

Thanks Don for outlining the board focus for FloorNZ at the governance level. I would like to thank you all for taking time out to attend this meeting to discuss the way forward for the Flooring Industry. I would also like to acknowledge that the initiatives we are discussing today are the work of the whole FloorNZ team. Jeff Henry is the Manager of the ATI and he is with us today.

Of the four pillars Don has outlined in his opening address I will be providing further details on two of them – education and fostering collaboration.

As you can see from the vision and mission statements the focus is on providing high quality professional services which we can only do if we have a highly skilled workforce across all sectors of the Flooring community.

For us to achieve this we need to concentrate on getting people into the industry, upskilling our current workforce and improving the level of consistent quality of the services we offer by training and setting best practice guidelines. (Slide 1)

However, to do this we will need your expertise as industry subject matter experts. We will be setting up sector Advisory Groups to assist us with these initiatives and will be calling on you to be part of that process. Your industry knowledge and our education knowledge will ensure the initiatives are not only 'fit for purpose' but able to be implemented in the workplace. (Slide 2)

I am going to start by outlining the initiative we are introducing to get more people into the industry which is our Basic Skills Programme.

While installer numbers are a concern we are at the mercy of both the industry (to take on apprentices) and the potential pool of employers, to make this happen. We are also competing against other sectors of the construction industry for the same pool of people.

Our history of training apprentices, as an industry, has never been one of high throughput. The training responsibility has tended to be carried out by a small group of employers rather than spread across the wider group. This has led to people poaching staff rather than training them which does not encourage cohesion across the sector. We therefore need to work with employers to convince them of the benefit of taking on an apprentice and make it easier for them to do so. (slide 3)

One of the initiatives we will be trialling in 2018 is the Basic Skills Programme. This is designed to encourage people to see Flooring as a career choice not just something to do because nothing better has come along. For employers it will give them a chance to 'try before they buy' as the trainee will be completing a mixture of tutorial learning, self-paced learning with a mentor and work placement with an employer. (slide 4)

The employer will enter into an agreement with FloorNZ, through the ATI, to provide a set of work experiences for the trainee but will not be required to pay them as the trainee is not employed by the employer at this point. Once the trainee has completed their 12-week training programme, if the employer then wishes to employ them, the trainee can be signed into a flooring apprenticeship. Unlike the current system, they will have a set of basic useful skills prior to being employed which should shorten their time as a non-productive labour unit.

The target group for this programme can come from second chance learners (paid for by WINZ), school leavers (who will be able to utilise the fees-free system) or people wishing to change career (who could access either process) or even be user-pays if they wish to do so.

This programme would also be eligible for government funding in 2019 through the ATI if we ensure we meet the necessary compliance requirements in 2018.

The programme requires the flooring community to offer work placements for trainees with a view to later employing them, not using them as non-paid labour. As with any Government funded initiatives Government are looking for key outcomes to be met and in this case to retain funding a 70% completion rate is expected.

We will be working with both our retail and installer Advisory Groups to ensure the material covered in the Basic Skills Programme covers the industry's needs. We will also be asking those groups to inform us of the barriers to training an apprentice and looking for solutions where possible. While we can not get involved in any discussions around wage rates we can provide you with the skills required for mentoring and training your learners in the workplace.

This programme won't be a 'magic bullet' to solve installer numbers but it will encourage people entering the workforce to consider flooring as a career and start them on the path to a professional approach to the industry.

One of the areas we can control is the quality of the end product the industry provides, whether this is in the retail or installation space. Our other two initiatives are related to this area – the development of the Best Practice Guidelines and the Licensed Flooring Practitioner (LFP) Programme.

In 2017 FloorNZ held a range of meetings with manufacturers and suppliers in the resilient, carpet and wooden flooring sectors to discuss the development of a set of best practice guidelines that could govern the installation of products in these areas. We want to reduce the incidence of installation failures as rework costs everyone in the supply chain. (Slide 5)

To address this issue, FloorNZ will be putting in place a licensing programme that is competency-based and will be supported by the Best Practice Guidelines. While this is not a quick fix solution in the long-term it will improve the skill base if all sectors of the industry buy into the concept.

While it will require the installers themselves to come on board it will also require both the retailers and manufacturers to give it support by retailers having Licensed Flooring Practitioners (LFPs) as their preferred contractors and manufacturers and suppliers backing LFPs with warranties and guarantees. Government have backed the concept with the Ministry of Business, Innovation and Employment (MBIE) preferring to award Government contracts to registered LFPs as preferred suppliers. (slide 6)

We anticipate there may be a mixed reaction from the installer community to bringing in a licensing programme. There are however, a number of good reasons why it's in the installer's best interests to be licensed. The public today is a lot more aware of the need for a quality service when they purchase something. Flooring is not a cheap option and people need to feel that they will get a quality job for the money spent. Having a licensed practitioner install their flooring products will bring credibility to the industry as a whole. Having installers who are up to date with the latest flooring methods and increased product knowledge should reduce the number of complaints as has happened with other industries that have gone down the licensing path. Bidding for jobs, especially in the commercial sector, will also be easier if the company has registered installers on its books. To ensure we address the installers' issues about licensing we will convene an installation sector Advisory Group to assist with the design of the programme and the implementation process.

FloorNZ recognises that a significant number of current installers have no formal qualifications and the proposed licensing system takes this into account with different levels of licence based on both a person's qualifications and experience and the work they are undertaking.

The licensing system is broken into 3 major categories:

- Flooring practitioner with endorsement(s) – under training or someone who is trained in limited flooring work.
- Trade qualified - NZ recognised qualification with less than 4 years experience.
- Licensed Flooring Practitioner – someone with a qualification and a minimum of 4 years experience or someone without a qualification and a minimum of 5 years experience. (slide 7)

Each license also has endorsement(s) that are related to the type of work a person is doing. For some people that may be a single endorsement e.g. vinyl, or multiple endorsements e.g. vinyl and carpet. (slide 8)

Obtaining the licence is not a given. People will need to meet competency-based evidence requirements to enter and gain their licence. Once the licence is obtained they will need to meet competency-based compulsory and elective requirements over a 3-year period to retain their licence. Where there are gaps in their skills and knowledge these can be addressed by training provided by the ATI. (slide 9)

The licensing programme will require a yearly fee to be paid by all licence holders. We are proposing the fee will be comparable with the annual FloorNZ membership fee and installers who sign up for the licensing programme will receive their FloorNZ membership free as part of the package.

The finer details of the content, structure and pricing of the licensing programme will need to be worked through with the industry Advisory Group once this has been set up.

Once the licensing programme for installers has been developed and implemented then we will be discussing the need for any further skill recognition with the retail community. In the short-term we will be providing both the current Floor Planning and Design course and the Flooring Fundamentals course to meet the retail sector's training requirements.

That is what we are intending to do and now I want to outline how we will achieve it.

To be able to put these programmes in place we need to rebuild our resources as the current resources were transferred to the BCITO as part of the merge process. We also need to prepare programmes for approval by NZQA to enable us to access Government funding in 2019. (slide 10)

To become 'masters of our own destiny' we need to spend 2018 creating training resources that we own, control and are usable online. In today's world it is not realistic for people to spend large amounts of time away from work attending training courses. This means we have to be smarter about how we train and utilise technology where appropriate. Therefore, in the redesign of the training resources we are planning a mixed-media approach to training. This means a combination of tutorial training, self-paced learning and work-based experience. Research has shown that reliance on one method of training is not effective and especially so with a target audience of practical learners. Learning is also not effective unless it is supported which is why we are intending to provide each learner with a mentor to assist them with both the learning and assessment process.

To access Government funding we need to meet quite strict compliance and documentation requirements. These documents need to be prepared and approved in 2018 to receive Government funding in 2019. No Government funding is a given. There is a pool of money available and all training providers can bid for it. The amount and who gets the funding is dependent upon how closely the provider meets the Government outcomes.

Currently FloorNZ does not have the staff resources to spend the necessary time developing the training resources and preparing the documentation required to obtain Government funding. We do however have the skill base to do both these things. To free up this skill base we will need to backfill one of our tutor positions and provide extra resource in the quality management space. This requires funding. Currently FloorNZ runs a breakeven budget with the operating expenses for both the ATI and FloorNZ being covered by our income from apprenticeship training and membership fees, with no surplus. This is where we need your help.

To enable us to free up current resources in 2018 to complete the required work we need to raise \$160,000. This will allow us to employ a tutor to cover our current Head Tutor's time for resource development, allocate extra contracted hours to prepare the Government funding documentation and purchase a student management system to enrol, assess, track and report student progress. (slide 11)

We are therefore asking you as key stakeholders in the industry to fund this amount by industry contribution. We are asking for contributions of either \$7,000, \$3,000 or \$1500. These amounts are GST exclusive. Contribution forms are included in your meeting pack and we will invoice the amounts pledged in March.

We have not approached the installer community for stakeholder funding as they will be contributing by paying licence fees to become a Licensed Flooring Practitioner, as the licence belongs to the individual not the organisation they work for.

If we are able to complete the development work in 2018 and obtain Government funding in 2019 then the ongoing implementation should be self-funding. However, with the retail program and other endorsements i.e. a master licence and add-ons to the licenses, we may take longer to develop the resources in which case we will need a similar amount of funding in 2019. We will be closely monitoring this process and will know by October 2018 whether we have been successful in obtaining Government funding.

Once Government funding is approved it is approved on a 3-year cycle which would enable funds to be built up to cover costs over that period. This cycle also fits with the proposed licensing cycle of 3 years. As we predict there are about 1200 people who would fit the LFP criteria, 3 years would also enable the majority of these people to enter the process. The level of support per person that will be required, and the amount of additional training required is unknown at present and will become apparent once we have consulted with the installer sector and undertaken a pilot later in the year.

To ensure we continue to 'get it right' we will be communicating progress to you, the key stakeholders, on a quarterly basis with progress reports on the agreed project milestones. The sector Advisory Groups will be actively involved in the development process and will also report back their views on the progress made. We will also have a regular project reporting section in our FloorNZ newsletter that will report back to the wider flooring community.

In this presentation I have outlined the initiatives FloorNZ is engaged in for 2018-2019 and how they will benefit the industry. With a focus on training we can lift the quality of the services we provide and professionalise our approach. Using a set of agreed Best Practice

Guidelines will help the installer community use a consistent approach to installing flooring products that meets the needs of not only their customers but also the retailers and suppliers of the product. They will also assist the retail community when organising and pricing installation work. Introducing a licensing programme will recognise this increase in quality and install confidence in the people purchasing our services.

To make this work we need the support of you, our key stakeholders. We hope that you think this is a project worth investing in and will be prepared to provide your support. (slide 12)

Before we take your questions, we will show you a short video showing the type of training resources we will be developing and letting you see what you are getting for your contribution.

(video on resources)

We will be providing you with a folder that includes all the speech notes and slides for your reference, a set of frequently asked questions and the responses and the contribution form for you to complete and leave with us. For those unable to attend but who expressed a desire to support the process we will be sending the documents out. The notes from this meeting, the slides and the video will be posted on our website so that the wider Flooring community is also informed of our intentions and progress.

While we don't have all the answers yet we are happy to answer what we can.

Kari Pearcey
CEO FloorNZ and ATI