

Framework for prioritising additional investment

Operational Policy Consultation Paper

December 2009

Name	Reference & Status	Distribution
Framework for prioritising additional investment	Operational Policy Consultation Paper	Open for consultation Contact: Industrytrainingprogrammes@tec.govt.nz

Purpose

1. This paper has been prepared as part of the consultation relating to the operational policy for industry training.
2. The TEC invites feedback from the tertiary education sector on the options presented in this paper and on any other relevant matters. Please use the separate Feedback Template to submit responses.

Aims

3. In undertaking this consultation, the TEC will be guided by the following aims:
 - *Minimising transaction and compliance costs:* the operational policy framework should take account of administrative and compliance costs, and where possible seek to reduce these.
 - *Maximising transparency and accountability:* the recipients of Government funding should be accountable for the results they generate, and related information should be available to interested parties.
 - *Minimising any perverse incentives:* the operational policy framework should be designed in such a way as to minimise and mitigate any perverse incentives.
 - *Maximising value for money:* the operational policy framework should ensure a strong focus on results and avoid arrangements that would lead to the funding of activities by government that would otherwise be funded by other parties.
 - *Providing an appropriate degree of dynamism for ITOs based on performance:* the operational policy framework should provide suitable incentives for ITOs to manage their own performance.
 - *Providing for consistent treatment of other forms of industry training:* the operational policy framework should take account of other forms of industry training and contribute where possible to a consistent approach.

Principles

4. The consultation on the operational policy governing industry training will be based on the following principles and considerations:
 - upholding the aims of the consultation process (outlined above);
 - learning from the implementation of the industry training system over the past 17 years;
 - drawing on relevant experience and expertise across the tertiary education sector;
 - exposing proposed changes to rigorous sector and expert scrutiny;

- providing sufficient information on the general approach that the TEC intends to take in relation to the matters discussed; and
- avoiding costly or time-consuming changes unless there are good reasons for believing they will bring significant improvements.

Scope

5. This paper seeks feedback from the sector on the possible development of and options for operational policy governing a framework for prioritising additional investment during investment plan periods. This 'additional investment' relates to STM funding that is reinvested in ITOs for the purposes of arranging additional industry training. This paper has been prepared as part of the TEC's wider consultation on industry training operational policy.
6. This paper seeks to determine how the relevant operational policy can be aligned with the Government's objectives for tertiary education (discussed below).
7. Any operational policy would be limited to informing the analytical framework used by the ITO Investment Group to assess proposals or plans for additional funding and developing subsequent recommendations. This paper describes a number of considerations that would be relevant to that framework, but any analysis and recommendations would naturally be holistic in nature taking account of all relevant considerations. Decision-making in relation to investment decision rests with the appropriate authority.
8. Any analytical framework may have wider applications and could, for example, be used to inform investments decisions for other elements of TEC funding as well as investment plan allocations more generally.

Method

9. This paper will examine what options exist for developing an analytical framework for prioritising additional investment.

Government's objectives

10. The Government's objectives for tertiary education outlined in the Tertiary Education Strategy 2010-2015 include raising the skills and knowledge of the current workforce to increase the productivity of individuals, and to underpin the ability of firms to innovate and adapt to competitive challenges. ITOs have an important role to play by providing, for example, opportunities for employees to complete nationally recognised qualifications, and creating effective pathways towards advanced trade qualifications at level four and above.

11. Cabinet also agreed in May this year to re-balance the tertiary education system by shifting away from the current emphasis on central steering and front-end planning and moving towards greater responsiveness to market signals [CAB Min (09) 15/13].
12. Cabinet agreed on the following mechanisms to achieve these shifts:
 - incentives to ensure that tertiary education primarily responds to demand from students and employers;¹
 - improve quality assurance measures, and back-end accountability; and
 - stronger links between funding and past performance.

Current arrangements

13. Each year, there is a portion of under-delivery by ITOs.² This funding can be reinvested in response to proposals from ITOs at the discretion of the TEC Board of Commissioners.
14. The funding arising from this under-delivery can only be used to fund ITOs to arrange industry training.
15. The TEC is guided in making these decisions by the gazetted decision-making criteria for Investment Plans. These criteria are set out below.

In reaching a decision about what to approve within the proposed Plan, including what to fund and the period of funding, the TEC will consider the following in relation to each tertiary organisation:

- *The organisation's planned alignment with the TES, including the distinctive contribution and key shifts expected of that type of organisation, and its contribution to the tertiary network of provision;*
- *Evidence of effective identification of stakeholder needs and priorities;*
- *The organisation's governance and management arrangements, and financial viability;*
- *Evidence of the organisation's capability in forecasting, planning and implementation;*
- *Past organisational performance;*
- *Evidence of critical reflection on current performance;*
- *The allocation, if any, of SAC, TEO Component or other TEC funding, and other Government funding available to the organisation;*
- *Whether the activities outlined in the proposed Plan are appropriate and achievable; and*
- *Whether any conditions or limits on funding are required, having regard to appropriations, and any relevant and applicable funding determinations issued by the Minister under the Education Act 1989.*

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¹ Cabinet also reaffirmed this commitment in October where it directed that there should be a '...focus on ensuring that the tertiary sector is better aligned to the needs of business.' (STR Min (09) 21/1 refers).

² In 2008, this equated to 1,485 STMs (or \$4.75M).

16. There may be merit in exploring the development of additional considerations that would inform analysis in accordance with the decision-making criteria, and guide ITOs when considering whether to seek additional investment.

Considerations

17. In seeking to describe more fully a framework for prioritising additional investment, the following issues are pertinent:
 - what is the best way to assess the performance of an ITO (for example, in terms of past performance)?;
 - what is the best way to assess whether the rationale for a proposed investment is compelling (for example, in terms of alignment to the TES)?;
 - what is the best way to assess the viability of organisations?; and
 - what should guide the appropriate level of investment (for example, bearing in mind other investment by the TEC, and reserves held by ITOs, or other potential sources of funding)?
18. Each of these issues is discussed below.

Performance

19. When prioritising additional investment, the TEC will be guided by the past performance of ITOs. In making investment choices between two organisations that are broadly comparable in other respects, the TEC is likely to place considerable weight on the past performance of those organisations, and/or the extent to which the initiative reflects a critical response to the organisation(s) current performance.
20. This may mean that the TEC would tend to invest in organisation(s) that have higher than average performance. It may also mean that any investment would be directly linked to the results expected to be achieved. For example, additional funding could be tied to specific completion rate targets³, with underperformance leading to the recovery of funding on a proportional basis.
21. This may also provide an effective measure of the level of industry commitment to training, and an efficient matching of provision and performance, ie that employers provide opportunities for trainees to complete qualifications.
22. The development of operational policy relating to defining performance for ITOs is a subject of a separate consultation paper.

Questions

23. What factors should the TEC take into account when assessing the extent to which the application represents a critical response to past performance?
24. In considering investment in consortia of ITOs, how should the TEC measure the past performance of that consortia?

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³ For the Essential Skills programme, completion rates of 70% were required.

Compelling propositions

25. As noted above, when prioritising additional investment the TEC will be guided by the extent to which the proposed initiative aligns to the goals of the Tertiary Education Strategy (TES) and plan guidance.
26. The TES is used to guide the TEC's investment decisions to maximise tertiary education's contribution to New Zealand. The TES describes the Government's strategic direction for tertiary education over the next five to 10 years. It outlines the Government's priorities in terms of the shifts that are expected.
27. In prioritising additional investment, significant weight will be given to the extent to which the proposed activity contributes to the objectives of the TES.
28. Cabinet has also already determined, for example, that significant weight should be placed on demand from students and employers, and this would form a key test of any proposal.

Viability

29. As noted above, when prioritising additional investment some consideration should be given to the viability of organisation(s) that are intended to be funded.
30. The TEC is required to place considerable weight on these factors as part of the process of providing advice to the Minister for Tertiary Education in relation to the recognition of ITOs. As such, it may be argued that all ITOs, at the point of recognition, have provided evidence of some level of viability.
31. There is, however, considerable variation in the underlying viability of ITOs. We can illustrate this by using the total assets held by each ITO as a proxy.
32. The 38 ITOs for which financial information is collected by the TEC collectively reported total assets of \$186.6 million as at 31 December 2008 (appendix one refers). However, the range of total assets is large with the smallest reporting total assets of \$206,488, and the largest \$24.1 million.
33. Nine ITOs have total assets of less than \$1 million, 15 have total assets between \$1 million and \$5 million, and 14 have total assets greater than \$5 million.
34. The TEC may consider that investment in larger organisations carries less risk. A relatively large asset base may indicate that an organisation may be more likely to be sustainable over time, or sustain one-off adverse events.
35. Further, the TEC may consider that investing in groupings or clusters of ITOs would further mitigate this risk. This may also reinforce emerging trends within the the industry training system.
36. There is anecdotal evidence to suggest, for example, that other tertiary education organisations find the process of engaging with up to 39 ITOs in relation to strategic training plans to be extremely challenging. Additionally, some industry groups have identified a need for greater strategic coherence

across ITOs. In other cases, some strategic opportunities may be so large or complex that only groupings of ITOs are able to respond to them.

Questions

37. To what extent would taking account of the viability of ITOs contribute to the Government's objectives for industry training?
38. What factors should the TEC take into account when prioritising investment to best ensure that performance is sustainable over time?
39. Should the TEC consider the total financial assets of ITOs as a proxy for the viability of ITOs?
40. What other proxies could the TEC use to recognise organisational capability?

Levels of investment in ITOs

41. The following section explores factors that influence participation and investment in the industry training system and the way in which other investment decisions (either by the Crown or Industry) might be taken into account when prioritising additional investment.

Factors influencing participation and investment

42. Government investment in ITOs is primarily through the Industry Training Fund and the level of funding is principally a function of the level of historical participation in industry training. Participation is in turn a function of the extent to which trainees and employers perceive value in participating in industry training. Generally, this means that there is a strong (although importantly not complete) relationship between enrolments in industry training and the funding ITOs receive.
43. Given that the level of investment is strongly linked to the level of participation, it might be reasonable to assume that there is some relationship between the number of employees in an industry and the level of investment.
44. The decision to enrol in industry training (and the associated funding decisions) is likely to be mediated by a range of other factors including:
 - the extent to which industries are prepared to invest in training, and pre-existing skill levels within industry;
 - the return expected by employers and trainees on the investment in training (eg productivity increases, improved employability);
 - the nature of the industry (eg larger employers might have more resources to invest in training, an industry with a large number of small enterprises that are geographically dispersed may be expensive to service);
 - the nature of the training on offer (eg training associated with regulatory compliance);
 - whether the relevant industry has a tradition of industry training (ie is training a natural part of the workplace culture);
 - the effort required (ie credits) of the training (larger programmes of study attract more funding);

- that some ITOs arrange generic training for employers outside of their coverage (eg occupational health and safety training);
 - historical patterns of investment in industry training by Government and employers (ie ITOs with high levels of participation are able to access significant volumes of funding and develop effective capability);
 - the level of staff turnover in a given industry (ie a high level of turnover can mean greater demand for the training of new staff, while low turnover might encourage a higher level of investment in existing staff);
 - the projected skill and workforce needs of an industry, and the relative importance of that industry to the economy;
 - the length of time an industry has been covered by an ITO and the performance of that ITO (eg employers may not perceive that their interests are being met by an ITO with low completion rates);
 - the extent to which industry funds training itself (ie outside of the tertiary education system); and
 - what other options for training are available (eg through Institutes of Technology and Polytechnics).
45. That these factors have some impact is suggested by the analysis in appendix two.
46. This analysis indicates some differences between the proportion of funding allocated to ITOs and the proportion of employees that the industries they cover represent.
47. Leaving aside the mediating factors noted above, these results suggest that for most ITOs (20), the level of investment approximates the proportion of employees (ie the difference between the level of investment and proportion of employees is 1% or less).
48. The analysis does however suggest some nominal under-investment (in Retail (-17.7%), Hospitality (-5.5%) and nominal over-investment (Building and Construction (6%), and Competenz⁴ (4.1%).
49. While the differences outlined above may suggest some potential for reallocation of funding, the complex range of factors outlined above indicate that attempting to redirect investment on the basis of latent demand as expressed by the level of relative employment in industry would be a challenging exercise.
50. Nevertheless there is potential for decisions about participation in industry training to inform any analysis of applications for further investment. A possible proxy for this is the extent to which ITOs are meeting their enrolment commitments. This can be expressed in terms of under and over delivery.

Under and over-delivery

51. Under-delivery arises where an ITO arranges less training than it is contracted to arrange by the TEC. Under-delivery may be caused by a range of factors including a mismatch between the provision on offer (ie employers and trainees

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⁴ Competenz is the ITO for a range of industries including Mechanical and manufacturing engineering and fabrication. For a full description of this ITO's coverage please visit <http://www.tec.govt.nz/templates/itoitem.aspx?id=585>

do not value the training on offer), or an oversupply of provision (eg a rise in unemployment reduces the size of the workforce).

52. From a funding perspective, under-delivery has two important impacts. Firstly, it establishes an incentive for the ITO to adjust its business model or training programmes to meet the 'new' market reality. This is reinforced by the relative stability of the three-year investment cycle which gives an ITO time to adjust while retaining access to a maximum level of investment.
53. Secondly, it provides a strong indication to the funder (either TEC or industry) that there is a mismatch between the supply of investment for training, and the need for that investment.
54. In the context of considering whether to invest additional funding in an ITO, under-delivery *might* suggest that additional investment would be misplaced (the ITO is not serving the needs of its industry), or that additional investment may be desirable (to assist an ITO to re-tool to meet these needs).
55. Conversely, over-delivery arises where an ITO arranges more training than it is contracted to arrange by the TEC. From a funding perspective, over-delivery *might* suggest that the demand for training is considerably higher than the level of investment.
56. In the context of considering whether to invest additional funding in an ITO, over-delivery might suggest that additional investment would be misplaced, (eg that the ITO could readily reprioritise existing provision which is not delivering value for money or results to meet the 'new' industry need), or that there is some evidence to suggest that additional investment may lead to additional participation (given that the ITO has a track record of arranging training that meets the needs of employers and trainees).

Questions for consultation

57. It is apparent that the level of investment in particular ITOs should be strongly influenced by the willingness of employers and employees to participate in industry training. However, this does raise a number of questions.
58. Have the factors that mediate the decision to enrol in industry training been correctly identified (paragraph 44 refers)?
59. Do these factors sufficiently explain the difference between the proportional employment in particular industries and the proportion of TEC investment? and if so, does this indicate a need to rebalance the TEC's investment?
60. Should the TEC have a preference for investing in ITOs that under-deliver, or those that over-deliver? and if so, why?

Capacity to self- or co-fund

61. An important element of the industry training system is the extent to which it is funded in part by industry. As a result, self- or co-funding is a feature of the system. However, where ITOs submit proposals to the TEC for additional funding, there may be merit in taking account of the extent to which ITOs can self- or co-fund such proposals. This will ensure that appropriate value is derived from the Government's investment.
62. One possible indicator of the capacity to self- or co-fund is the net cash reserves held by each. As with other financial proxies, there is considerable variation between ITOs.

63. The 38 ITOs for which financial information is collected by the TEC collectively reported total cash reserves of \$93.5 million as at 31 December 2008 (appendix three refers)⁵. However, the level of reserves ranges from negative reserves of \$679,301 to positive reserves of \$19.4 million.
64. To further illustrate this point, 18 ITOs have reserves of less than \$1 million, 10 have reserves between \$1 million and \$3 million, and 10 have reserves greater than \$3 million.
65. The level of reserves is not a direct indicator of an organisation's capacity to self- or co-fund proposals. This is because reserves are maintained or built up for a range of purposes.
66. Nevertheless, the level of reserves does provide an indirect indicator of this capacity. Certainly, should the TEC be required to choose between two organisations that are broadly comparable in other respects, it is likely to want to take their respective level of reserves into account.
67. Taking the level of reserves into account has a number of possible implications. A relatively high level of reserves might indicate that the organisation or group of organisations are able to readily self-fund an initiative. Additionally, it may indicate that the organisation or group of organisations is well-managed and has a reasonable level of internal capability. Certainly a high level of reserves *may* indicate a high degree of industry support for a particular ITO.
68. Alternatively, a low level of reserves would indicate a lack of capacity to self-fund or co-fund. It might also indicate that there is a lack of capability and some level of financial risk associated with the organisation.
69. The definition of an appropriate level of reserves (or reserves ratio) that could guide the TEC's assessment of this potential for self-funding will be considered as part of a separate consultation paper.

Questions

70. What weight should the TEC place on the level of reserves when assessing the capacity of an ITO to self-fund or co-fund additional investment?
71. If the TEC is seeking to encourage ITOs to self- or co-fund proposals, what is the best way to achieve that goal?
72. Should the TEC use the total cash reserves of ITOs or a reserves ratio as a proxy for capacity to self- or co-fund?
73. On what basis would the TEC fund a proposal from an ITO or ITOs with significant reserves?

Other investment

74. The gazetted decision-making criteria anticipates that the TEC will take account of '*...the allocation, if any, of SAC, TEO Component or other TEC funding, and other Government funding available to the organisation.*'

Other Government investment

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⁵ As measured by the difference between quick assets and quick liabilities.

75. Investment decisions are made in accordance with this expectation by taking into account other investment to ensure that there is no duplication of effort.
76. The considerations relating to other investment in ITOs is most relevant to funding other than through the Industry Training Fund and the Modern Apprenticeships Fund.
77. The data in appendix four indicates that during 2008 on average less than five percent of the TEC's investment can be attributed to funds other than the Industry Training Fund and the Modern Apprenticeships Fund.⁶
78. However, the range of this investment as a proportion of total investment is large with the smallest proportion being 0.2%, and the largest 34.1%.
79. The proportion of this investment in 22 ITOs was less than five percent, seven show a proportion between five and ten percent, and the remaining nine show a proportion greater than ten percent.
80. In considering whether to invest further funding in particular ITOs or groupings of ITOs, the TEC may place some weight on the historical level of funding from other than the Industry Training Fund and the Modern Apprenticeships Fund. For example, it may be expected that an ITO that has received with a relatively high proportion of such investment in the recent past may be a lower priority for such investment in the immediate future.

Consultation Feedback

81. The TEC invites and welcomes any comments from the tertiary education sector. Individuals as well as organisations are welcome to provide feedback on the direction and decisions outlined in the paper and on how these can be further developed.
82. All feedback relating to this Consultation paper should be responded to using the feedback templates provided on the TEC website. Please only send a response using the feedback templates provided. Send any feedback to industrytrainingprogrammes@tec.govt.nz. All feedback should include the subject line "**ITO operational policy – feedback**" and be submitted no later than 5pm, 29 January 2009.

Questions for consultation

83. The areas where consultation feedback is sought are set out in the related feedback template.

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⁶ For example, Encouraging and Supporting Innovation, Embedded Literacy and Numeracy for ITOs, and Sector Leadership Component.

APPENDIX ONE – Total assets of ITOs as at 31 December 2008⁷

ITO	Total assets
REINZ Industry Training Organisation Limited	\$206,488
Pharmacy Industry Training Organisation Incorporated	\$350,526
Building Service Contractors of New Zealand Incorporated	\$371,911
Apparel and Textile Industry Training Organisation Incorporated	\$494,184
New Zealand Local Government Association Incorporated	\$530,680
Opportunity - The Training Organisation	\$628,237
Retail Meat Industry Training Organisation Incorporated	\$688,085
New Zealand Sports Turf Industry Training Organisation Incorporated	\$729,292
NZ Equine Industry Training Organisation Incorporated	\$748,786
Creative Trades Industry Training Organisation Incorporated	\$1,059,405
The New Zealand Flooring Training Organisation Incorporated	\$1,071,200
Plastics and Materials Processing Industry Training Organisation Incorporated	\$1,196,727
Joinery Industry Training Organisation Incorporated	\$1,311,615
Fire and Rescue Services Industry Training Organisation Incorporated	\$1,329,631
Communications & Media Industry Training Organisation	\$1,508,912
Social Services Industry Training Organisation Incorporated	\$1,575,269
Boating Industries Association of New Zealand Incorporated	\$1,643,163
New Zealand Horticulture Industry Training Organisation Incorporated	\$2,213,911
Public Sector Training Organisation	\$3,335,000
SFRITO Limited	\$3,368,864
Retail Training New Zealand Incorporated	\$3,652,878
Aviation Tourism and Travel Training Organisation Incorporated	\$4,061,249
Infratrains New Zealand Limited	\$4,538,087
Plumbing, Gasfitting and Drainlaying Industry Training Organisation Limited	\$4,820,018
NZ Extractive Industries Training Organisation (Incorporated)	\$5,196,273
NZ Commercial Road Transport Industry Training Organisation Incorporated	\$6,476,000
New Zealand Hairdressing Industry Training Organisation Incorporated	\$6,502,725
NZ Motor Industry Training Organisation (Incorporated)	\$7,374,452
Electro-Technology Industry Training Organisation Incorporated	\$7,560,619

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⁷ Financial information for these organisations is based on the TEC's analysis of the financial data provided by ITOs. The planned consultation on the operational policy relating to financial matters is intended to ensure that this information is provided on a consistent basis and to ensure that the TEC's analytical methodology is transparent. In light of this, the information presented above should be treated as a guide only.

Agriculture Industry Training Organisation Incorporated	\$7,614,000
Electricity Supply Industry Training Organisation Incorporated	\$8,106,190
The Forest Industry Training and Education Council of New Zealand	\$9,508,576
The New Zealand Seafood Industry Council Limited	\$11,010,761
Hospitality Standards Institute Incorporated	\$11,469,506
The New Zealand Industry Training Organisation Incorporated	\$11,750,782
Community Support Services ITO Limited	\$12,564,950
New Zealand Engineering Food and Manufacturing Industry Training Organisation Incorporated	\$15,866,000
Building and Construction Industry Training Organisation Incorporated	\$24,145,257
TOTAL	\$186,580,209

APPENDIX TWO – Proportional investment and employment levels

<i>ITO</i>	<i>Funding allocated (% of total)⁸</i>	<i>Employees in industries covered by ITO (% of total)</i>	<i>Nominal (under-/over-investment in ITOs (% difference between funding allocated and proportion of employees))</i>
New Zealand Engineering Food and Manufacturing Industry Training Organisation Incorporated	10.5%	6.5%	4.1%
Building and Construction Industry Training Organisation Incorporated	9.2%	3.3%	6.0%
Agriculture Industry Training Organisation Incorporated	8.6%	5.7%	3.0%
Electro-Technology Industry Training Organisation Incorporated	7.4%	7.5%	0.0%
NZ Motor Industry Training Organisation (Incorporated)	6.6%	3.4%	3.2%
The Forest Industry Training and Education Council of New Zealand	5.2%	2.1%	3.1%
The New Zealand Industry Training Organisation Incorporated	4.4%	2.8%	1.6%
Hospitality Standards Institute Incorporated	4.2%	9.7%	-5.5%
NZ Commercial Road Transport Industry Training Organisation Incorporated	4.0%	4.8%	-0.8%
Community Support Services ITO Limited	3.6%	3.0%	0.6%
Electricity Supply Industry Training Organisation Incorporated	3.1%	0.4%	2.7%
Infratrains New Zealand Limited	3.0%	4.2%	-1.2%
Aviation Tourism and Travel Training Organisation Incorporated	3.0%	2.8%	0.2%
SFRITO Limited	2.5%	1.2%	1.3%
NZ Extractive Industries Training Organisation (Incorporated)	2.5%	0.7%	1.8%
Plumbing, Gasfitting and Drainlaying Industry Training Organisation Limited	2.5%	0.7%	1.8%
Retail Training New Zealand Incorporated	2.5%	20.2%	-17.7%
New Zealand Horticulture Industry Training Organisation Incorporated	2.4%	3.1%	-0.7%

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⁸ Includes Industry Training Fund and Modern Apprenticeships Fund

<i>ITO</i>	<i>Funding allocated (% of total)⁹</i>	<i>Employees in industries covered by ITO (% of total)</i>	<i>Nominal (under-)over-investment in ITOs (% difference between funding allocated and proportion of employees)</i>
Public Sector Training Organisation	2.4%	3.1%	-0.8%
The New Zealand Seafood Industry Council Limited	2.1%	0.6%	1.5%
New Zealand Hairdressing Industry Training Organisation Incorporated	2.0%	0.7%	1.3%
Te Kaiawhina Ahumahi Social Services Industry Training Organisation Incorporated	1.0%	1.5%	-0.5%
Boating Industries Association of New Zealand Incorporated	0.9%	0.3%	0.6%
The New Zealand Flooring Training Organisation Incorporated	0.8%	0.4%	0.4%
Fire and Rescue Services Industry Training Organisation Incorporated	0.7%	0.2%	0.6%
Joinery Industry Training Organisation Incorporated	0.7%	0.6%	0.1%
Communications & Media Industry Training Organisation	0.6%	2.4%	-1.8%
Plastics and Materials Processing Industry Training Organisation Incorporated	0.6%	0.9%	-0.3%
Creative Trades Industry Training Organisation Incorporated	0.6%	0.6%	-0.1%
Apparel and Textile Industry Training Organisation Incorporated	0.5%	1.2%	-0.8%
Retail Meat Industry Training Organisation Incorporated	0.3%	0.3%	0.0%
New Zealand Sports Turf Industry Training Organisation Incorporated	0.3%	0.0%	0.3%
NZ Equine Industry Training Organisation Incorporated	0.2%	0.2%	0.0%
Building Service Contractors of New Zealand Incorporated	0.2%	1.4%	-1.2%
New Zealand Local Government Association Incorporated	0.2%	1.2%	-1.1%
REINZ Industry Training Organisation Limited	0.1%	1.2%	-1.1%
Opportunity - The Training Organisation	0.1%	0.1%	0.0%
Pharmacy Industry Training Organisation Incorporated	0.1%	0.7%	-0.5%

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⁹ Includes Industry Training Fund and Modern Apprenticeships Fund

APPENDIX THREE – Net reserves of ITOs as at 31 December 2008¹⁰

NB: The net reserve figures for each ITO is not necessarily a reflection on the financial position or viability of the relevant ITO.

ITO	Reserves
Hospitality Standards Institute Incorporated	-\$679,301
New Zealand Hairdressing Industry Training Organisation Incorporated	-\$117,310
REINZ Industry Training Organisation Limited	\$0
Building Service Contractors of New Zealand Incorporated	\$19,533
Retail Meat Industry Training Organisation Incorporated	\$25,864
New Zealand Horticulture Industry Training Organisation Incorporated	\$174,856
Pharmacy Industry Training Organisation Incorporated	\$305,125
Apparel and Textile Industry Training Organisation Incorporated	\$333,114
New Zealand Local Government Association Incorporated	\$369,560
NZ Equine Industry Training Organisation Incorporated	\$456,770
The New Zealand Flooring Training Organisation Incorporated	\$473,246
Opportunity - The Training Organisation	\$483,350
Plastics and Materials Processing Industry Training Organisation Incorporated	\$605,412
Joinery Industry Training Organisation Incorporated	\$623,412
New Zealand Sports Turf Industry Training Organisation Incorporated	\$629,264
Boating Industries Association of New Zealand Incorporated	\$642,504
Creative Trades Industry Training Organisation Incorporated	\$837,730
Communications & Media Industry Training Organisation	\$876,285

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¹⁰ The net reserve figure is based on deducting reported quick liabilities of each ITO from reported quick assets. Financial information for these organisations is based on the financial data provided by ITOs. The planned consultation on the operational policy relating to financial matters is intended to ensure that this information is provided on a consistent basis.

Fire and Rescue Services Industry Training Organisation Incorporated	\$1,011,189
Public Sector Training Organisation	\$1,122,000
Plumbing, Gasfitting and Drainlaying Industry Training Organisation Limited	\$1,258,231
Te Kaiawhina Ahumahi Social Services Industry Training Organisation Incorporated	\$1,363,246
SFRITO Limited	\$1,567,228
The New Zealand Seafood Industry Council Limited	\$1,698,714
Retail Training New Zealand Incorporated	\$2,510,526
Agriculture Industry Training Organisation Incorporated	\$2,630,000
Aviation Tourism and Travel Training Organisation Incorporated	\$2,659,245
Infratrain New Zealand Limited	\$2,770,713
Community Support Services ITO Limited	\$3,032,594
NZ Extractive Industries Training Organisation (Incorporated)	\$3,169,799
NZ Commercial Road Transport Industry Training Organisation Incorporated	\$4,397,000
NZ Motor Industry Training Organisation (Incorporated)	\$4,628,631
Electro-Technology Industry Training Organisation Incorporated	\$4,857,416
Electricity Supply Industry Training Organisation Incorporated	\$5,646,303
The Forest Industry Training and Education Council of New Zealand	\$6,957,618
New Zealand Engineering Food and Manufacturing Industry Training Organisation Incorporated	\$7,127,000
The New Zealand Industry Training Organisation Incorporated	\$9,590,355
Building and Construction Industry Training Organisation Incorporated	\$19,450,044
Total	\$93,507,266

APPENDIX FOUR – Other investment in ITOs, 2008 calendar year¹¹

ITO	Other investment as a proportion of total investment
Retail Training New Zealand Incorporated	0.19%
Te Kaiawhina Ahumahi Social Services Industry Training Organisation Incorporated	0.49%
Creative Trades Industry Training Organisation Incorporated	0.86%
Building Service Contractors of New Zealand Incorporated	0.90%
Apparel and Textile Industry Training Organisation Incorporated	1.00%
NZ Motor Industry Training Organisation (Incorporated)	1.03%
The New Zealand Flooring Training Organisation Incorporated	1.18%
REINZ Industry Training Organisation Limited	1.35%
NZ Commercial Road Transport Industry Training Organisation Incorporated	1.38%
Retail Meat Industry Training Organisation Incorporated	1.42%
New Zealand Sports Turf Industry Training Organisation Incorporated	1.45%
Pharmacy Industry Training Organisation Incorporated	1.59%
NZ Extractive Industries Training Organisation (Incorporated)	1.70%
Building and Construction Industry Training Organisation Incorporated	2.05%
New Zealand Horticulture Industry Training Organisation Incorporated	2.32%
Agriculture Industry Training Organisation Incorporated	2.53%
The New Zealand Industry Training Organisation Incorporated	2.62%
Community Support Services ITO Limited	2.69%
Electro-Technology Industry Training Organisation Incorporated	3.07%

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¹¹ That is, investment other than Industry Training Fund and Modern Apprenticeships.

ITO	Other investment as a proportion of total investment
Aviation Tourism and Travel Training Organisation Incorporated	3.36%
New Zealand Engineering Food and Manufacturing Industry Training Organisation Incorporated	3.61%
Public Sector Training Organisation	4.55%
The Forest Industry Training and Education Council of New Zealand	5.09%
SFRITO Limited	5.09%
Communications & Media Industry Training Organisation	5.83%
Plumbing, Gasfitting and Drainlaying Industry Training Organisation Limited	6.29%
The New Zealand Seafood Industry Council Limited	6.91%
New Zealand Hairdressing Industry Training Organisation Incorporated	7.43%
Electricity Supply Industry Training Organisation Incorporated	9.29%
Fire and Rescue Services Industry Training Organisation Incorporated	10.27%
Opportunity - The Training Organisation	10.88%
Infratrains New Zealand Limited	12.11%
Hospitality Standards Institute Incorporated	12.11%
New Zealand Local Government Association Incorporated	15.09%
Joinery Industry Training Organisation Incorporated	19.96%
Boating Industries Association of New Zealand Incorporated	20.73%
Plastics and Materials Processing Industry Training Organisation Incorporated	25.98%
NZ Equine Industry Training Organisation Incorporated	34.13%
Average	4.22%