

In Confidence

Office of the Minister of Education

Chair, Cabinet Economic Development Committee

ACTION PLAN TO DELIVER THE CONSTRUCTION SKILLS STRATEGY – GROWING CONSTRUCTION CAREERS AND CREDENTIALS

Proposal

- 1 On 23 May 2018, the Cabinet Economic Development Committee agreed in principle, subject to consultation with construction sector stakeholders, that the promotion of Group Training Schemes be one of the five priority initiatives in the draft Construction Skills Action Plan [DEV-18-MIN-0094].
- 2 This is a noting paper that discusses sector feedback on the draft initiative and proposes to expand the initiative. The initiative will now also support industry's promotion of construction careers through coordination and encourage greater industry sector engagement with the tertiary education system. This is paper D of a suite of five papers, including a cover paper, seeking agreement to the Action Plan and details of four of the priority initiatives as follows:
 - 2.1 Paper A: Action Plan to Deliver the Construction Skills Strategy;
 - 2.2 Paper B: Leverage Government Procurement;
 - 2.3 Paper C: Establish Additional Jobs and Skills Hubs;
 - 2.4 Paper D: Growing Construction Careers and Credentials; and
 - 2.5 Paper E: Expand Skills for Industry.
- 3 The following two initiatives proposed to be included in the Action Plan have previously been considered by Cabinet:
 - 3.1 Mana in Mahi – Strength in Work [SWC-18-MIN-0084]; and
 - 3.2 Immigration Settings [DEV-18-MIN-0090].

Background

- 4 The construction sector is key to the Government's goals for KiwiBuild, transport, infrastructure (including health and education), and regional development, but the sector is facing constraints. The construction workforce does not have the size and skills to deliver New Zealand's growing pipeline of construction projects.
- 5 The Ministerial Group on the Construction Workforce developed the Construction Skills Strategy and draft Action Plan to address these issues. The vision of the Strategy is that Government collaborates with industry to drive a rapid and

sustainable shift that delivers the right people, at the right time, with the right skills, to meet New Zealand's current and future needs.

- 6 Over the last four years, tertiary education and training for construction-related careers has grown in learner numbers and funding. In 2017, government funding for construction-related education and training was around \$184 million and supported around 46,000 learners. The capacity of the education and training system is not currently a limiting factor to a skilled workforce.
- 7 This initiative aims to grow a skilled construction workforce through three activities that encourage:
 - 7.1 more employers being involved in work-based training;
 - 7.2 more learners choosing construction-related career paths; and
 - 7.3 the tertiary education sector providing fit-for-purpose education that industry values.
- 8 This initiative will:
 - 8.1 encourage more employers to be involved in work-based training through helping promote Group Training Schemes;
 - 8.2 coordinate the promotion of construction careers across the construction sector and tertiary education organisations; and
 - 8.3 support the development of micro-credentials for the construction industry.
- 9 The Cabinet Economic Development Committee initially agreed on 23 May 2018 [DEV-18-MIN-0094] to the promotion of Group Training Schemes being one of the five priority initiatives. Given the sector's feedback on the need for government to partner with it to coordinate the promotion of construction careers and the launch of micro-credentials, I now propose this initiative be broadened and renamed **Growing Construction Careers and Credentials**.
- 10 The Tertiary Education Commission (TEC) will implement and monitor this initiative.

Construction sector feedback was positive but sought a broader approach

- 11 A series of workshops were held in Auckland (28 June), Christchurch (6 July) and Wellington (17 July) with key sector representatives. Feedback from the workshops about promoting Group Training Schemes was generally positive. Employers who were aware of Group Training Schemes liked the role they play in training support and administration. There was also consistent feedback that the role of Group Training Schemes was not widely known and understood across the sector.
- 12 There was feedback across all workshops that there was a significant gap in the coordinated promotion of the range of construction career opportunities. The sector noted the need for:
 - 12.1 coordinating the promotion of construction careers at all levels; and
 - 12.2 developing business capability through training and education.

- 13 Through the tertiary education sector, government has the ability to support the sector's promotional efforts of construction careers, particularly through coordination, information, monitoring and support. It can also ensure greater alignment between training and education and the needs of industry through regulatory and funding frameworks.

Growing Construction Careers and Credentials

- 14 In response to sector feedback, I propose broadening this initiative. In addition to helping promote Group Training Schemes, the initiative will coordinate the industry's promotion of construction careers and support the implementation of micro-credentials.
- 15 TEC has been successful in supporting coordination and collaboration between industry and the tertiary education sector in the engineering sector. TEC, through its engineering e2e (education to employment) programme, helped the engineering sector promote engineering careers, and encourage the education and training system to understand and respond to the needs of the engineering sector.
- 16 Following recent changes to the New Zealand Qualifications Authority's rules, micro-credentials will now be formally recognised. TEC is currently developing its approach to funding micro-credentials so that tertiary education organisations are supported to deliver them for industry.

Promoting Group Training Schemes

- 17 Group Training Schemes are entities that recruit and employ apprentices, and then contract the apprentices to host businesses for work and on-job training. The benefits for apprentices are permanent employment, good support, and a wider range of work-based learning opportunities. The benefits for employers are minimal employment administration and compliance costs, access to developing or semi-skilled labour, and no long-term commitment.
- 18 Group Training Schemes have the potential to increase the number of employers involved in training and to support more young people in apprenticeships. On balance, apprentices employed by these schemes are younger than those employed by other employers. From 2015 to 2017, almost 60% of all apprentices employed through Group Training Schemes were aged 19 years or younger at the time of their enrolment, compared with less than 30% of all other apprentices.
- 19 As part of the Careers in Construction initiative, TEC will work with existing Group Training Schemes to amplify their promotional activities and extend their reach into employer and learner markets. TEC will convene a working group of Group Training Schemes representatives to build on:
- 19.1 current promotional activities across schools, industry and tertiary education organisations;
 - 19.2 existing connections with schools, employers and industry associations;
 - 19.3 understanding gaps in industry and regional coverage, and how these could be addressed;

- 19.4 encouraging new employers to offer work-based training opportunities; and
- 19.5 encouraging currently under-represented groups, in particular women, to consider apprenticeships in the construction industry.

Coordinating the promotion of construction careers

- 20 Promoting careers in the construction industry is the responsibility of the industry. However, Government can help with targeted support to overcome fragmented efforts and create greater leverage across industry activities.
- 21 TEC will form a cross-sector steering group to work on better coordination of the industry's promotional activities of construction careers. To inform the steering group's initial focus and activities, TEC will:
 - 21.1 identify and collate lessons learnt from work already undertaken across TEC;
 - 21.2 complete a stocktake of existing activities and information on construction careers from across industry, tertiary education organisations and relevant agencies;
 - 21.3 work with the sector to identify opportunities for promoting construction careers, particularly to women;
 - 21.4 support the development of an industry plan for promoting construction careers; and
 - 21.5 agree implementation timeframes, roles and responsibilities with the sector and stakeholders.
- 22 To support these activities TEC will also work with the construction sector to:
 - 22.1 investigate the barriers to construction careers for different demographics (such as women) to inform the promotional activities;
 - 22.2 change the perceptions of construction careers by highlighting the wide range of non-technical and non-physical skills involved, and the increasing use of technology; and
 - 22.3 identify the many career opportunities beyond initial construction-related qualifications, both inside and outside of the construction sector.

Supporting the use of micro-credentials

- 23 The cross-sector steering group will also oversee the development and implementation of micro-credentials for the construction industry.
- 24 Through micro-credentials, the tertiary education sector can be more responsive in meeting specific industry needs. As the regulatory framework for micro-credentials is very new and funding approaches are yet to be finalised, it is too early to predict the impact on industry.
- 25 However, as industry has driven the recognition of micro-credentials, I expect that over time, the construction industry will identify appropriate opportunities for micro-credentials. These are likely to span trades, technical, and professional activities.

- 26 TEC will support the construction industry to work with tertiary education organisations to explore, develop and implement micro-credentials that build industry capability. TEC has already supported the Building and Construction Industry Training Organisation to pilot micro-credentials, and the engineering sector as part of the engineering e2e initiative.

Developing a longer-term approach for future Construction Skills Action Plans

- 27 TEC, in conjunction with the sector, tertiary education organisations and relevant agencies, will review progress on this action by mid-2019.
- 28 TEC will support the cross-sector steering group to identify focus areas and future actions for the tertiary education sector.

Aligning with the other initiatives in the Construction Skills Action Plan

- 29 This initiative supports the other initiatives outlined in the Construction Skills Action Plan.
- 30 Through the Leverage Government Procurement action, we will incentivise construction firms to take on new apprentices and provide training for existing staff. A more coordinated approach to construction careers and the SWEP Jobs and Skills Hubs will encourage more people to consider construction as a career, and link employers to the support available to the other initiatives. The promotion of Group Training Schemes will make them more visible to a wider range of construction employers, and make it easier for new entrants to the sector to find an apprenticeship.
- 31 In helping the industry to promote construction careers and develop micro-credentials, we will help create learner interest in the Jobs and Skills Hubs, Mana in Mahi, and Skills for Industry initiatives.

Further engagement and analysis is now needed to better inform the proposed broader action

- 32 As I am now recommending that the initial action consulted on should be broadened in response to sector feedback, further work is required to develop a more detailed approach. I expect TEC's cross sector steering group to be a significant driver in this. I will report back to the Ministerial Group on the Construction Workforce on this initiative when it has been fully scoped and planned.
- 33 I have a number of work programmes within my Education portfolio that will help address some of the broader issues affecting the education and training for construction workforce. This includes the reviews of foundation education and vocational education and training.

Outcomes from sector consultation

- 34 Feedback from the targeted consultation generally confirmed the positive impact of Group Training Schemes on the construction sector. However, as previously noted, this paper proposes expanding the initiative to work with the sector on coordinating its promotion of construction careers.

Impact on the workforce

- 35 In 2017, around 46,000 people were in construction-related education and training, across transition programmes, and from work-based apprenticeships through to professional qualifications. Achieving a 5% increase in enrolments in construction-related education and training would mean nearly 50,000 people working towards careers in the construction sector.
- 36 I expect this action to have a positive impact on the diversity of learners in construction-related education and training over time. TEC's monitoring role will create baseline data from which progress can be measured.

Cost

- 37 The cost of this initiative for 2018 and 2019 will be met through the Industry Training Fund administered by TEC. This Fund allows up to \$3.5 million annually to be spent on industry training-related projects.
- 38 This work will leverage off TEC's current functions, the work of the construction sector, industry associations, industry training organisations, tertiary providers, and other agencies such as the Ministry of Education and the Ministry of Business, Innovation and Employment.

Implementation

- 39 The implementation of this initiative will be phased.
- 40 TEC will commence activities in September 2018, with an initial focus on establishing a cross-sector steering group, and compiling information and analysis. A stocktake of careers information and research will be complete by early 2019. Activities to support existing Group Training Schemes extend their promotional reach and impact will begin in late 2018. Work on micro-credentials will also begin in late 2018.
- 41 A review of progress across all activities will be undertaken by July 2019.

Constraints

- 42 Constraints on the initiative's success are likely to come from perceptions of construction careers, and the ability of the industry and tertiary education sector to engage and respond.
- 43 The initial impact of micro-credentials is likely to be greatest across the existing construction workforce through improved quality and productivity.
- 44 Ensuring coordination is effective and collaborative activities are well-planned and supported will help address constraints. Changing perceptions of construction careers is a longer-term objective and will need to be recognised as such.

Risks

- 45 This action is relatively low risk and can be implemented reasonably quickly. Results may take longer to achieve. As the construction industry is very fragmented,

coordinating and collaborating across trades, technical and professional interests, and the tertiary education sector will require TEC to be agile and responsive in its role. This risk is mitigated by TEC's proven capability with the engineering sector and its ability to leverage off the lessons learnt in that sector.

Monitoring and Review

- 46 I will report regularly to the Ministerial Group on the Construction Workforce.
- 47 TEC will review the action in mid-2019 and report back to me on its effectiveness. I

9(2)(f)(iv)

Consultation

- 48 The Ministry of Business, Innovation and Employment, Ministry of Education, Ministry for Pacific Peoples, Ministry for Women, Te Puni Kōkiri, Treasury, and the Department of the Prime Minister and Cabinet were consulted on this paper.

Financial Implications

- 49 All financial implications of the proposal can be met within current funding for industry training.

Legislative Implications

- 50 There are no legislative implications.

Human Rights

- 51 This paper has no human rights implications.

Gender and Diversity Implications

- 52 For the last four years, only 2% of all construction-related apprentices were women, compared with 8-9% of all apprenticeships. The proportion of Māori and Pasifika apprentices across all industries has increased slightly over the last years (from 13% to 15% for Māori, and from 4% to 6% for Pasifika). For Māori and Pasifika, these rates are more representative of the population.
- 53 Businesses need to better recognise the value of diversity in the workplace. In order to meet skills shortages in the construction sector, employers will need to recruit from different population groups than they have done traditionally.
- 54 Over the next three years, I expect to see enrolments increase in construction-related tertiary education and training across under-represented population groups.

Disability Perspective

- 55 I expect this initiative to also consider how the transitions of disabled people into employment and further training within construction industries can be better supported.

Publicity

- 56 No publicity on this specific initiative is planned. Publicity relating to the Construction Skills Action Plan is detailed in the cover Cabinet paper.

Proactive Release

- 57 I recommend this paper is proactively released.

Recommendations

The Minister of Education recommends that the Committee:

1. **Note** that on 23 May 2018, the Cabinet Economic Development Committee agreed in principle, subject to consultation with construction sector stakeholders, that the promotion of Group Training Schemes be one of the five priority initiatives in the draft Construction Skills Action Plan [DEV-18-MIN-0094];
2. **Note** that this paper is one of a suite of papers;
3. **Note** that a coordinated approach to the range of career opportunities available in the construction sector was identified as a significant gap in the Action Plan;
4. **Agree** that the scope of the initiative previously referred to as “Promote Group Training Schemes” is widened to address this gap by coordinating a more focused cross-sector approach to promoting construction careers and supporting the development of micro-credentials, in addition to promoting Group Training Schemes; and
5. **Note** that I will provide regular updates on progress to the Ministerial Group on the Construction Workforce.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education