

skills.review

Annual Report 2014

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20,235

Trainee volumes

3,942

Employer volumes

601,043

Credit completions

6,918

Qualification completions

Participation

17%

Māori

8%

Pacific Island

1.5%

Females in trades

80%

PCR

77%

CCR

Our members

Ambulance New Zealand

Contact Centre Institute of New Zealand

Crane Association of New Zealand

Electro-Technical Association

Electrical Contractors Association of New Zealand

Lifting Equipment Engineers New Zealand

Master Plumbers, Gasfitters & Drainlayers NZ

New Zealand Association of Credit Unions

New Zealand Credit and Finance Institute

New Zealand Engineering, Printing and Manufacturing Union

New Zealand Public Service Association

New Zealand Security Association

New Zealand Society of Local Government Managers

Professional Advisers Association

Radio Frequency Users Association of New Zealand

Real Estate Institute of New Zealand

Roofing Association of New Zealand

Scaffolding and Rigging Association of New Zealand

Telecommunications Users Association of New Zealand

Cover image

Sam Gascoigne, Roofer

Got a Trade? Got it Made!

skills.overview

2014 Aligning for growth

In 2014 The Skills Organisation worked alongside 23 industries, their representative associations, their employers, and learners, to equip many Kiwis for workplace success.

The Skills Organisation plays a pivotal role in the collaborative approach to industry training. As a neutral broker we listen to our industry partners, gain an understanding of the skills their employers require, and work with them to build fit-for-purpose qualifications their sectors can embrace and promote. We develop appropriate blended learning and assessment materials to encourage learning activity and assess and moderate the learning outcomes to ensure consistency for all. Along the way we work closely with training providers, regulatory bodies, other industry training organisations and government to ensure success.

In our 2014 annual report we have selected some important stories to share. They highlight the diversity we encourage, the valuable contribution of individuals and organisations who commit to workplace learning and progression, as well as The Skills Organisation's commitment to better performance. Thank you to those who gave their time to share their experiences with us. We congratulate and commend all of you who have recognised the importance and value of national training and are aligned with us on the journey to workplace success.

skills.team

Continuing to grow, engage and deliver

A message from Brian Nowell, Chairman, The Skills Organisation.



Brian Nowell
Chairman
The Skills Organisation

2014 was a time of continued growth for The Skills Organisation. We focussed on building closer relationships with our growing number of business partners including associations, employers, trainees, training providers and other industry training organisations (ITOs).

Our association membership expanded to 19 as we welcomed two new and valued members, New Zealand Credit and Finance Institute and New Zealand Society of Local Government Managers. We are thankful to our industries for their support and contribution to skills development in New Zealand.

Mid-year we said farewell to long-standing board member Ross Beal. We would like to acknowledge his immense and valuable contribution over the years.

We also welcomed two new board members, Paula Scholes and Shenagh Gleisner.

In 2014 the government's Apprenticeship Reboot initiative continued and off its back the Got a Trade Week was formed. As one of the driving forces of this campaign The Skills Organisation committed to working collaboratively with seven other ITOs to change the perception of trade industries, and increase understanding and demand for apprentices in a positive way.

A key focus for 2014, and something we took into account in all our activities was growing participation of women in trades, and Māori and Pasifika across all of our

industries.

We also maintained our commitment to responding to the priorities of the industry training sector outlined within the Tertiary Education Strategy.

Enjoying success

We upheld our drive for a larger, clearer, economic contribution through improving training performance. Continued monitoring, ongoing development of training and assessment material and collaboration with industry, underpinned this effort.

Our vision was to increase performance across all areas and the success achieved was the direct result of ensuring performance was a top priority.

We began with a conservative approach to the activity for the 2014 year, placing even closer controls on variable costs and forecast income. This resulted in lower than expected group expenditure. At the same time we gained benefit from the introduction of New Zealand Apprenticeships and the funding aligned to these.

Continued government investment in the Apprentice Reboot Subsidy and growth in the Christchurch and Auckland construction sector, resulted in higher than expected trade enrolments.

While we expect this trend to continue I must emphasise our commitment to pushing for quality completions and greater industry participation. Our position supports

the Tertiary Education Strategy's first priority of delivering skills for industry.

The Skills Organisation will ensure trainees complete the qualifications they undertake. We want to provide them with work readiness and good career opportunities as well as ensuring a robust and resilient future New Zealand workforce.

The future is theirs

In New Zealand there is a wealth of talented young Kiwis between the ages of 18 and 25 who are not in education, employment or training.

Amongst them is a high level of disengagement, and a general lack of work readiness particularly amongst Māori and Pasifika.

Our aim is to introduce these young people to the benefits of on-the-job learning. Getting at-risk young people into a career and boosting the achievement of Māori and Pasifika is a key activity.

We will evolve and expand our relationships amongst tertiary education organisations, government agencies, iwi and Pacific Peoples bodies.

Leveraging off our current strategies we will also ensure focus remains on boosting support for the regions as well as New Zealand's main centres.

We had a great year and with a clear direction set for 2015 we look forward to serving all of you as we continue to grow, diversify and strengthen our position as a recognised industry training leader.



Growing, strengthening, diversifying

**A message from Garry Fissenden,
Chief Executive, The Skills Organisation.**



2014 concludes the three-year change story begun in 2012 - our period of rapid merger and acquisition.

In 2012 the focus was performance, productivity and partnerships. In 2013 focus remained on sowing the seeds of our change and in 2014 we targeted alignment with industries, and performance.

We recognised the need to implement better ICT and digital capability and to streamline processes in order to give better service to firms, industries and stakeholders.

We focussed on lifting service to trainees, firms and stakeholders, achieving this through internal realignment, increasing resources where they were needed and refocussing. Our field team grew to 45 reflecting our recognition of the importance of strong pastoral care for our apprentices, trainees and firms.

This investment has paid off. Our performance measures, as set by the Tertiary Education Commission, improved. Our credit completion rate rose by 16% to 76%. Our programme completion rate dropped slightly from 83% to 81% but this was expected.

The new 10-credit achievement standard challenged the business and our performance increased in this area too. We finished on 84%, a significant lift on 2013.

Diversify income

Diversification of income was a key focus for 2014. Skills International Ltd, the commercial arm of The Skills Organisation rose to the challenge of growing our alternate income with a strong presence in the financial service sector in Saudi Arabia and a long term domestic contract with the Ministry of Foreign Affairs and Trade (MFAT) managing scholarship students from the Pacific. Our contracts with the Institute of Banking and the Saudi Arabian Monetary Agency extend into 2015.

We will continue to look to Skills International as a crucial part of our growth and diversification strategy.

Be the sector leader

Our commitment to collaboration and leadership within the sector resulted in a meeting of the industry training minds to promote trades careers. A collaboration of seven industry training organisations (ITOs) was born under the campaign slogan Got a Trade? Got it Made!

In 2014 this partnership worked closely with the career and transition education sector. 2015 will see Got a Trade launch nationally. The Skills Organisation is proud to be a part of this ground-breaking ITO collaboration.

Lift capabilities and culture

The evolution of The Skills Organisation is constant. Our people are the strength of our brand and are often called upon to translate the

complexity of the industry training sector into simple language for our industries. Investing in our people is paramount and as we grow we remain focussed on step-change in our culture. Our people are truly passionate about the work we do here, and are advocates for on-job learning.

Our 2015 key strategies focus on a step-change in how we operate. We will continue to engage with our strategic partners, grow our business and our people and become even more efficient at our core business.

Thank you to the dynamic team at The Skills Organisation; to our board of directors; and the trainees and workplaces we serve.

Through collaboration, the willingness to serve our industries, hard work and a keenness to succeed we are in a great place to set the bar high for 2015.



skills.people

Māori and Pacific people

Māori and Pasifika make up a relatively young and fast-growing share of the New Zealand working age population. By 2026, the Māori workforce will make up 14 percent of the total working-age population and Pasifika 8 percent and most of them will be between the ages of 16 – 24 years.

The Skills Organisation has undertaken a strategic initiative to improve participation and achievement of Māori and Pacific peoples within our 23 covered industries.

In line with the Tertiary Education Strategy's third priority we sought to boost achievement of Māori and Pasifika by fostering an environment for change, growth and a shift in perception of what Māori and Pasifika peoples are able to accomplish.

In 2014 we did this by partnering with the Ministry of Business Innovation and Employment (MBIE) for the Māori and Pasifika Trades Training initiative.

Māori and Pasifika Trades Training aims to provide Māori and Pasifika trainees with a direct pathway to industry work opportunities, helping them obtain practical qualifications, New Zealand trades apprenticeships and employment.

Supporting Māori and Pasifika into trades will help build the future of the New Zealand job market and economy and The Skills Organisation is proud to be a key partner in the development of this initiative.



We believe in the importance of giving Māori and Pasifika young people and their communities the right information and tools so they are empowered to make the best career choice possible. For us, this is an ongoing commitment to contribute to the growth of Māori and Pasifika in trades.

New Zealand's economic success will depend on increasing the skill levels and opportunities of Māori and Pasifika peoples, who will make

up an increasing part of our national workforce in the future.

"Our role is working with companies who can employ Māori and Pasifika youth through on-job learning and apprenticeships and supporting trainees who have signed with us. There is so much talent out there and for many, there are so many opportunities open to them that perhaps they don't even know they have," says Issac Liava'a, Pacific Engagement Adviser.

“Every day there is something new to learn and just when I think I have something figured out – along comes something new I need to get across. In saying that, it’s the challenge I love.”

Women in trades

Increasingly we see awesome success stories of women who have broken traditional job stereotypes, such was the case with Melissa Sworn who at 26 years old charged into the crane industry.

“I wanted something hard, but interesting,” she says.

“I’m a fully qualified heavy road transport diesel mechanic, so heavy machinery is nothing new to me. I had no prior experience as a crane operator but I still applied for a job anyway.

“I’ve been working at Atlas full time for more than a year and during this time I’ve become a fully qualified crane operator.”

Atlas Cranes Operations Manager Jimmy Lowther says as the first female crane operator on their books Melissa will go a long way in the industry.

“Part of being a crane operator is the ability to take direction, and work well with your team. Mel is able to do this and she also uses her previous trade to maintain the machinery, it’s awesome.”

Melissa acknowledges changing industry has been a little overwhelming at times.

“Every day there is something new to learn and just when I think I have something figured out – along comes something new I need to get across. In saying that, it’s the challenge I love. No two work sites are the same and it means each day I’m coming up against something new – it definitely keeps me on my toes,” says Melissa.

“It’s a serious business – a mistake



Melissa Sworn
Crane Operator
Atlas Cranes

can be not only financially costly but can be dangerous if people’s lives are put at risk.”

In her future Melissa sees bigger cranes, continued learning opportunities and greater heights.

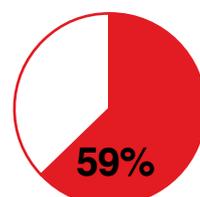
“It takes focus and commitment. If you really want to get into cranes then it’s one awesome industry to be in – but you need to really want to do it – otherwise it will be much easier to just give up than to keep going like I did.”

Melissa is just one of the growing

number of inspiring women who are choosing to go into careers they love, rather than ones traditionally allocated to them.



Women in Cranes,
Rigging, Rope
Access & Scaffolding



Participation of
employers in the
sector

Literacy and Numeracy

In 2014, The Skills Organisation participated in a Financial Literacy project funded in part by the Commission for Financial Capability. This helped introduce personal budgeting to our Gateway Programmes.

We also worked in collaboration with the Primary ITO to introduce personal budgeting to Trade Academy trainees and continue to promote the importance of financial literacy to a growing number of interested schools, vocational providers and employers.

We continued to strengthen literacy and numeracy amongst trainees in 2014 by using the benchmarking data and information provided by the Literacy and Numeracy for Adults Assessment Tool (LNAAT).

This year also saw work developing system tools designed to include LNAAT assessment data to help improve our monitoring of trainee progress.

Across our 23 industries, 1,049 trainees were assessed using our tool, helping to identify trainees requiring additional assistance.

Processes were also developed to enhance our ability to support trainees with specific learning conditions such as dyslexia, dyspraxia, and dyscalculia.

More than 40 visits to various providers and workplaces were made by the Vocational Literacy and Numeracy team during 2014. These visits assisted providers with establishment of literacy or numeracy



support plans, provided employers with strategies for the workplace, and assessment support for trainees.

Pathways Awarua, the free, on-line, self-directed learning resource designed to build numeracy, reading and writing skills was also reviewed and updated.

Feedback from Vocational Training Providers about how this resource has helped their trainees was very positive. A plan on how best to

implement this tool in a way The Skills Organisation can track, monitor and support users was developed and will be trialled in 2015.

2015 will see the championing of the importance of digital literacy, and health and safety literacy.





1,049

Trainees assessed

Across our 23 industries, 1,049 trainees were assessed using the LNAAT tool, helping to identify trainees requiring additional assistance.

**skills.state sector. local
government. corporate**

Turning adversity into achievement

A New Zealand Post story.

In 2013 New Zealand Post announced the need to reduce their workforce as part of a strategy to reshape business over the next five years.

Part of the cause for this reorganisation was in response to dramatically declining volumes of mail.

Three of the organisation's six metro mailing processing sites - Dunedin, Waikato and Te Puni - and a number of heartland processing centres were affected. This resulted in either closure or downsizing over a period of time.

As part of its FutureZone programme, New Zealand Post were looking for a way to help affected employees remain competitive while seeking other employment in a tight labour market.

New Zealand Post also considered it important to ensure their outgoing employees received formal recognition of the skills developed during their time at New Zealand Post.

The company worked with The Skills Organisation ensuring a minimum of 120 employees achieved their National Certificate in Employment Skills (Level 1).



“It’s about the mana of families, the mana of communities and the mana of New Zealand Post.”

More than just a certificate

New Zealand Post Learning and Development Specialist Stan Tampeau says the initiative went far beyond qualifications.

“It’s about the mana of these people,” says Stan.

“It’s about the mana of families, the mana of communities and the mana of New Zealand Post.”

The programme was an easy sell, he says, because it offered genuine value.

A combination of succinct learning materials, tailored to the abilities of the learners as well as a versatility and agility from The Skills Organisation had New Zealand Post singing The Skills Organisations’ praises.

Stan describes the relationship between New Zealand Post and The Skills Organisation as “a happy

collaboration of like-minded people.

“They’re a great crew to work with. The Skills team shares similar values about doing worthwhile work in this situation. They understand the importance of it going beyond just a qualification.

“Their ability to identify a better, quicker way to go about things – while still maintaining integrity – has been impressive.”

A winning result

In April 2015 New Zealand Post with the support of The Skills Organisation, was recognised for the effort they had made by winning the award for Corporate Social Responsibility at the annual Human Resources Institute of New Zealand HR Awards.



skills.trades

Changing perceptions of trades

Got a Trade? Got it Made!

Got a Trade? Got it Made! is the slogan of a campaign jointly owned by seven industry training organisations (BCITO, Competenz, Connexis, HITO, MITO, Service IQ and The Skills Organisation).

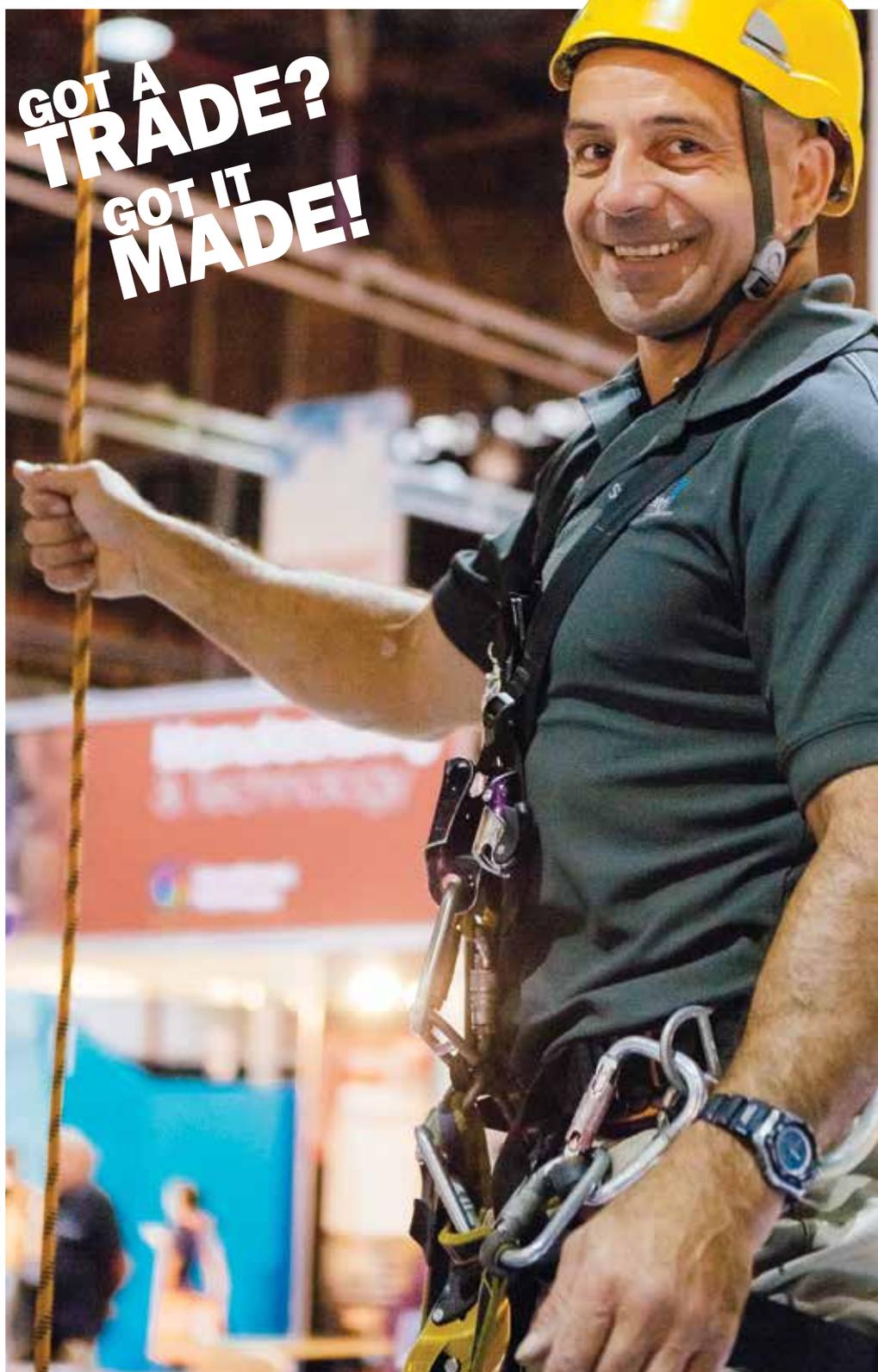
The purpose of Got a Trade is to change the perception of trade industries, increase understanding and demand for apprentices in a positive way and to foster greater interest from Māori, Pasifika and women.

Collectively the industry training organisations reach more than 50,000 businesses, employing almost 60% of our population, across 100 industry sectors. The collaboration works with over 120,000 on-the-job learners.

The inaugural week will be held 21 to 28 August 2015.

As one of the drivers of this campaign The Skills Organisation hopes to impact the number of people considering an apprenticeship and to encourage employers to engage their workers in training.

Showcasing the mutual benefits to both trainees and employers Got a Trade Week will celebrate the talent, skills and value of apprentices and on-job trainees across New Zealand. This will be done through a series of nationwide events leading up to, and during, Got a Trade Week.



“Collectively the industry training organisations reach more than 50,000 businesses, employing almost 60% of our population, across 100 industry sectors.”



Got a Trade Week aims to:

- Promote on-the-job learning as a viable option for school leavers and career-changers
- Engage employers around the advantages of recruiting and supporting apprentices for improving productivity and profitability
- Increase understanding of, and demand for, apprenticeships in a range of industries
- Attract more young women, Māori and Pasifika to enjoy success in trades training.

In 2014 the Got a Trade team first participated in national Careers Expos. The expos attracted over 30,000 visitors across four locations; Auckland, Hamilton, Wellington and Christchurch. Later in the year, and with the addition of Skills Active, Got a Trade was represented at the Career and Transition Education conference in Tauranga where around 750 educators heard the clear message – trades careers are an accessible and viable career option.

Got a Trade Week 2015
21-28 August 2015
www.gotatrade.co.nz

Building a strong international future

A name change in 2014 saw Skills Consulting Limited become Skills International Ltd. The change indicates the globalisation of the revenue earning division of The Skills Organisation.

2014 was about growing profit and developing a strong brand at home, and abroad. Skills International Ltd achieved both these objectives.

A prime example of the strong Skills International reputation was the extension of the one year contract managing the Ministry of Foreign Affairs and Trades' (MFAT) Short Term Training Scholarships programme for an additional three years. The programme size also increased up to 200 trainees annually.

Drawing in a profit of more than \$500,000 in 2014, Skills International developed contacts in new markets notably in Saudi Arabia, where new partnerships made it possible to identify additional opportunities in the Middle East.

In the Asia-Pacific region Skills International forged ahead, implementing an ongoing contract with the Cook Islands government. The agreement sees Skills International provide vocational training materials, student management database services, general support and broker the sourcing of vocational training from New Zealand based providers to the



Skills International Ltd
Bank of Saudi Arabia Project Team
Dr Fahad, Saudi Arabia (front right)

Cook Islands.

Skills International also presented to the Sino New Zealand Vocational Training conference in Tianjin, China on the subject of on-job training and assessment.

At home, Skills International continued to foster international relationships hosting a number of delegations from overseas including India, Hong Kong, Fiji and China.

Skills International delivered an experience and satisfaction survey of all students studying under the New Zealand Aid programme for MFAT. The survey reached more than 1,000 current trainees.

Skills International has been active in the Real Estate industry, developing continuous professional development materials on behalf of the Real Estate Agents Authority.

Skills International also audited Electrotechnology and



Telecommunications training providers on behalf of the Ministry of Business, Innovation and Employment.



skills. specialist trades & business

Training improves business responsiveness

Consumers want to know they are getting top quality, trained staff and they want to see proof of this. There is definitely a growing awareness of the need for service providers to be properly trained.

Business attitudes are changing when it comes to training staff, they are beginning to understand the value to their brand of offering nationally recognised qualifications as part of their workplace learning initiatives. This type of brand statement serves to attract quality candidates to the business and offers those candidates something tangible they can keep throughout their careers as proof of the skills they have learned on-job. Investing in quality training can also help keep a team engaged so they feel valued and invested in. This in turn can improve productivity across the business.

Many companies run training but not necessarily in line with nationally recognised qualifications, when they do embrace training with New Zealand Qualifications Authority (NZQA) approved qualifications like Co-op Money NZ have – it takes off.

With a greater focus on improving the information provided to consumers in the Financial Services sector, the uptake of financial services qualifications is on the increase.

Co-op Money NZ is the industry



Inaugural group of graduates

Co-op Money NZ Learning & Development Manager Nijeeya Renju (blue jacket)

With The Skills Organisation Account Manager Leisa Weir

organisation that represents credit unions and building societies throughout the country and collectively has around 550 staff members. Co-op Money NZ and its Members recognise the value of their training, providing their own internal training and assessing against the relevant national qualification. The training is then recognised on the NZQA framework.

Working with The Skills Organisation, Co-op Money NZ has introduced 'Co-op Learning' throughout its Member organisations. The Co-op Learning programme is an innovative learning system incorporating NZQA recognised qualifications specifically tailored to their Member's unique set up.

Three nationally recognised qualifications have been introduced, the National Certificate in Business, Customer Service (Level 3), the National Certificate in Business – First Line Management (Level 4), and the National Certificate in Financial Services (Level 4).

Co-op Money NZ Learning and Development Manager Nijeeya

Renju says the benefits of the recently introduced qualifications have included reported improved workplace productivity.

“Our member organisations have noticed staff feel valued, become more engaged and gain confidence.

“Being able to offer nationally recognised qualifications is also a good means of benchmarking. We are able to offer employees something tangible they can keep throughout their careers as proof of the on-the-job skills they've acquired.

“We have some employees who are in their 50s, left school at age 16 without qualifications and through this programme we've been able to offer them the opportunity to gain a nationally recognised qualification. This has been incredibly empowering both to the individuals and to the organisation,” she says. “A side benefit is that they have also become role models within their own families on the value of continuing education.”

The Skills Organisation is proud to deliver the nationally recognised qualifications used by Co-op Money NZ and its Members.

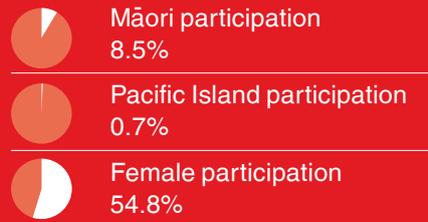
An industry overview

These numbers are based on firms, trainees, apprentices and learners who engaged in national qualifications training arrangements with The Skills Organisation during 2014.

Employer participation rates data sourced from Infometrics 2014.

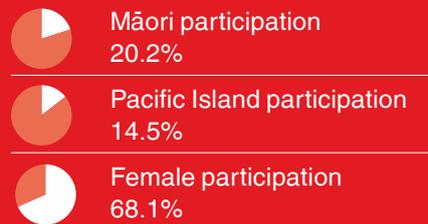
Ambulance

| | |
|---------------------------|--------|
| Trainee volumes | 656 |
| Employer volumes | 7 |
| Credit completions | 27,997 |
| Qualification completions | 155 |



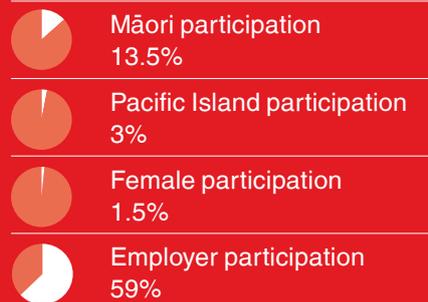
Contact Centre

| | |
|---------------------------|--------|
| Trainee volumes | 1212 |
| Employer volumes | 142 |
| Credit completions | 26,144 |
| Qualification completions | 463 |



Cranes, Elevating Platforms, Rigging, Rope Access and Scaffolding

| | |
|---------------------------|--------|
| Trainee volumes | 689 |
| Employer volumes | 165 |
| Credit completions | 10,319 |
| Qualification completions | 175 |



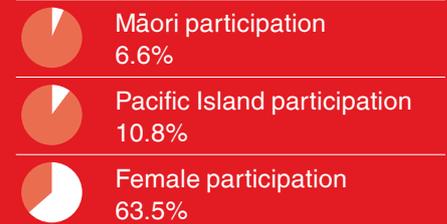
Electrotechnology

| | |
|---------------------------|---------|
| Trainee volumes | 4,611 |
| Employer volumes | 1,675 |
| Credit completions | 190,450 |
| Qualification completions | 2,640 |



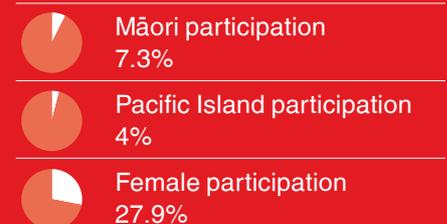
Financial Services

| | |
|---------------------------|-------|
| Trainee volumes | 167 |
| Employer volumes | 64 |
| Credit completions | 3,957 |
| Qualification completions | 75 |



Local Government

| | |
|---------------------------|--------|
| Trainee volumes | 568 |
| Employer volumes | 53 |
| Credit completions | 37,639 |
| Qualification completions | 132 |



Offender Management

Trainee volumes 1,735

Employer volumes 11

Credit completions 36,037

Qualification completions 306

Māori participation 20.2%

Pacific Island participation 15.9%

Female participation 22.4%

Plumbing, Gasfitting and Drainlaying

Trainee volumes 2,186

Employer volumes 911

Credit completions 80,736

Qualification completions 509

Māori participation 12.6%

Pacific Island participation 3%

Female participation 0.6%

Employer participation 40%

Public Sector

Trainee volumes 3,789

Employer volumes 227

Credit completions 97,532

Qualification completions 1,100

Māori participation 33.3%

Pacific Island participation 11.3%

Female participation 43.2%

Real Estate

Trainee volumes 1,925

Employer volumes 425

Credit completions 39,835

Qualification completions 784

Māori participation 5.5%

Pacific Island participation 2.1%

Female participation 57.5%

Roofing

Trainee volumes 703

Employer volumes 293

Credit completions 15,600

Qualification completions 96

Māori participation 22.8%

Pacific Island participation 4.6%

Female participation 0.5%

Employer participation 40%

Security

Trainee volumes 1,968

Employer volumes 104

Credit completions 30,358

Qualification completions 300

Māori participation 20.7%

Pacific Island participation 17.8%

Female participation 19.3%

Telecommunications

Trainee volumes 81

Employer volumes 21

Credit completions 2,147

Qualification completions 26

Māori participation 21%

Pacific Island participation 17.3%

Female participation 12.4%

Employer participation 6%

Total

Trainee volumes 20,235

Employer volumes 3,942

Credit completions 601,043

Qualification completions 6,918

Māori participation 17.2%

Pacific Island participation 8%

Female participation 25%

Total Reboot paid

Trainees \$ 3,370,000

Employers \$ 3,873,700

Independent Auditor's Report

To the Members of The Skills Organisation Incorporated (The Skills Organisation)

The summary consolidated financial statements of The Skills Organisation and its subsidiary on pages 19-21, which comprise the summary consolidated statement of financial position as at 31 December 2014, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of The Skills Organisation and the group for the year ended 31 December 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 30 April 2015. 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 consolidated financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of The Skills Organisation and the group.

This report is made solely to the incorporated society's members, as a body, in accordance with The Skills Organisation's constitution. Our engagement has been undertaken so that we might state to the incorporated society's members those matters we are required to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the incorporated society and the incorporated society's members as a body, for our work, for this report, or for the opinions we have formed.

Responsibilities of the Members of the Board

The members of the board are responsible for the preparation of summary consolidated financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibilities

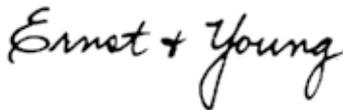
Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA(NZ)) 810, "Engagements to Report on Summary Financial Statements."

Other than in our capacity as auditor we have no relationship with, or interest in, The Skills Organisation or its subsidiary.

Partners and employees of our firm may deal with the incorporated society on normal terms within the ordinary course of trading activities of the business of the incorporated society.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited financial statements of The Skills Organisation and the group for the year ended 31 December 2014 are consistent, in all material respects, with those financial statements, in accordance with FRS-43.



30 April 2015
Auckland

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

| | 2014 | 2013 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Revenue | | |
| Government Grants | 25,058,209 | 20,339,548 |
| Industry Contribution | 5,336,177 | 4,177,771 |
| Other Income | 3,421,904 | 737,909 |
| Interest Income | 353,022 | 342,532 |
| Total Revenue | 34,169,312 | 25,597,760 |
| Industry Training Expenses | | |
| Training Subsidies & Support | 21,738,270 | 17,142,187 |
| Qualification Development & Quality Assurance | 2,406,630 | 1,658,762 |
| Research & Stakeholder Relations | 1,872,577 | 1,559,081 |
| Total Industry Training Expenses | 26,017,477 | 20,360,030 |
| Other Expenses | 6,300,306 | 6,137,065 |
| Total Expenses | 32,317,783 | 26,497,095 |
| Profit / (Loss) For The Year | 1,851,529 | (899,335) |
| Other Comprehensive Income | | |
| Net Fair Value Gains On Available For Sale Financial Assets | 5,945 | - |
| Total Other Comprehensive Income | 5,945 | - |
| Total Comprehensive Income / (Loss) for the Year | 1,857,474 | (899,335) |

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

| | 2014 | 2013 |
|---|------------------|------------------|
| | \$ | \$ |
| Opening Equity | 4,389,746 | 5,289,081 |
| Profit / (Loss) for the Year | 1,851,529 | (899,335) |
| Other Comprehensive Income | 5,945 | - |
| Total Comprehensive Income / (Loss) for the Year | 1,857,474 | (899,335) |
| Closing Equity | 6,247,220 | 4,389,746 |
| Represented By: | | |
| Retained Earnings | 6,241,275 | 4,389,746 |
| Available For Sale Reserve | 5,945 | - |
| Closing Equity | 6,247,220 | 4,389,746 |

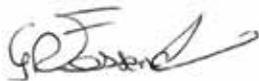
The Skills Organisation Incorporated
Summary Consolidated Financial Statements

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

| ASSETS | 2014 | 2013 |
|----------------------------------|-------------------|-------------------|
| Current Assets | \$ | \$ |
| Cash & Cash Equivalents | 5,577,747 | 7,469,645 |
| Term Deposits | 2,852,000 | 552,000 |
| Receivables | 2,179,605 | 2,335,988 |
| Inventory | 4,071 | 9,145 |
| Total Current Assets | 10,613,423 | 10,366,778 |
| Non Current Assets | 3,020,936 | 2,315,037 |
| Total Assets | 13,634,359 | 12,681,815 |
| LIABILITIES | | |
| Current Liabilities | | |
| Payables | 5,785,701 | 6,838,208 |
| Income In Advance | 788,595 | 585,647 |
| Employee Entitlements | 242,797 | 367,050 |
| Deferred Income | 56,142 | 56,142 |
| Total Current Liabilities | 6,873,235 | 7,847,047 |
| Non Current Liabilities | | |
| Deferred Income | 513,904 | 445,022 |
| Total Liabilities | 7,387,139 | 8,292,069 |
| Net Assets | 6,247,220 | 4,389,746 |
| Equity | | |
| Retained Earnings | 6,241,275 | 4,389,746 |
| Available for Sale Reserve | 5,945 | - |
| Total Equity | 6,247,220 | 4,389,746 |

For and on behalf of the Board who authorise the issue of these summary financial statements on 24 April 2015

Chairman

Chief Executive

SUMMARY CONSOLIDATED STATEMENT OF CASHFLOWS**FOR THE YEAR ENDED 31 DECEMBER 2014**

| | 2014 | 2013 |
|---|--------------------|------------------|
| | \$ | \$ |
| Net Inflow from Operating Activities | 2,060,363 | 239,148 |
| Net (Outflow) from Investing Activities | (3,952,261) | (231,227) |
| Net (Decrease) /Increase in Cash Held | (1,891,898) | 7,921 |
| Cash & Cash Equivalents at Beginning of the Year | 7,469,645 | 7,461,724 |
| Cash & Cash Equivalents at End of the Year | 5,577,747 | 7,469,645 |

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2014****CORPORATE INFORMATION**

The summary financial statements of The Skills Organisation Incorporated (Skills) and its subsidiary (collectively "the group") were authorised for issue by the Board on 23 April 2015.

MEASUREMENT BASIS

The functional currency is New Zealand dollars and the financial statements are presented in New Zealand dollars. The summary financial statements have been prepared on a historical cost basis.

BASIS OF PREPARATION

The summary financial statements have been prepared in accordance with FRS 43 – Summary Financial Statements and have been extracted from the audited full financial statements. The full financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 1993. The full financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable Financial Reporting Standards, as appropriate for non for profit entities.

The full financial statements were authorised for issue by the Board on 23 April 2015. The financial statements have been audited and an unqualified opinion has been issued.

These summary financial statements cannot be expected to provide as complete an understanding as provided by the full Financial Statements. Full financial statements are available on request from The Skills Organisation.

RESTRICTION ON USE OF CASH

The contract governing the business combination with the Plumbing, Gasfitting, Drainlaying and Roofing Industry Training Organisation (PGDRITO), dated 1 October 2012, included a provision for Skills to receive a distribution of any net surplus which arose following the liquidation of PGDRITO.

The surplus received comprised cash of \$1,075,000 and trade receivables of \$226,634. Funds received are held in trust by Skills solely for the benefit of the Plumbing, Gasfitting, Drainlaying and Roofing industries and are included in Cash and Cash Equivalents in the Statement of Financial Position. Trade receivables are fully reserved and consequently their carrying value in the Statement of Financial Position is nil. The corresponding liability for the funds received is included in Trade and Other Payables in the Statement of Financial Position. Of the original funds received, \$941,891 remained at 31 December 2014 (2013: \$1,057,131). The contract governing the business combination with the Opportunity Training Organisation (OTTO), dated 1 December 2012, included a provision for Skills to receive a distribution of any net surplus which arose following the liquidation of OTTO.

The surplus received comprised cash of \$188,570 including accrued interest. Funds received are held in trust by Skills solely for the benefit of the Cranes and Scaffolding industries and are included in Cash and Cash Equivalents in the Statement of Financial Position. The corresponding liability for the funds received is included in Trade and Other Payables in the Statement of Financial Position. Of the original funds received, \$41,627 remained at 31 December 2014 (2013: \$187,963).

Governance & Leadership



Garry Fissenden



Stephen Waters



Gillian Peacock



Lance Riesterer

Board of Directors

Brian Nowell
Chairman
Company Director

Ian Butturini
Director, Seven
Electrical

Scott Carter
Chief Executive,
Matrix Security
Group

**Cassandra
Crowley**
Independent
Director,
General Manager,
Te Korowai o
Ngāruahine Trust

Rod De Spong
Chief Operating
Officer, Douglas
Pharmaceuticals

Shenagh Gleisner
Independent
Director

Paula Scholes
Chief Scientist,
ESR

David Waters
Chief Executive,
Ambulance New
Zealand

Leadership Team

Garry Fissenden
Chief Executive

Stephen Waters
General Manager
Strategic
Engagement

Gillian Peacock
General Manager,
State Sector. Local
Government.
Corporate.

Lance Riesterer
General Manager
Specialist Trades &
Business

Nicola Dashper
Head of Human
Resources

Iain Worsley
Head of Finance

Katherine Hall
Head of Product,
Marketing &
Communications

Nadene Gavigan
Head of Customer
Services



Nicola Dashper



Iain Worsley



Katherine Hall



Nadene Gavigan

Offices

Head Office and Northern Regional Office

Level 2, LG House
The Crossing
60 Highbrook Drive
East Tamaki, Auckland 2013
Phone 09 525 2590

Hamilton

Business Floor, Level 2
Wintec House
Corner Nisbet & Angela Streets
Hamilton 3204
Phone 07 839 7395

Rotorua

Unit 1, The Business Hub
1209 Hinemaru Street
Rotorua 3010
Phone 07 349 3461

Wellington and Southern Region Office

Level 1, Wellington Chambers
154 Featherston Street
Wellington 6011
Phone 04 499 7670

Christchurch

Level 1
137 Victoria Street
Christchurch 8013
Phone 03 365 9819

Dunedin

Arrow House, Office 3
469 Moray Place
Dunedin 9016
Phone 03 479 2978

For more information and regional contacts visit:

www.skills.org.nz
info@skills.org.nz

