skills highlighted most commonly were those of governance experience, finance, legal, employer and business experience, education and standard setting.

Almost all stakeholders recognised that a representative model, with direct representation of every sector on the Board, would be untenable given the broad sector coverage envisaged under 4-7 WDCs. (We do need to highlight that, despite this recognition, several sectors and large employers indicated they would expect to be directly represented on any WDC Board covering their sector).

Similarly, almost all stakeholders also indicated that their support for such an approach was conditional on them gaining confidence as to how their sector could influence and ensure accountability of the governance and management. Very little consensus in sector preference emerged as to how these should, or could, be achieved. This is discussed further in section 2.2.1. Developing, and getting support for these approaches, will be of critical importance in the next stages of establishment.

There was consensus that non-representative directors should be paid at market rates and that the WDC needed to be funded appropriately to enable this.

### 2.1.7

#### **Transition**

All stakeholders hold the view that the transition to the new approach must be as seamless as possible and it must minimise any change impact on learners and employers. Stakeholders emphasised that the transition must avoid disconnections in the system and minimise uncertainty of what is changing, and when. The majority of stakeholders believed that the retention and transition of existing people, expertise, skills and relationships was critical to achieving this; albeit that these would ultimately be located in different organisations across the WDC and provider system.

### 2.1.8

#### **Generic skill standards**

Stakeholders strongly supported generic vocational skill standards such as leadership, communications, literacy, numeracy, work readiness etc. being set and maintained within the WDC framework, rather than through NZQA as it is currently. They emphasised the importance of these being informed by industry from all sectors and available for use by all sectors and WDCs. There was no consensus on whether this would be best managed through an additional central WDC, or whether the standard setting responsibility could be distributed across the vocationally skills-aligned WDCs, as proposed under the Vocational Pathways or ITF models.

## 2.0 Key themes during engagement

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### 2.2

#### Points for further consideration

##### 2.2.1

###### Establishment of operating models

We heard that the engagement model, at an operational level, needs to recognise existing sector mechanisms. Preference was for engagement through industry associations, where these had broad sector membership and a mandate that includes skill requirements. Other sectors expressed a preference that engagement be primarily through SAGS or industry partnership groups. Others highlighted that legislative requirements around competitive practice and the security of intellectual property were critical issues in their sector, and that engagement would need to be at an individual employer level. It became clear that a standardised operating model might not be appropriate for a WDC. Different approaches that recognise the characteristics and preferences of individual sectors and are agreed with each sector appear to be acceptable to all sectors.

Many stakeholders identified that operational engagement mechanisms within current ITO models have also been supported by feedback from individual employers via field team interaction. They want WDCs to develop approaches to ensure standard setting can continue to be partially informed by this direct workplace engagement.

It is important to consider that the key to a highly effective WDC will be the operational delivery, rather than sector engagement at a governance level. Clearly defining the functions within the WDC, the operating principles, engagement model and clear KPIs, in partnership with industry sectors, is a critical next step in this process that might need to occur before appropriate governance arrangements can be determined.

##### 2.2.2

###### Establishment of governance models

Despite strong consensus on governance principles and Board composition, there is little agreement on how the influence and accountability desired by every sector might be achieved.

As noted in section 2.1.5, there is consensus that WDC governance needs to be skills based and not unwieldy in total membership. Most sectors recognise that although a fully representative Board is not practical, however, there is strong consensus that governance should ensure the perspective of individual sectors appropriately influences WDC governance and operation, regardless of the size of the sector.

The key differences in view are:

- » how the latter might be achieved (refer to 2.2.2.1)
- » the process by which the Board and directors would be established and/or appointed (refer to 2.2.2.2).

##### 2.2.2.1

###### Sector engagement at governance level

There is generally a level of confidence from sectors currently covered by Competenz with the existing skill-based governance model and current interaction with the Board. Several sectors did indicate they would prefer more direct accountability and governance input in a WDC. The relative comfort with the current Competenz governance model might not be shared by additional sectors under the proposed Manufacturing, Engineering and Logistics WDC. It is suggested that, at least initially, it is important to establish an engagement and accountability model that interacts directly at Board level.

Some of the different approaches suggested are listed below in order of the level of direct governance engagement:

- i. a formal meeting, at least annually, for each sector with the chief executive
- ii. an annual satisfaction/sentiment survey reported to Board
- iii. SAG/industry association meeting minutes and action plans provided directly to the Board
- iv. an annual or biannual Board/all sector engagement day
- v. the establishment of an industry council comprising chairs of sector advisory groups and/or industry associations for all sectors within WDC coverage
- vi. a mechanism that allows sector coverage to move to a different WDC if the sector's needs are not being met.

Given sector support for any governance model is largely dependent on how any Board would interact with, and be accountable to, that sector, the options for governance models and industry sector interaction require further consideration once the operating model has been agreed.

## 2.0 Key themes during engagement

### 2.2.2.2

#### Establishment of Board and appointment of directors

There was agreement from sectors that considered this, that initial appointments should be for varying terms to enable rotation of directors from the outset.

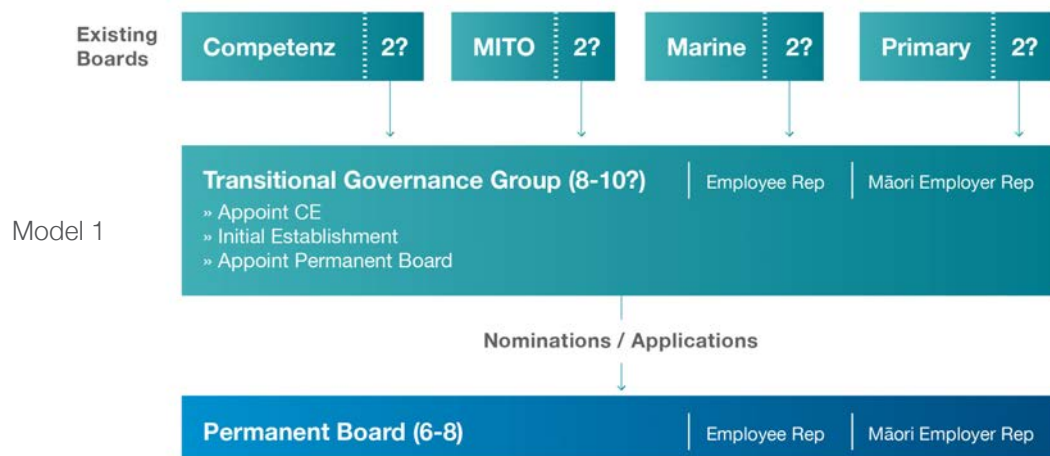
Many stakeholders noted that the draft Bill currently mandates an employee representative and questioned whether this was appropriate for an industry-led Board, given the size and industry focus of a WDC in comparison to larger organisations such as NZIST and its ITP subsidiaries.

There is greater diversity in how the Board establishment and appointments to it might occur, with much of the thinking summarised in the following potential models that Competenz industries proposed:

#### Model 1: Transition from ITO governance to new WDC Board

Under this model, a number of the directors from the current ITO Boards would form a transitional governance group. This would have the responsibilities and authority of a Board but would be limited to the initial establishment and transitional phases for the WDC. This group would oversee the appointment of a chief executive, initial establishment activity and the appointment of a permanent Board. This group would need to consult with all industry sectors under WDC coverage to agree the governance requirements and the appointments process.

Representation from current ITOs might be proportional to existing sector coverage. Consideration was given to whether any transitional governance group directors would have to resign from the current ITO Boards to avoid the perceived conflict between the WDC and arranging training functions. Both the transitional and permanent Boards might elect their chair. The governance group would cease on establishment of the initial Board. Gaining support for this model might also require the establishment of a fixed timeframe in which this must occur, for example, six months or until the WDC is formally established.

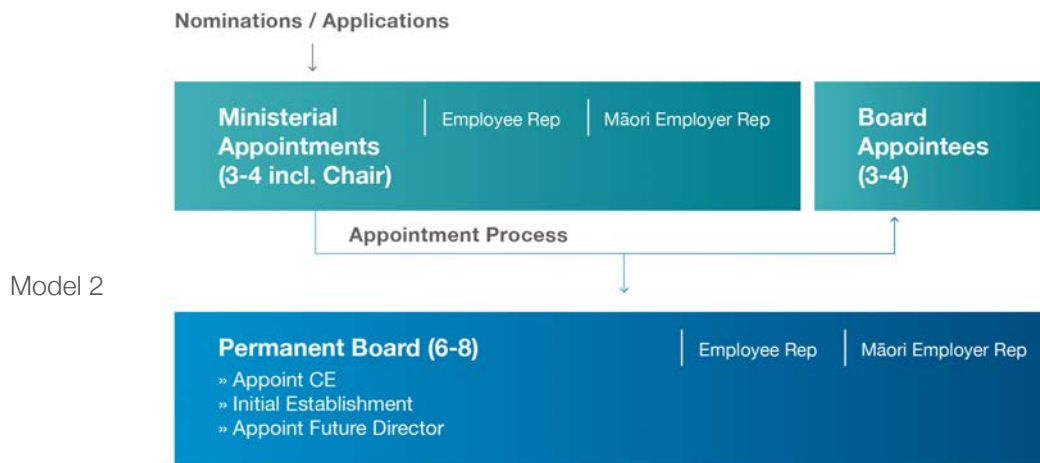


This model offers a relatively seamless transition and retention of institutional knowledge during transition. It would also allow an earlier chief executive appointment and probably lead to the WDC being operational earlier than under alternative models.

## 2.0 Key themes during engagement

## Model 2: Half of initial Board appointed by Minister

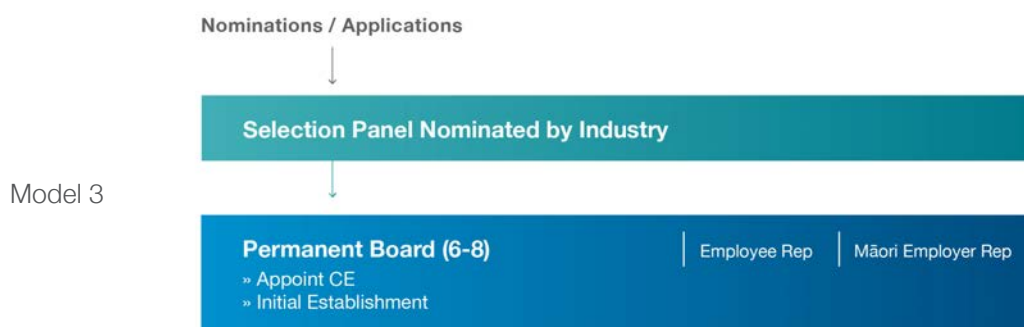
An alternative approach proposed is for half the initial Board, including the chair, to be appointed by the Minister, following an open nomination/application process. The ministerial appointees would then appoint the remainder of the Board through an appropriate appointment process they established.



This approach has been adopted in several public sectors including ITP councils. It minimises the risk of perceived deficiencies in the current model being transitioned into the WDC, but risks the loss of institutional knowledge/existing sector relationships. This approach is also not consistent with the Minister's intent that the WDCs should be genuinely industry directed.

## Model 3: Initial Board appointed through industry appointment panel/process

A third approach proposed is for the industry sectors covered by the WDC to establish an appointment panel and process that selects an initial Board following a nomination/application process.



This approach would be directly led by industry sectors but the establishment of an agreed selection panel/process across the diverse and differently sized industry sectors may prove challenging. The selection panel could potentially be established through an overarching industry council, or the council as a whole might undertake this function. Possible variations of this model might include the selection panel appointing half the Board, with the Board itself appointing the remainder. Alternatively, the role of a selection panel might be to select a short list of nominees for consideration by the Board through its internal selection committee and appointments process.

## 2.0 Key themes during engagement

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### 2.3

#### Points of disagreement

##### 2.3.1

###### Shared services

Most industry sectors believe there are potential efficiencies from a level of shared service in systems and back office functions across the WDCs.

The support for common information systems such as finance, payroll and standards/moderation information management systems was particularly strong. Almost all industry stakeholders believed that the development of these common systems should be undertaken as a project workstream, or through collaborative development by the WDCs during establishment, where one WDC could be accountable for supporting all others.

There was less consensus on shared services extending to back office functions such as finance, ICT, payroll etc, particularly if they are through a central organisation, rather than existing service providers or by the WDCs working collaboratively themselves.

Many industry associations and large employers highlighted concerns that, in their experience, many potential benefits of shared service models are lost through overhead costs in central service provision. Several others were concerned the involvement of a central organisation, and potential rigidity in systems and processes, may detract from the ability of a WDC to be truly responsive to the needs of their industry. Several employers questioned whether similar benefits could be achieved through the use of 'all of government' procurement arrangements without the need for supporting administration.

##### 2.3.2

###### Central WDC

We heard little consensus on the value of a centralised WDC to provide shared services and/or to cover generic skill standards.

There was more support for a centralised WDC as an establishment unit, with its functions then distributed across the vocational WDCs, than it continuing to exist as a permanent entity.

Some stakeholders questioned the cost/benefit of establishing and maintaining this, whereas others felt this might compromise the industry control and responsiveness of the vocational WDC they aligned with giving them less direct influence with Government and its agencies. Others believed that the proposed functions covered by this could be covered by the vocational WDCs themselves. Several stakeholders suggested an alternative model in which the development of consistent systems and approaches across the vocational WDCs could be achieved through a council or forum comprising the chairs of the vocational WDCs.

### 2.4

#### Significant concerns about WDCs

##### 2.4.1

###### Governance

As discussed in section 2.2.1, industry stakeholders share a high level of concern that the governance and management of the WDCs will provide the responsiveness, influence and accountability necessary to ensure that the system is genuinely industry led, and that the skill requirements of their sector are understood and met. This is consistently viewed as being the most significant issue in industry sectors having confidence in any WDC establishment and coverage.

##### 2.4.2

###### Funding

Stakeholders consistently identified that WDCs would need to be adequately funded to operate at the required level of responsiveness to their sector, in order to improve on the current system. There is considerable scepticism that this will be the case. Further understanding of the functions within a WDC would need to be developed to enable a comprehensive costing structure for effective WDCs.

No stakeholder supported WDC functions being funded from industry funding contributions. During discussions, there was some acknowledgment that this might be more tenable if every employer that received benefit, contributed to the cost. We consistently heard industry stakeholder concern that the current system provides an overt competitive advantage to employers who do not undertake training or contribute to the cost of standard setting and training.

##### 2.4.3

###### Consistency and alignment of WDC operation and standards

Many stakeholders have skill requirements that will span several WDCs under any proposed model. These stakeholders acknowledge it will be necessary to engage with multiple WDCs but are very concerned that there is consistency in approach, systems and standards so that engagement is as easy as possible and avoids duplication. They also want the new system to have minimal impediments to standards, developed by one WDC, being used or recognised by other sectors and in other qualifications as much as possible.

## 2.0 Key themes during engagement

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### 2.4.4

#### **Role overlap between WDCs, RSLGs and CoVEs**

The majority of industry stakeholders believe greater clarity and distinction between the roles of the WDCs, RSLGs and CoVEs is required. There is concern functions could overlap and be duplicated and even greater concern that the RSLGs might act independently and not within the overall coordination of the WDC. These concerns were escalated during the engagement period when RoVE communication to industry suggested that RSLGs would provide advice directly to TEC, not through the WDC. This appeared to create a significant disconnect that might lead to conflicting advice being provided to TEC and would limit the ability of a WDC to fulfil its functions for the sector. Stakeholders strongly preferred a model in which WDCs have responsibility for incorporating the regional needs identified by RSLGs into a sector and nationwide skills framework, with advice to TEC being through a single channel.

### 2.4.5

#### **Burden on industry through duplication and inefficient engagement**

Several stakeholders raised concern there would be expectations that they potentially engage with multiple providers, WDCs and RSLGs under the proposed system on similar issues, or that the engagement processes by these bodies would require unsustainable levels of input from them. We consistently heard that employers do not have the capacity or the willingness to engage in duplicated or inefficient processes when their key focus needs to be on running their business. These stakeholders believe that time constraints and the value of their input must be recognised through efficient engagement that ensures appropriate standards, training delivery and understanding of skill requirements are met without unnecessary duplication or unreasonable expectations.

# 3.0

## What opportunities were raised through engagement?

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### 3.1

#### Industry 4.0 CoVE

The manufacturing sector internationally, and in New Zealand, is undergoing rapid transformation through automation and technological innovation. Competenz has been working with this sector for some time on the implication of this for a skill shift in the industry; both as an enabler and as a consequence of transformation. Through this engagement on WDCs, it is apparent that other manufacturing sectors including meat and dairy processing, also align with this approach.

The significance of the skill shift and the potential economic benefits of accelerating implementation of Industry 4.0 technology across all manufacturing sectors, suggest that there would be considerable merit and benefit in the establishment of a CoVE focussed on this area. This could potentially include the development of a model plant equipped with Industry 4.0 based technology for research and training purposes, similar to that established at Swinburn University. There is strong support for this from The Manufacturers' Network and The Employers and Manufacturers Association.

# 4.0

## Options for WDC number and coverage

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Stakeholder views in relation to the number and coverage of WDCs is discussed in sections 2.1 – 2.3. The endorsement of individual sectors for particular WDC coverage is detailed in section 5.1.

**As a recap, industry stakeholders under current Competenz coverage support:**

**A model with six or seven WDCs**

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**A WDC with coverage for Manufacturing, Engineering and Logistics, and**

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**The majority of these sectors believe that they align most strongly to a Manufacturing, Engineering and Logistics WDC.**

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# 5.0

## Preferences of each industry sector

### 5.1 Sector coverage

The majority of existing Competenz-covered sectors have indicated a clear choice in WDC coverage.

#### Sectors that have aligned with Manufacturing, Engineering and Logistics

Sector	WDC choice	Specific endorsement	Survey response
Manufacturing			
General manufacturing, including apparel and textile, glass and glass product, protective coatings	MEL	The Manufacturers' Network, The Employers and Manufacturers Association	40%
Packaging	MEL	James Strong	
Plastics processing	MEL	PNZ, Flight	
Printing	MEL	NZ Print, Ovato	
Wood manufacturing	MEL	WPMA, Woodman SAG, Taranaki Pine, Red Stag, XLam, Juken New Zealand – Waipara Mill	
Food and beverage processing			
General food processing	MEL	NZF&GC, KraftHeinz, Foodstuffs South Island	5%
Alcoholic and non-alcoholic beverage processing	MEL	NZF&GC, DB Breweries	
Poultry processing	MEL	Tegel, Ingham's, Turk's	
Retail meat	MEL	RMNZ, Foodstuffs South Island	
Dairy processing <sup>1</sup>	MEL	DCANZ, Fonterra	
Meat processing <sup>1</sup>	MEL	MIA	
Engineering			
Dairy systems	MEL	MPTA	40%
Engineering and fabrication inc mechanical engineering, fabrication, metal casting, tool making, steel construction	MEL	Culham Engineering, Farra Engineering, Stafford Engineering, HamiltonJet, NZ Steel, Page Macrae	
Locksmithing and gunsmithing	MEL	MLAA	
Maintenance engineering	MEL	MESNZ	
Mechanical building services	MEL	IRHACE	
Refrigeration and air conditioning	MEL	IRHACE, RLTB, CCCANZ	
Fire protection systems	MEL	FPANZ	
Logistics			
Rail operations and infrastructure	MEL	Transdev, KiwiRail	2%
Marine	MEL	NZMTA	
Forklift	MEL	NZ FLA	

#### Sectors aligned to a different WDC or who remain undecided

##### Forestry

Silviculture	Primary	FOA, FICA, Employers and Contract Assessors	
Harvesting	Primary	FOA, FICA, Employers and Contract Assessors	

##### Other

Journalism and publishing	Creative		
Graphic design, marketing and digital communications	Creative		
Laundry and drycleaning services	Services		
Craft baking	Services	BIANZ	Note that baking manufacturing (scale producers) are aligned to MEL
Cellar operations	Primary	NZ Wine	
Signmaking	Undecided	Could be MEL, Creative or Services	
Furniture	Undecided	Either MEL or Construction and Infrastructure	
Lift and escalator servicing	No contact	Most likely to align to Construction and Infrastructure	
Biosecurity	No contact		

<sup>1</sup> Not within current Competenz coverage.

We had no engagement from two sectors and a further two sectors remain undecided.

## 5.0 Preferences of each industry sector

### 5.2

#### Sector support for Competenz taking a leadership role in WDC establishment

#### Endorsement from sectors aligned to Manufacturing, Engineering and Logistics for Competenz leadership involvement in establishing this WDC

Sector	WDC choice	Specific endorsement	Survey response
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#### Manufacturing

General manufacturing, including apparel and textile, glass and glass product, protective coatings	MEL	The Manufacturers' Network, The Employers and Manufacturers Association	40%
Packaging	MEL	James Strong	
Plastics processing	MEL	PNZ, Flight	
Printing	MEL	NZ Print, Ovato	
Wood manufacturing	MEL	WPMA, Woodman SAG, Taranaki Pine, Red Stag, XLam, Juken New Zealand – Waipara Mill	

#### Food and beverage processing

General food processing	MEL	NZF&GC, KraftHeinz, Foodstuffs South Island	5%
Alcoholic and non-alcoholic beverage processing	MEL	NZF&GC, DB Breweries	
Poultry processing	MEL	Tegel, Ingham's, Turk's	
Retail meat	MEL	RMNZ, Foodstuffs South Island	
Dairy processing <sup>1</sup>	MEL	DCANZ, Fonterra	
Meat processing <sup>1</sup>	MEL	MIA	

#### Engineering

Dairy systems	MEL	MPTA	40%
Engineering and fabrication inc mechanical engineering, fabrication, metal casting, tool making, steel construction	MEL	Culham Engineering, Farra Engineering, Stafford Engineering, HamiltonJet, NZ Steel, Page Macrae	
Locksmithing and gunsmithing	MEL	MLAA	
Maintenance engineering	MEL	MESNZ	
Mechanical building services	MEL	IRHACE	
Refrigeration and air conditioning	MEL	IRHACE, RLTB, CCCANZ	
Fire protection systems	MEL	FPANZ	3%

#### Logistics

Rail operations and infrastructure	MEL	Transdev, KiwiRail	2%
Marine	MEL	NZMTA	
Forklift	MEL	NZ FLA	

<sup>1</sup> Not within current Competenz coverage.

## 5.0 Preferences of each industry sector

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### 5.3

#### Evidence of industry preferences

Summarised evidence of industry sector preference in relation to WDCs is provided in appendices 2A to 2H.

Specific evidence of industry sector preferences in relation to WDCs is provided in appendices 3A to 3E.

- » Individual endorsement statements from industry associations are provided in appendices 3A and 3B
- » Individual endorsement statements from significant employers are provided in appendices 3C and 3D
- » A summary of the survey responses from individual employers is provided in appendix 3E.

# Appendices

**Appendix 1A – page 21-26**

Invitees and attendees at industry workshop – 05 Sept

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**Appendix 1B – page 27-28**

Invitees and attendees at Forestry industry workshop – 12 Sept

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**Appendix 1C – page 29**

Invitees and attendees to the Wood Manufacturing and Processing workshop – 10 Sept

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**Appendix 1D – page 30**

Invitees and attendees to the Pulp and Paper workshop – 30 Sept

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**Appendix 1E – page 31-32**

Invitees and attendees to the FPANZ Board and Council Meeting – 26 Sept, Fire Protection workshop – 04 Oct

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**Appendix 1F – page 33**

Attendees at the Mechanical Building Services, Refrigeration and Air Conditioning meeting – 07 Oct

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**Appendix 1G – page 34**

Invitees and attendees to the Wood Manufacturing and Processing workshop – 15 Oct

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**Appendix 1H – page 35-36**

Invitees and attendees to Marine Transport Association workshop – 04-06 Sept

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**Appendix 1I – page 37**

Individual meetings with industry associations and employers

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**Appendix 2A – page 38-41**

Summary report of the general stakeholder workshop – 05 Sept

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**Appendix 2B – page 42-43**

Summary report of the Forestry workshop – 12 Sept

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**Appendix 2C – page 44**

Summary report of the Wood Manufacturing and Processing workshop – 10 Sept

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**Appendix 2D – page 45**

Summary report of the Pulp and Paper workshop – 30 Sept

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**Appendix 2E – page 46**

Summary report of the FPANZ Board and Council Meeting – 26 Sept, Fire Protection workshop – 04 Oct

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**Appendix 2F – page 47**

Summary of the Mechanical Building Services, Refrigeration and Air Conditioning meeting – 07 Oct

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**Appendix 2G – page 48**

Summary report of the Wood Manufacturing and Processing workshop – 15 Oct

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**Appendix 2H – page 49**

Summary report of the Marine Transport Association workshop – 04-06 Sept

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**Appendix 3A – page 50-63**

Individual endorsement statements from industry associations excluding Forestry

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**Appendix 3B – page 64**

Individual endorsement statements from Forestry associations

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**Appendix 3C – page 65-97**

Individual endorsement statements from significant employers excluding Forestry

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**Appendix 3D – page 98-113**

Individual endorsement statements from Forestry employers

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**Appendix 3E – page 114-115**

Summary of survey responses from individual employers

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Competenz is a multi-sector industry training organisation (ITO).  
We help Kiwi industry grow skills, careers and businesses.

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