



ADDRESS TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF NEW ZEALAND [ECANZ]

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Good morning, it is a pleasure to be back speaking to you at your conference this year and though not a native of Auckland it does give me some satisfaction to be delivering this short address at an Auckland based event.

The theme for my talk is future proofing for success and I have 3 or 4 thoughts that I want to leave with you over the next 15 minutes.

Firstly I want to acknowledge ECANZ - its leadership and you its members – for the ongoing and much valued partnership we have.

ETITO is committed more than ever to working with you to achieve success not just for your apprentices and trainees, but for your firms and for the industry as a whole.

Since the last ECANZ conference we have continued to work on and deliver many initiatives to improve the things that matter to your industry.

In the area of qualifications, we now have a level 5 advanced trade certificate and right now training providers are getting ready to deliver this new qualification from next year.

ETITO has also been part of a consortium that has set up the NZ Diploma of Engineering and NZ Diploma of Engineering Practised From 2011, these complementary diplomas will replace all existing national and local diplomas across mechanical, civil and electrotechnology and we hope will pave the way for the re-emergence of cadetships in that part of the industry where they traditionally sat.

We are also working on new programmes to give you access to broader training to assist with managing and operating your firms. These include training in first line management, business administration and competitive business practice. I will have more information to share in coming months.


ETITO again this year sent five apprentices - three electrical and two telecommunications - to Outward Bound. ETITO remains committed to this initiative and plan to send another five apprentices attending in 2011. Again the electrical industry through its own mechanism of the ECANZ Challenge will identify three young future leaders and ETITO will send them to Anikiwa for three weeks.

We know this experience has proven valuable to those attending and in turn to the firms in which they work – and hopefully the industry as a whole.

And we are continuing our work with schools through our Bright Sparks, Gateway, Electrotechnology 101 and NCET programmes.

One of the important changes we have seen this year has been around the introduction of trainee limited certificates and safety training.

By now you should all be aware that if you have an apprentice they will need a trainee limited certificate. ETITO has worked through this issue and agreed with the EWRB that with very little change to the current training



agreement we could now collect and send the required information to Wellington meaning that you do not need to fill out a complete separate application.

We have written to all employers and have been successfully managing this on their behalf with EWRB staff in Wellington in order that they issue the trainee limited certificates.

If you as an employer had already set this up using the EWRB's standard form this is not a problem as a check is run by EWRB staff to ensure no duplicates are made. In future all trainee agreements will enable ETITO to cover this off for the EWRB. The one significant change to traditional practice for new starters is that all apprentices will be required to have completed the safety training component of level 2 within three months of starting their apprenticeship. As a result we are currently working through the separation of four unit standards from the standard course and are contracting training providers to run these quarterly throughout the year. Providers have expressed concern about the cost-viability of safety training so we are aiming to consolidate the safety part of training for efficiencies of scale.

The significant change here is that there will be one provider contracted in each region with the probable exception of Auckland and possibly Wellington where volume may require two. So if you normally send your trainees to one provider, they may be required to do their safety training with the provider that's been contracted to deliver the safety training, before returning to the usual provider for the remainder of their apprenticeship.

Trainees will not be allocated to any further training until they have been found competent in respect to safety.

Looking ahead in the first part of next year we will begin the immense project of reviewing the National Certificate in Electrical Engineering level 4 which includes levels 2 and 3. With a number of contributing factors there is no underestimating the size of this task. New and revised EWRB licensing classes, the challenges of emerging technology, industry requirements on pre-employment graduates and NZQA qualification rule changes will all bring their own unique issues to the table. ETITO is planning to start the review process with a full electrotechnology and telecommunications industries conference in March. The theme of this conference will be looking toward to 2020 with the idea that the qualification focuses on the future.


The **next point** I need to make this morning, and again you should not be totally surprised by this, is that the government is now more than ever before requiring a very high performance from all apprentices, trainees and students that it is funding. As taxpayers we should all be very happy with this initiative. We all need to rise to this significant challenge.

Historically there is always a group of apprentices that go over the standard duration of the apprenticeship. The standard duration for an electrical apprenticeship is currently 3 years and 8 months, a total of 44 months. At any one time there are trainees over this time allowance. Currently there are approximately 300 trainees at over four months, with another 150 overdue at up to 3 months.

ETITO will regularly re-examine the standard duration and consider changing it to the current average. In this case this does not appear to be needed.

Whatever result – either lengthening the standard duration or ceasing funding beyond this – encourages trainees to complete in a reasonable timeframe. This change, in general, will reduce the amount of government funding we receive on a month by month basis while, on current settings, subsidy and service costs remain the same throughout and tend toward the high side at the beginning of the apprenticeship due to training provider costs.

ETITO staff have been doing a lot of work attempting to reduce the numbers that are over duration already. What we must do, is to stop the rot before it starts! From the beginning of next year, we are looking to see if we



can have our training managers present every time a training agreement is signed. This will ensure that all future trainees and their employers are fully aware of the obligations associated with the apprenticeship.

We accept that timing will depend on when the training manager is available, but we are working to make our team more accessible to you. It is essential though to plan ahead – it's not going to work if employers wait until the day before the night school starts to ring ETITO. Note though, that as the new safety training regime kicks in as I stated before, no apprentice will go on to normal night school until they have completed safety training.

While we hope our training managers will spend more time on the road working with you, we also hope to be able to provide additional support to help more trainees complete on time. Again, subject to resourcing, we would hope that we could visit all first year apprentices a minimum of three times in that year, once at sign up, once at their block course and then a third time again with their employer. In the outyears regular visits with apprentices either at work or on a block course will continue as usual. Trainees will be better supported and if there is any sign of default a quarterly visit regime and close management plan will kick in. Having more trainees complete earlier increases their value to you.

Possibly the biggest challenge for industry training – be it any ITO, polytechnic or university - under the new performance regime, is achieving the required outcomes and balancing the books at the same time.

ETITO is no different in this respect to anyone else. ETITO services many industries. With the higher focus on training performance also brings closer scrutiny on costs.

The real cost of training to your industry has been masked by ETITO absorbing the growing cost of off-job training provision, the cost of qualification development and reviews, training management and all other related costs. ETITO has not increased the training management fee for electrical apprentices since setting it in January 2005, yet costs for supporting training have continued to rise.

In addition to the current \$217 annual training management fee, ETITO only receives \$1700 annually per electrical apprentice. Against this total income of \$1917, the current average provider subsidy is \$2300, representing a loss on cash alone (let alone services). Clearly this is not sustainable.

(NOTE HERE: slide showing contrast between Consumer Price Index adjusted TM fee and actual fee.)

The industry training system was originally set up to function with both government funding and a significant industry contribution. It is now as we are faced with the dual challenges of ensuring service to ensure trainee performance along with a significant cap to the funding model – that we must pass on more of these costs than we have in the past.

We also need to ensure that the off job subsidy system is equitable and that just because an apprentice chooses to study with a more expensive provider they don't get a higher rate of subsidy than the other guy. This is particularly so when there is no discernable difference in the outcome between providers.

As a result ETITO is considering capping the level of subsidy that it pays to providers on an apprentice's behalf. The subsidy though not set in concrete at this time has been worked out against the weighted average of current subsidies.

As I showed you earlier ETITO needs to provide more support to you in the field. As a result we are also considering that as well as the capping of the subsidy model we also reduce the percentage slightly and use this money to increase the service level.

So while performance is definitely on the government's agenda it should also be on yours. If in partnership with you, ETITO manages more apprentices through their training at a faster rate and within the accepted duration this will benefit the industry in a number of ways. More trainees will become fully productive earlier, more money



will be available earlier for the next trainee, and the reduction in trainee numbers through the changed post recession economy will be in some way addressed because trainees will not be languishing in apprenticeships. Also, the cost of training to you as employers will come down as you don't pay for that 5th annual training management fee because they're completing on time.

So while the catalyst may have come from the government, a thinking industry like this one will I am sure want to embrace the change and get behind improved training performance of its apprentices.

In closing and as I said earlier yes there are challenges, training though will continue, indeed must continue, if as an industry we are to ever stand a chance of providing the skills required now, and growing our firms to better use and retain those skills going forward.

ETITO needs your support as it faces the challenges of improving performance, reducing waste and ensuring the industry's skill needs are met. When it comes to support I would ask that you reflect on my earlier point of the qualification review next year. While it is ETITO staff who will write the unit standards and qualifications etc it is you who need to inform them. If you are asked to be part of the consultation process I challenge you to take it on.

Thank you for your time this morning and I wish you well for the remainder of the conference.