

ANNUAL REPORT 2010





Who we are

ESITO is the industry training organisation for the electricity supply industry. It's our job to:

- set national skill standards and develop qualifications that meet the electricity supply industry's skill needs
- arrange and monitor the delivery of training across New Zealand
- provide leadership on skills and learning issues.

Our performance is guided by three strategic goals.



Our goals for success

1. Right people, right place, right time

Help attract and retain enough of the right people to ensure the electricity supply industry has the skilled workforce it needs to cope with future activities.

2. Quality qualifications endorsed by the industry

Develop and deliver nationally recognised qualifications endorsed by the industry.

3. Successful trainees in successful careers

Enable capable people motivated for learning and growth.



Our scorecard at a glance

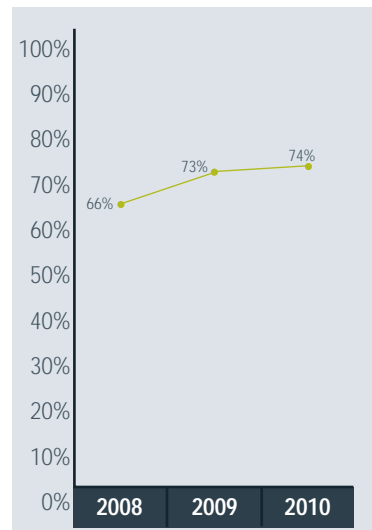
Key statistics

	2009 As at 31 December	2010 As at 31 December
Number of trainees	2,038	1,962
Number of Modern Apprentices	365	326
Credits achieved	79,077	67,801
Qualifications achieved	1,034	1,050
Programme completion rate	46%	46%

Qualification completions by sector

Sector	2006	2007	2008	2009	2010
Administration Support	10	8	8	6	5
Electrical	397	392	430	385	315
Lines Distribution	635	289	297	377	433
Lines Transmission	12	10	1	1	6
Management	75	83	69	51	114
Mechanical	7	2	10	27	18
Operator	21	22	40	19	16
Telecommunications	18	35	51	167	134
Retail / Contact Centre	0	1	7	0	1
National Diploma in Engineering / Power Technician	0	0	2	1	8
Total	1,175	842	915	1,034	1,050

Customer satisfaction



Message from the Chairman



JOHN McENTEER

**Kia ora, rau rangatira ma o te motu.
Tēnā koutou, tēnā koutou, tēnā koutou katoa.
Kia orana, fakaalofa lahi atu, talofa lava.**

In 2010 the Board continued to make funding available from our cash reserve to provide ESITO member companies with additional financial support for training. While this enabled more than 450 new people to begin training, we ended the year with 1962 trainees – 4 per cent less than the previous year and more than 100 apprentices below what the industry needs long term.

Attracting more women to the industry

The Board also approved funding from our cash reserve to help recruit up to 10 women into line mechanic training. This initiative is part of a research project exploring the barriers female line mechanics face and the value they might add to businesses and the industry in general.

Launched in conjunction with the Ministry of Women's Affairs in August 2010, the Women in Power project supports work the Ministry is carrying out to encourage women into male-dominated occupations.

This project was made possible by assistance from the Tertiary Education Commission (TEC) and the generous support of Northpower and Electrix.

Opportunities for Māori

A new partnership with Waikato-Tainui enabled us to provide Taster Courses specifically for Māori.

Thirty Waikato-Tainui Māori secondary school students participated in the three-day courses designed to help them explore the career opportunities our industry offers and assist them to apply for available training. Twelve of the most enthusiastic had the opportunity to build on their experience at a one-week course. One of those participants has since taken up an apprenticeship with Contact Energy and three enrolled for the pre-trade course at Wintec with one receiving an ESITO Pre-employment Scholarship.

With falling numbers of Māori trainees the Board is keen to find other opportunities to help engage more Māori in our industry.

Supporting telecommunications training

The Government's initiative to roll out a fibre network to deliver faster broadband is a natural fit with lines companies. As more of our member companies become involved in fibre networks we will look to support their telecommunications training needs.

We have telecommunications industry support for the reallocation of this industry's training responsibilities to ESITO and are presently working with TEC on this issue.



Women in Power trainee Aroha McLean, Northpower.



Waikato-Tainui students at Taster Course.

Delivering a better trainee coordination service

In response to the priorities for tertiary education signalled by the Government in 2009, we began the process of rethinking the way we coordinate trainees by launching a coordination pilot. This pilot gave all trainees who were based in the Southern region of the South Island, and had ESITO training agreements, the opportunity to use the services of an ESITO training coordinator. Although at the time of writing the pilot had not concluded, we ended the year with strengthened confidence in our ability to keep more trainees motivated and improve the outcomes they achieve through a full coordination service. This will, however, require us to realign and increase our front line customer service and coordination resources.

Improving performance

Trainee numbers are unquestionably important to us, and the industry as a whole, but achieving growth over recent years has been challenging. While the recession no doubt contributed to this, our numbers today also reflect our decision in 2007 to review the progress of all ESITO trainees and terminate agreements for those who weren't working toward any credits.

Terminating the training agreements of inactive trainees is a process we have continued to carry out each year. While reducing our revenue in the short-term, it has put us in a solid position to meet TEC's new performance measure requiring at least 80 per cent of all our trainees to achieve an agreed number of credits over a two-year period.

A focus on ensuring the majority of trainees start achieving credits as soon as possible is just one of the new TEC performance measures coming into effect in 2011. Other significant measures are based on the:

- time trainees can take to complete their programmes
- number of credits trainees can work towards each year
- way trainees progress through the different qualification levels.

These measures will affect all industry training organisations and there will be a financial impact for under performance. We are still working through the full implications of this for trainees and their employers as well as the funding we receive to enable work-based skills and knowledge training to take place.

Board changes

In 2010 Bob Taylor retired from the Board and following the director elections we farewellled Garth Dibley. On behalf of the Board, I would like to acknowledge and thank both directors for the contributions they made to ESITO during their tenure.

There were four new arrivals to the Board during the year. Bob Weir and Lynley Dunn (representatives of the generation sector) and John Goodenough (representative of the contracting sector) were elected to the Board in March 2010. Don Pryde was appointed by the Board as an employee representative and joined us in July 2010.

Outlook

We are supportive of the Government's drive to ensure its investment in industry training achieves the best outcomes and will be very focused on responding to the performance measures that have been set. This will, however, present many challenges including increased fiscal pressure.

Ngā mihi nui ki a koutou katoa

JOHN McENTEER
Chairman



Benmore Dam Power Station. Image courtesy of Meridian Energy.



TIM DENSEM

A strong show of confidence from our member companies helped us achieve re-recognition from the Tertiary Education Commission (TEC) as the standard setting body for the electricity supply industry for another five years.

We also achieved the highest possible rating – Highly Confident – for the External Evaluation Review the New Zealand Qualification Authority (NZQA) conducted in August 2010.

This rating was very reassuring because it reflects NZQA's high level of comfort with our ability to forecast and meet our industry's training needs and review our own performance.

Thank you to all member companies who supported us through these two processes.

Educational and financial performance

During the year TEC made publicly available comparative performance data for industry training organisations (ITOs) based on 2009 credit achievements and programme completions. Out of 38 ITOs, we ranked 13 for credit achievements (53 per cent compared to a median of 47 per cent) and 12 for programme completions (46 per cent compared to a median of 34 per cent).

For 2011, TEC has set targets of 51 per cent for credit achievements and 53 per cent for programme completions. These targets are in addition to the new TEC performance measures mentioned in the Chairman's message.

The decrease in our overall trainee numbers represents a 14 per cent shortfall in our Standard Training Measure (STM) contract of 1380. This means around \$550,000 of funds available to support training in our industry, but not taken up in 2010, will have to be repaid to TEC in 2011. While this was a disappointing position to be in, our focus on careful financial management meant we delivered a small surplus of \$141,000. Importantly, we were able to do this while

making good progress in some of the key areas we have been focusing on.

New trainee management system phased in

In the last quarter of 2010 we began phasing in our new trainee management system ITOMIC.

The big advantage of this web-based system is that there is only one database and all changes made in it are in real time. This means trainees, supervisors, training coordinators, assessors, moderators and providers can be confident the information they access through the web portals is accurate and up to date. What's more, the project team has worked with a group of trainees and their supervisors to ensure the portals meet their information needs and are as easy as possible to use.

ESITO is one of eight ITOs that have adopted ITOMIC and the first to develop web portals that will give all customers, including trainees, direct access to the system.

Choosing a system other ITOs have adopted has enabled us to share development costs, making it a more cost effective way to obtain a trainee management system that meets the specific needs of ITOs. It also means developments will continue to be made as the business landscape of ITOs changes.

Flexibility through innovative delivery solutions

We rolled out our first e-Guide, giving people in our industry's contact centres the flexibility to complete the National Certificate in Contact Centre Operations via the Internet. We also provided a dedicated person to better support this sector's training needs. More than 100 people started working toward the contact centre qualification in 2010.



We also continued our m-Learning project to deliver via mobile phones training resources, including video, sound and text files that reinforce how to carry out key activities. To make it easier to provide evidence of exposures to required tasks, trainees have also used the phones to upload videos and photos of tasks carried out on job to personal e-portfolios, which are available to their assessors. Seventeen line mechanic and cable jointer trainees from around the country have participated in this project which concludes in March 2011.

Keeping pace with industry's qualification needs

Significant changes were made to the National Certificate in Electricity Supply (Field Switcher) (Level 4) to better align it with Transpower's competencies for maintenance switchers. The changes were made in consultation with the Transpower Training Advisory Group – a group which represents the companies that carry out Transpower's contract work.

With the help of industry steering groups, eight other qualifications were also reviewed in 2010 to ensure they still meet industry needs.

The work started in 2009 to develop a level 4 faultman qualification was completed. This qualification and two others – Graduate Diploma High Voltage Line Construction and Maintenance (Level 7) and Utility Arborist Certificate (Level 3) – are now waiting registration with NZQA.

Improving literacy and numeracy skills

As a result of specific funding secured from TEC we have made significant progress in working with our member companies to understand the impact low literacy levels can have on their businesses. We have also helped establish tools to screen literacy and numeracy needs and arranged varying levels of support for more than 600 trainees.

Our efforts over the past four years have been targeted at line mechanic and cable jointer trainees. From 2011, all new trainees undertaking a level 2 or 3 qualification will have the opportunity to complete TEC's adult literacy and numeracy assessment as part of the induction process.

Supporting industry through scholarships

In the past 12 months we gave \$120,000 in scholarships. We offer two types of scholarships – UpSkill Scholarships to

help people working in the industry undertake further training and Pre-employment Scholarships for people not currently working in the industry who want to enrol in a pre-trade course, New Zealand Diploma in Engineering, Bachelor of Engineering or Bachelor of Engineering Technology.

Twenty-four people from 12 of our member companies were awarded an UpSkill Scholarship this year. The majority were for study toward project management or business courses and engineering diplomas and degrees.

Fifteen people were awarded Pre-employment Scholarships. In line with our on-going commitment to attract more women, Māori and Pacific Island people into the industry's career paths, 46 per cent of recipients were from these under-represented groups.

A note of thanks

ESITO's contribution to industry training relies on the investment, commitment and collaboration of industry, employees and the Government. This is a partnership we are grateful for and I thank all those who worked with us in 2010.

I would also like to thank the Board, senior management team and all ESITO staff for their continuing hard work and support through the year. And I acknowledge the contribution of John McWilliam who left ESITO in 2010 after four years heading our sales and marketing team.

TIM DENSEM
Chief Executive Officer

2011 PRIORITIES

- Complete the roll out of our new trainee management system.
- Achieve our STM contract of 1206.
- Respond to TEC's new performance measures.
- Build ESITO's capability to provide a better, more efficient trainee coordination service.

Outstanding achievements and talent

We continued to support the industry's focus on the safety and performance of its people and celebrate the outstanding achievements of trainees through the Annual Connection. Congratulations to all the 2010 winners.



CABLE JOINTER COMPETITION

Winner

Tristan Cooke
Independent Line Services

Left to right: Ed Cheeseman
(TransNet) with Tristan Cooke



First runner-up

Jonathan Lowe
Wel Networks

Left to right: Steve Rigby (OHUG
Power Equipment Ltd) with
Jonathan Lowe



Second runner-up

Matthew Tobeck
Electrix

Left to right: Rick Johnson (Chief
Judge) with Matthew Tobeck




LINE MECHANIC COMPETITION

Winner

Northpower Whangarei

Back row left to right: Dennis
McKenna (PLP Performed Line
Products), Ari Welsh, Marc Allen,
Charlie Dixon, Derek Passmore,
Chris Burbridge (Electropar)
Front row, left to right: Wayne
Crowley, Richard Ashby



Outstanding Leader

David Robertson
WEL Networks

Left to right: Nikki Benseman
(TransNet), David Robertson



First runner-up

Tenix Alliance New Zealand

Left to right: Rick Johnson (Chief
Judge), Laurence Andrew, Thomas
Tanoa Jnr, Mike Adie, Ted Glasgow,
Samuel Holloway, Garry Tucker
(TEX Onsite)



Ross Archer Memorial Trophy

Wayne Crowley
Northpower Whangarei



Second runner-up

Top Energy Kaitaia

Left to right: Brett Tracey, Terry
Price, Casey Lloyd, Matiu Peel,
Leonard Murray





EXCELLENCE AWARDS

Generation Trainee of the Year and Overall ESITO Trainee of the Year

Jonathan Adams
Electrical Apprentice, Mighty River Power

Left to right: Sandra Fairbairn (Connetics) and award winner Jonathan Adams



Business Support / Retail Trainee of the Year

Sinead Crummey
Administration Assistant, Counties Power

Left to right: Roslyn Buckton (Macquarie Training) and award winner Sinead Crummey



Networks Trainee of the Year

Michelle Burke
Line Mechanic, Northpower

Left to right: Bob Ford (UGL Infrastructure) and award winner Michelle Burke



Telecommunications Trainee of the Year

Kaj Bicker
Trainee Technician, Transfield Services

Left to right: Rolf Siggaard (Downer NZ) and award winner Kaj Bicker



Advanced Trainee of the Year

Todd Ashford
Thermal Operator, Genesis Energy



Contribution to Industry Training

Graeme Johnson
Technical Manager, Electrix

Left to right: Gavan Jackson (Electrix) and award winner Graeme Johnson



Director profiles



JOHN McENTEER Chairman MSocSc (Hons)

John McEnteer is a business consultant based in Wellington. He was a founding member of the ESITO Advisory Group, one of the first ESITO Board members and has been Chairman since 1999. Of Ngati Maru descent, John is also Chairman of Pakirarahi Trust and a member of the Institute of Directors.



FRANCES HAGUE Dip Mgmt Sys, Graduate Dip HR Mgmt and Org Development

Frances Hague has an extensive working knowledge of the infrastructure industry and the impact technological change has on people and skills. She is Director of Capability Consulting, a member of the Institute of Directors and an authorised consultant for the New Zealand Business Excellence Foundation.



GAVAN JACKSON BE (Civil), C.Eng, MICE, FIPENZ, FNZIM

Gavan Jackson is the Managing Director of Electrix Limited. He is a member of the Institute of Directors and holds directorships with Electrix Pty Limited (Australia) and McConnell Dowell Corporation Limited. He is also a trustee of the Power Engineering Excellence Trust. Gavan was elected to the Board as a representative of the contracting sector.



BOB SIMPSON ME (Elect), BE (Hons), FIPENZ, CPEng, FIEE, CEng

Bob Simpson is an electrical engineer with over 36 years' experience in the electricity industry in New Zealand and overseas. He is Chief Engineer at Transpower and President of the Electricity Engineers' Association. Bob was elected to the Board as a representative of the networks sector.



LINDA SISSONS PhD, CNZM

Linda Sissons is the Chief Executive Officer of Wellington Institute of Technology. She represents the Government on the Board of Governors of the Commonwealth of Learning and is on the Board of WorldSkills NZ. She chairs the Metropolitan Group, a combination of six large urban technology institutes in New Zealand, and the tertiary committee of the Wellington Regional Labour Market Strategy group.



STEVE MUTTON NZCE (Electrical)

Steve Mutton has considerable commercial, operational and management experience in the energy sector including past roles with Vector and Electrix. He is currently Regional Asset Manager (Auckland and Northland) for the New Zealand Transport Authority. Steve was elected to the Board as a representative of the networks sector.



NANETTE RUSSELL BSc

Nanette (Nan) Russell is an owner and Executive Director of OHUG Power Equipment Limited and member of the Institute of Directors. In addition to her considerable industry knowledge, Nan brings governance, management, and supply and logistics experience to the Board. She was elected to the Board as a representative of the utilisation sector.



BOB WEIR BE (Elect), MBA, MIEAust, MIPENZ

Bob Weir is General Manager Production at Genesis Energy and a member of a number of advisory groups set up by the Electricity Authority to advise the industry. He was elected to the Board as a representative of the generation sector.



LYNLEY DUNN MBA

Lynley Dunn has spent over 25 years working in the electricity supply industry. She has owned a New Zealand Qualifications Authority accredited private training establishment, worked as a training consultant and held various positions at Genesis Energy. Lynley is currently the Training and Development Manager at Contact Energy and was elected to the Board as a representative of the generation sector.



JOHN GOODENOUGH

John Goodenough has 40 years' experience in the utility industry, including 14 years in a senior position at Connetics Limited. Prior to this he held positions with GEC Alstom, Powermark, Powerbuild and the New Zealand Electricity Department. John was elected to the Board as a representative of the contracting sector.



DON PRYDE

Don Pryde is an electrical technician for Delta Utility Services and National President of the Engineering, Printing and Manufacturing Union. He is also a past Presiding Member of the Electrical Workers' Registration Board.



Financial statements

Reporting entity

Electricity Supply Industry Training Organisation Incorporated (ESITO), is domiciled and incorporated in New Zealand, and registered under the Incorporated Societies Act 1908.

For financial reporting purposes ESITO is designated a public benefit entity. Its primary purpose is to develop standards and qualifications, make arrangements for the delivery of training and provide leadership on skills and learning issues for the electricity supply industry.

The financial statements were authorised for issue by the directors on 28 February 2011. Once issued the directors do not have the power to amend these statements.

Basis of preparation

Statement of compliance

The summary financial statements have been prepared in accordance with FRS 43 – Summary Financial Statements and have been extracted from the full financial statements. The full financial statements have been prepared in accordance with the Incorporated Societies Act 1908, the Financial Reporting Act 1993 and all applicable financial reporting standards and generally accepted accounting practice in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards as appropriate for a public benefit entity.

Basis of measurement

The financial statements have been prepared on the basis of historical cost except for assets and liabilities as outlined in the notes to the accounts.

The full financial statements have been audited and an unqualified opinion has been issued. The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements.

A copy of the full financial statements can be obtained from ESITO.



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of Electricity Supply Industry Training Organisation

The accompanying summary financial statements which comprise the summary Statement of Financial Position as at 31 December 2010, and the summary Statement of Comprehensive Income, summary Statement of Changes in Equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Electricity Supply Industry Training Organisation for the year ended 31 December 2010. We expressed an unmodified audit opinion on those financial statements in our report dated 28 February 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Electricity Supply Industry Training Organisation.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements".

Other than in our capacity as auditor we have no relationship with, or interests in, Electricity Supply Industry Training Organisation.

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of Electricity Supply Industry Training Organisation for the year ended 31 December 2010, are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

A handwritten signature in black ink that reads "Staples Rodway".

28 February 2011
Staples Rodway
Hamilton

Statement of comprehensive income

For the year ended 31 December 2010

	December 2010 \$ NZD	December 2009 \$ NZD
Income		
Grant income	5,637,891	5,226,540
Interest income	305,671	423,345
Other income	296,324	274,995
	6,239,886	5,924,880
Expenses		
Depreciation and amortisation expense	199,206	175,183
Employee benefits expense	2,042,315	1,967,329
Finance costs	2,678	2,406
Other administration expense	610,269	621,902
Other operating expense	3,243,767	3,479,323
	6,098,235	6,246,143
Profit / (loss) for the year	141,651	(321,263)
Other comprehensive income	-	-
Total comprehensive income for the year	141,651	(321,263)

Statement of changes in equity

For the year ended 31 December 2010

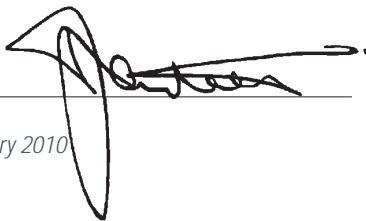
	Retained earnings
Balance as at 1 January 2009	5,073,680
Total comprehensive income for the year	(321,263)
Balance as at 31 December 2009	4,752,417
Total comprehensive income for the year	141,651
Balance as at 31 December 2010	4,894,068

Statement of financial position

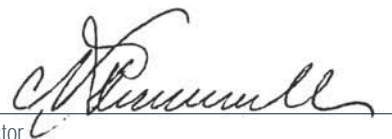
For the year ended 31 December 2010

	December 2010 \$ NZD	December 2009 \$ NZD
Retained earnings	4,894,068	4,752,417
Current assets		
Cash and cash equivalents	41,759	364,080
Trade and other receivables	756,575	480,967
Other assets – prepayments	22,107	15,522
Other financial assets	5,537,917	4,770,891
	6,358,358	5,631,460
Non current assets		
Other financial assets	101,416	1,811,772
Property, plant and equipment	133,254	209,520
Intangibles	651,746	96,275
	886,416	2,117,567
Total assets	7,244,774	7,749,027
Current liabilities		
Trade and other payables	1,314,577	1,131,972
Employee benefits	262,428	228,877
Other liabilities	765,740	1,619,115
Finance leases	7,961	8,685
	2,350,706	2,988,649
Non current liabilities		
Finance leases	-	7,961
	-	7,961
Total liabilities	2,350,706	2,996,610
Net assets	4,894,068	4,752,417

Chairman
28 February 2010



Director
28 February 2010



Statement of cashflows

For the year ended 31 December 2010

	December 2010 \$ NZD	December 2009 \$ NZD
Cash flow from operating activities		
Receipts from grants	4,644,001	4,700,623
Receipts from subscriptions	19,363	163,626
Receipts from moderation income	19,996	19,422
Interest received	305,671	423,345
GST received (net)	(39,608)	17,390
Receipts from other income	105,270	86,180
Payments to suppliers	(2,863,387)	(2,838,143)
Payments to employees	(2,331,451)	(2,240,337)
Training subsidy payments	(435,540)	(524,129)
Interest paid	(2,678)	(2,406)
Net cash (used in) / generated by operating activities	(578,363)	(194,429)
Cash flow from investing activities		
Purchase of property, plant and equipment	(48,962)	(143,411)
Proceeds from disposal of property, plant and equipment	2,667	31,921
Purchase of intangible assets	(632,308)	(69,687)
Proceeds on sale of other financial assets	943,329	480,361
Net cash (used in) / generated by investing activities	264,726	299,184
Cash flow from financing activities		
Cash was applied to:		
Finance lease repayments	(8,684)	(8,956)
Net cash (used in) / generated by financing activities	(8,684)	(8,956)
Net movement in cash	(322,321)	95,799
Opening cash balance	364,080	268,281
Closing cash and cash equivalents	41,759	364,080



Glossary of terms

ESI

Electricity Supply Industry

ITO

Industry Training Organisation

Completion rate

Measured as the number of training programmes actually completed against the number expected to complete. ESITO training programmes can include more than one qualification.

Credit

A value assigned to a unit standard or qualification which represents the amount of time required to complete the specified outcomes. One credit normally equates to approximately 10 hours of learning and assessment. On average, ESITO qualifications have a value of 90 credits.

Modern Apprentice

A trainee between 16 and 21 years of age who is working towards a national certificate at levels 3 or 4. In some cases older people changing their career may also qualify.

STM

Standard Training Measure – the measure TEC applies to all ITOs for funding the number of people in training and credits they're enrolled in for a year. Trainee numbers directly affect the amount of funding ESITO receives.

TEC

Tertiary Education Commission – the crown entity responsible for managing the Government's annual funding for tertiary education, which includes all forms of post-secondary school education and training.



Electricity Supply Industry Training Organisation

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