

Growing Momentum

ANNUAL REPORT 2017



skills.

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Our industries

Skills has a long and proud history of supporting the development of New Zealand's workforce. We now operate across 22 different industries and work hard to ensure the solutions we develop meet industry and trainee needs both now and in the future.

Industries we cover



Our values

Real

We are genuine, down-to earth and approachable. We keep communications simple and actionable. Our recommendations are always relevant to the world as it is right now, and how we think it will be in the future.



Smart

As a leader in skills development, we're always looking for ways to do things better. Working from a base of proven knowledge, we identify the best approaches and most effective solutions.



Partner

We work with a wide range of audiences, including industry associations, employers, trainees, training providers and regulators, both domestically and internationally. Through collaboration we set the stage for better outcomes.



Grow

Everything we do aims to support the success of people and the New Zealand businesses they work for. By increasing skills, we help to grow businesses and industries.



Growing momentum

The Skills Organisation celebrated a milestone year in 2017 as we marked 25 years since our establishment. It is significant to note our journey from serving the electrical trades as ETITO with 600 apprentices, through to working with 22 industries and over 22,000 trainees.

2017 was a time of growing momentum for us as we increasingly focused on developing people, partnerships and industry, and across key areas of the business we continued to achieve strong results.

Our association membership grew with the inclusion of the Health and Safety Association of New Zealand (HASANZ) to our valued member base. HASANZ are a welcome addition – particularly relevant as the Health and Safety at Work Act came into force in 2016. The Board was also very happy to approve the New Zealand Resuscitation Council as a member of Skills. We look forward to working with both these associations.

We ticked off some significant operational achievements too. The New Zealand Qualifications Authority (NZQA) conducted an external evaluation and review to assess our quality of performance. We were thrilled to receive the highest rating possible, indicating NZQA is highly confident in the performance of the Skills Organisation. In addition, we were buoyed by the letters of support we received from our industries as we applied for re-recognition as an industry training organisation - which was awarded out to 2022.

We don't take these results lightly and we continue to conduct internal reviews and process improvement to ensure we are in the best place possible for our industries.

Skills recorded another solid financial performance, resulting in a net income¹ of almost \$1.9M. Skills International had a stellar year – their performance exceeded plan, contributing over \$1M in profit as they

moved from reliance on two core markets to having a range of clients across eight countries.

We kicked off the Aspiring Directors programme in 2017 as part of our commitment to grow by growing others. It's heartening to see the positive impact this has had on our first two candidates, and how they have been able to implement positive change back into their industries.

Finally, on behalf of the Board, I'd like to thank Garry and all the Skills' staff for their hard work and commitment to the stakeholders we serve. We look forward to carrying this momentum into 2018.



Brian Nowell, Chairman



Delivering sustainable growth by investing in the future

2017 has been our strongest growth year yet. It began with strong trades sign-ups and this never let up - delivering a second year of record sign ups across our trades. But it wasn't just trades - across the board we've continued to grow.

There is now no doubt that construction demand will remain high for many years and that there is a skills shortage. In 2018 we will be developing sector action plans as part of our continued commitment to building strong, capable industries.

We've continued to strengthen collaboration, leadership and our investment with our members in 2017. We have supported many industry initiatives and assisted industry to create ICE (Plumbing school) to relieve training capacity and service issues in Auckland.

Even with the requirement for labour in the construction industry, it's also pleasing to see increases in numbers of trainees in the Commercial sector, particularly in Security, Real Estate and Contact Centre.

Overall, nearly 7,000 trainees completed their qualifications with Skills in 2017 and over 20,000 people engaged in training with us. Learner numbers increased 5% between 2016 and 2017. Your ITO is proud to rank alongside universities in the top 10 tertiary education organisations for both delivery and learner volumes for 2017.

Skills International has been a real success story for us this year. Its strong pipeline of work and \$1M surplus means we can continue to invest and support our industries.

We are using our growth to lift service, with more account managers in the field, building our own resources to keep the cost of training down and lift quality, and investing back into staff and capability building.

Our Workforce Capability team made great strides with its strategic work in Northland, it has strengthened iwi partnerships with Waikato Tainui, Ngati Paoa and Ngai Tahu and is developing Kia Eke Panuku, a Maori and Pasifika Cadetship programme.

Meanwhile, the Workchoice team have been busy engaging and interacting with hundreds of school students. We are proud to continue our long association with Bright Sparks - which is New Zealand's top competition for young inventors encompassing all areas of modern technology.

In 2018 we will continue to use our success to invest in better service, lifting the capabilities of our employers and helping them find more staff. All the while being the best possible partner for our industries.



Garry Fissenden, CEO

No sign of construction demand slowing

This time last year we reported that in 2016 Skills recorded the highest number of trade trainee sign-ups in our 25 year history.

As the construction industry has continued to boom, so has the number of people looking to get qualified in the trades. This momentum saw Skills exceed the yearly target for trades trainee sign-ups by October 2017, and the growth has continued from there.

A sustained level of construction work looks likely in Auckland and the Bay of Plenty until at least 2020 and this goes hand in hand with an increased demand for labour in the sector.

Led by Lance Riesterer, the Specialist Trades team will be able to use this growth to put more support back into our industries, and more account managers on the road to meet growing demand.

Cranes

Trainee volumes	789
Employers	245
 Credits completed	44%
Qualification completed	98
 Māori participation	14%
 Pacific participation	3%
 Youth participation	14%

Electrical

Trainee volumes	5,385
Employers	1,740
 Credits completed	78%
Qualification completed	1,216
 Māori participation	12%
 Pacific participation	5%
 Youth participation	60%

Health and Safety

Trainee volumes	75
Employers	14
 Credits completed	26%
Qualification completed	54
 Māori participation	11%
 Pacific participation	4%
 Youth participation	1%

Plumbing, Gasfitting & Drainlaying

Trainee volumes	2,897
Employers	1,076
 Credits completed	71%
Qualification completed	351
 Māori participation	16%
 Pacific participation	6%
 Youth participation	55%





Real Estate

Trainee volumes	2,335
Employers	539
 Credits completed	49%
Qualification completed	1,030
 Māori participation	8%
 Pacific participation	3%
 Youth participation	14%

Roofing

Trainee volumes	676
Employers	281
 Credits completed	54%
Qualification completed	79
 Māori participation	29%
 Pacific participation	9%
 Youth participation	52%

Telecommunications

Trainee volumes	20
Employers	14
 Credits completed	40%
Qualification completed	9
 Māori participation	26%
 Pacific participation	16%
 Youth participation	45%

Security Staff Services

Trainee volumes	1,212
Employers	38
 Credits completed	83%
Qualification completed	722
 Māori participation	24%
 Pacific participation	15%
 Youth participation	31%

Scaffolding

Trainee volumes	55
Employers	31
 Credits completed	11%
Qualification completed	5
 Māori participation	25%
 Pacific participation	11%
 Youth participation	33%

The launch of a scaffolding apprenticeship

NZQA broke new ground late in 2017 by specifying that scaffolding qualifications must be delivered through a Skills Programme of Industry Training. This was a great opportunity for Skills to work with both the scaffolding industry and training providers to develop and launch our first scaffolding apprenticeship programme.

Skills has over 100 learners signed up for the Level 3 and 4 scaffolding programmes, and will be launching the Suspended Scaffolding and Level 5 programmes in the near future.

Developing this new apprenticeship has been a good example of how collaboration with industry, key stakeholders and training providers can be used to provide a consistent, nationwide scaffolding qualification pathway.

“ The field team have shown their passion for industry training and helping people progress with their chosen vocation

Graham Burke, CE - SARNZ ”



Skills Account Manager Peter Gembitsky signs up the first scaffolding apprentices.



Painting the picture perfect career



“I’m grateful for this opportunity and love having a trade. It sets you up for life.

Jackson Ruakere **”**

Growing up in Palmerston North with family roots from the Puniho Marae, Taranaki and Otago during the gold rush, Jackson Ruakere was blessed with artistic talent.

“At school I loved painting, and considered doing an arts degree at uni. I was also into woodwork and played rugby. It seems like an odd mix and I wanted to use them in a career I was passionate about,” he says.

Currently two years into a plumbing and gasfitting apprenticeship with Vince Basile Plumbing Co Ltd in Palmerston North, 20 year old Jackson is confident that he has combined his interests into a career with great potential.

“Doing The Skills Organisation’s Gateway program at St Peter’s College helped me with the decision in a big way. The work experience showed me I could use my love for problem solving and using my hands to make a good income,” he says.

In Jackson’s case, loving what you do shines through with the calibre of your work.

“I placed 4th in the WorldSkills national competition for plumbers in 2014 and won a Plumbing World scholarship in 2015 for outstanding performance as a Masterlink apprentice.

“At school I feared being chained to a desk. Now I know there are excellent opportunities for employment without pursuing a uni degree.

Jackson Ruakere **”**

“I’m grateful for this opportunity and love having a trade. It sets you up for life,” he says.

Jackson says the hardest thing about being an apprentice is being able to stay calm under pressure and get the job done.

“Sometimes you have to trust yourself and know you will make mistakes in the beginning and that’s ok.

“I get a lot of support through Masterlink, my manager Vince and my account manager Terri Waerea from The Skills Organisation which makes it easier,” he says.

The life of a plumbing and gasfitting apprentice opens a lot of doors.

“The opportunities are endless. A trade can take me anywhere, I will have the opportunity to work in countries overseas if I choose to,” he says.

At the root of Jackson’s career choice is the drive to get somewhere with his life.

“Commit and see it through. It’s worth it in the end. I’m proud to be a tradesperson.”

Building capability in the workforce

Over the course of a busy year our State Sector, Local Government and Commercial team continued its focus on building capability in workforces and assisting our clients to invest in their people. Led by General Manager, Stephen Waters, the team delivered to the theme of momentum and future focused growth. As a result significant progress was made with several key initiatives.

- **G-REG**, the Government Regulatory Practice Initiative, has now had 1,200 learners through this qualification. G-REG came together following the Productivity Commission's report on Regulatory Institutions and Practices which recognised the opportunity for even greater professionalisation among the regulatory workforce.

The initiative and qualifications were developed to **create a common language, share knowledge, build the capability of regulators** and their organisations, and support the future of New Zealand. The qualifications have the added benefit of opening the door to more career opportunities for staff who

undertake them. The qualifications allow public-sector staff working in regulation to operate at a consistent, translatable level across sectors. This could be across areas as varied as maritime safety inspectors, food safety officers, fisheries officers, parking wardens and investigators.

- 800 learners qualified as **Corrections Officers** through their IPANZ award-winning recruitment and training process.
- **Ryman** began undertaking a complete re-crafting of all their internal training systems for their staff. Skills has been assisting them build and develop their people capability.
- **Vodafone** continue to grow their learner numbers. They are now back from managing their own funding and training to again be fully funded and managed by Skills.
- We have now signed a partnership agreement with the **NZ Defence Force** for a 5 years plus 2 arrangement and this is across all of the NZ Defence including civilians.



Ambulance

Trainee volumes	237
Employers	4
Credits completed	35%
Qualification completed	57
Māori participation	12%
Pacific participation	1%
Youth participation	8%

Business

Trainee volumes	1,610
Employers	110
Credits completed	70%
Qualification completed	1,095
Māori participation	20%
Pacific participation	9%
Youth participation	10%

Contact Centre

Trainee volumes	692
Employers	58
Credits completed	59%
Qualification completed	296
Māori participation	13%
Pacific participation	22%
Youth participation	29%

Credit Management

Trainee volumes	56
Employers	25
Credits completed	50%
Qualification completed	24
Māori participation	11%
Pacific participation	20%
Youth participation	7%

Emergency Management

Trainee volumes	105
Employers	10
Credits completed	50%
Qualification completed	46
Māori participation	8%
Pacific participation	1%
Youth participation	45%

Financial Services

Trainee volumes	107
Employers	3
Credits completed	26%
Qualification completed	20
Māori participation	6%
Pacific participation	8%
Youth participation	7%

Local Government

Trainee volumes	352
Employers	41
Credits completed	102%
Qualification completed	96
Māori participation	9%
Pacific participation	3%
Youth participation	2%

Offender Management

Trainee volumes	1,346
Employers	3
Credits completed	90%
Qualification completed	391
Māori participation	18%
Pacific participation	23%
Youth participation	10%

Regulatory Compliance

Trainee volumes	1,697
Employers	38
Credits completed	69%
Qualification completed	1,088
Māori participation	8%
Pacific participation	5%
Youth participation	2%

Sales

Trainee volumes	25
Employers	1
Credits completed	26%
Qualification completed	0
Māori participation	8%
Pacific participation	16%
Youth participation	12%

State Sector

Trainee volumes	1,298
Employers	23
Credits completed	66%
Qualification completed	212
Māori participation	34%
Pacific participation	13%
Youth participation	56%



Education, employment and enterprise

It was a busy and productive year for the Workforce Capability team with significant gains made on multiple projects.

A major highlight was the strong growth in developing and maintaining meaningful partnerships with iwi across Aotearoa. Spearheaded by the work being undertaken with Waikato Tainui, the delivery of Skills' Māori strategy has resulted in tangible results for whanau, hapū and iwi.

The secondment of Skills National Māori Manager, Stuart Lawrence, to Waikato Tainui, assisted with the establishment of an iwi led Careers Centre based in Hamilton. The Careers Centre placed 135 learners into jobs in 2017 and had a strong success rate of apprenticeship sign-ups. The next step for developing this relationship revolves around extending the scope to the full ITO sector. This will begin with the signing of a pan-ITO kawenata with Waikato Tainui.

This kawenata ensures the focus sits across all industries and ITOs and will support Waikato Tainui as they embark on new and exciting investment, and subsequent employment opportunities.

Continuing to accelerate our work programme with iwi has been a priority for our Workforce Capability team. Skills has been privileged to have grown the partnerships with Ngati Paoa, Ngai Tahu and the iwi in Te Hiku o Te Ika. The specific work streams with each iwi are driven by their hopes and aspirations, while the three kete of education, employment and enterprise guide the way in which Skills contributes. This has led to a varied set of objectives being defined by each iwi, ranging from workforce development planning, careers centre establishment, to coordinating a road show and assisting with articulating the Cradle to Career strategy.

Another major highlight for our Workforce Capability team is the ongoing delivery of the Northland Strategy. The completion of two important research pilots, SET for Life and the Building Business Ambition programme, saw a busy year in Whangarei.

The Skills Pasifika Advisory Group once again provided valued guidance during the distribution of the Skills Pasifika Specialist Trades Scholarship. This Scholarship of \$2,000 was awarded to six worthy apprentices. The scholarship was used directly on training fees or tools.



Taking it to the next level

Mercury NZ was already delivering a high level of customer service, and their customer service team had won industry awards. Whether by phone, email, or online chat, the team is committed to helping customers understand Mercury's services and have a positive experience when connecting with the business.

Certifying their in-house contact centre training programme and aligning it with a national qualification would take their customer service capability to the next level. This is where Skills came in. Skills worked closely with Mercury to review and modify their in-house training programme, which led to an externally-recognised qualification, the New Zealand Certificate in Contact Centres (Level 3).

Mercury's Contact Centre Career Pathway programme is now NZQA-accredited. This means that their customer service representatives can now work towards a formal, nationally recognised qualification that recognises the fantastic work they do daily.

"Taking part in our training programme means our people get the chance to achieve a meaningful qualification that recognises the level of skill

we have in our Contact Centre team," said Janet Tautaiolofua, Senior Trainer.

"It is an awesome and gratifying experience," said Gemma Parado, one of the first graduates of the course.

"I love talking with our customers, and the training and qualification really helps me do the best for them. Also, it gave me a chance to really show my kids how learning should never stop!"

The alignment to a nationally-recognised qualification was about making something great even better. Chief Executive Fraser Whineray is impressed with the multiple benefits that have come from matching Mercury's training programme with a national qualification.

"For our customers, we can be confident that we've got a really well-trained team to help them really enjoy energy!"

"For Mercury, the customer experience is a huge part of delivering on our brand, and we're all proud to be part of that. And for the Contact Centre team, this qualification sets us apart as a really great place to work, supporting highly skilled operators."



“For Mercury, the customer experience is a huge part of delivering on our brand, and we’re all proud to be part of that. And for the Contact Centre team, this qualification sets us apart as a really great place to work, supporting highly skilled operators.

Fraser Whineray, CE Mercury NZ

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The engine room

Skills offers over 120 qualification options to our industries. 2017 was a busy year working through the completion of the Targeted Review of Qualification (TRoQ). We have now successfully registered 105 qualifications on the New Zealand Qualifications Framework, and have 64 approved programmes that include 10 apprenticeship options. We have worked hard with industry to set standards and qualifications. That hard work has paid-off in the form of our best ever NZQA moderation result. Feedback received from NZQA indicates we have improved the way we conduct and quality-assure our assignments, our Skills recognition programmes are fit-for-purpose, and the resources developed for our clients are of a high standard. We couldn't be more pleased.

Building business ambition

Growing the capabilities of our employers is a key driver for us here at Skills and we are investing back in our firms to encourage good business practices.

During 2017 we piloted the Building Business Ambition project with a carefully selected group of electrical and plumbing business owners in Northland. Our targeted support model aimed to equip employers with the skills, tools and confidence to lead and grow their business. The work involved a trade-qualified expert adviser building respect and trust with each business before providing insights and business advice.

In carrying out this pilot the project team gained strong insights into why business owners start their own business, how they operate, how they think,

and the various challenges they face both on a business and personal level.

The results of the pilot speak for themselves. Positive outcomes included; businesses having an improved bottom line, employers hiring more staff, and improved financial acumen. Best of all, we saw soaring business confidence.

The success of the Northland pilot has led to plans to repeat the Building Business Ambition project in the Otago/Southland region in mid-2018, before carrying out a scheduled nationwide roll-out.

No hurdle too great for Liz Watson

Liz Watson's recipe for success is simple – dogged determination mixed with time. She states, “if women can handle childbirth, they can handle anything. Who cares what anyone else thinks.” It's a recipe that's allowed the thirty-one-year-old to overcome both personal and career challenges, “there's just so many hurdles life throws at you, right from when I was a kid.” But, one hurdle looked set to derail Liz's ambition to be a roofer before she'd even started.

Born into a poor family, with no father figure and dealing with the loss of her mum at just fourteen, has made Liz tougher than most, “I just had to find something deep down to lift myself up every day,” she says. By fifteen Liz had her own place in Hamilton, and her eyes had been opened to the opportunities hard work could achieve. But, a long-held fear almost stopped Liz in her tracks. Heights. Every time I got up on a roof, Liz says, “I would psyche myself up with deep breathing and repeat over and over, you can do it, you can do it. I had to have four points of contact at all times.”

With the support of partner, Dan, and the essence of time, Liz is now comfortable with her feet not on the ground. And, it was that proven recipe of time and determination which saw Liz overcome the stigma and sideways glances of being a woman in a male industry. “They (men) laughed for a long time ... but I just say, stuff you. I've got the attitude that if men can do it, I can do it.”

Liz's fourteen-year journey of grit and determination has paid off. From holding stop-go lollipop signs at the age of 17, working in the asphalt industry to now - running a business with Dan. Stone Roofing in Hamilton is their pride and joy, and it's a business with a difference. Liz. She's the sole female on the six-strong team, and the only female roofer in the city. “Women have that attention to detail, that whole organised approach ... and nine times out of ten the woman is organising the man in the morning too,” she laughs.

It was that determination, “when I get into something I go the whole yard,” which saw Liz not only achieve her roofing qualification through Skills, but gain the respect of her male colleagues, “it (the qualification) gives me more integrity when I arrive on site,” she says. And, she's not finished there, “I'd like to work with girls,” says Liz. Her ten-year plan of an all-female roofing team is well underway, and a business name, while hush hush, is already sorted. As for any hurdles that might crop-up along the way, it's nothing a successful recipe can't overcome. “Everything is possible,” says Liz, “just take a deep breath and go for it ... you've just got to keep going.”



“ Women have that attention to detail,
that whole organised approach ...
and nine times out of ten the woman is
organising the man in the morning too.

Liz Watson, Stone Roofing

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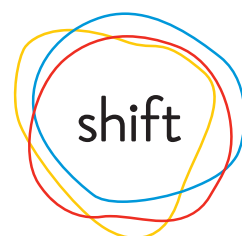


Hardwired humans: leadership development at Skills

At Skills we believe in leading by example and as a result are always looking for innovative and effective ways we can build our internal capability. Throughout the year around 60 staff were put through the Hardwired Humans leadership development programme. It's a framework based around human instincts and supports our managers to form stronger, more effective relationships. Using the Hardwired Humans instincts to guide us in our leadership style is often about being attentive to the small, everyday use of words or actions that can make a big impact on how our staff feel about working at Skills.



Innovation in learning



Growth and future-focused thinking have set the tone for the Shift. With offices in Hamilton, Wellington and Auckland, Shift recorded over 38,000 hours of high quality development activity, and established a growing portfolio of clients.

The Shift team worked on major projects for a variety of clients including Southern Cross Hospital, Fonterra and the Livestock Improvement Corporation.

To support projected growth, additional instructional designers were added to the team, bringing the total number of staff to 30.

The completion of the Core Knowledge Level 3 certificate learning resources for the Government Regulatory Practice Initiative, was the successful culmination of a two-year project.

The resources are now live and have received positive feedback from a range of clients. Support for the qualifications and resources has come from organisations like Maritime New Zealand, the Ministry of Business, Innovation & Employment and Inland Revenue. The Shift team has also recently launched the new Level 4 NZ Certificate in Regulatory Compliance content which follows on from the Level 3 certificate and provides learners with a more in-depth understanding of regulatory issues.

E-tec, a division of Shift, successfully navigated a challenging year, achieving a 20% improvement in income. The move to new facilities has significantly improved the quality of students' learning spaces and no doubt the quality of the experience they have when training.





We've had a great year internationally



Skills International, under General Manager Bridget Dennis, had a successful year contributing \$1.02M profit to the company and comfortably exceeding plan. The year saw the business begin to cement itself as a serious and credible educational consultancy, growing from reliance on two core markets to having a range of clients across eight nations and plenty of growth potential.

On the domestic front, our relationship with our cornerstone clients: the Civil Aviation Authority (CAA), Ryman Healthcare and Dairy NZ, has gone from strength to strength, with all three organisations committing to a new programme of work in 2018, and new corporate clients in the pipeline.

Under our management service contract with the Ministry of Foreign Affairs and Trade (MFAT), we supported over 220 scholars from the Pacific and ASEAN regions to undertake short term training scholarships in New Zealand. Feedback from MFAT on our services remains positive and this contract provides credibility for new clients and new programmes of work.

Our "Near Abroad" focus on New Zealand and the Pacific proved extremely successful with solid programmes of work arising from the Cook Islands and Fiji and forays into new Pacific markets, including: Vanuatu, Samoa, New Caledonia and Papua New Guinea. Fiji became Skills International's largest international market, with The Fiji Higher Education Commission (FHEC) becoming a cornerstone client.

2017 saw us undertake two key programmes of work for FHEC: the development of a monitoring and evaluation framework for higher education institutions and the development of policy options for apprenticeship reform. Both projects were extremely well received and have positioned us strongly to deliver further assignments for FHEC going forward.

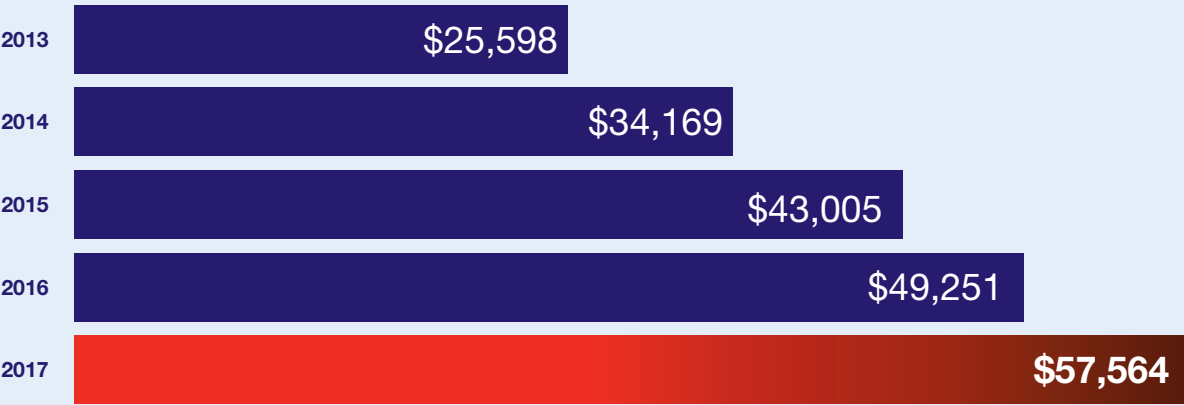
Supporting our growth plans, we undertook a market scoping exercise into South East Asia which the Skills International and The Skills Organisation Boards have endorsed as the next area of opportunity. Vietnam and Hong Kong are our target markets for entry and strong leads have been identified in both countries.

Product development remained a key focus of Skills International's strategy and we are excited about Skill-ed, our new cloud based, one-stop assessment and career development tool that was developed in-house by Shift. This is an exciting technological development that will provide career opportunities across all of Skills' industry sectors. It's just one of the ways we use our growth on products and services to provide value back to our industries and their people.

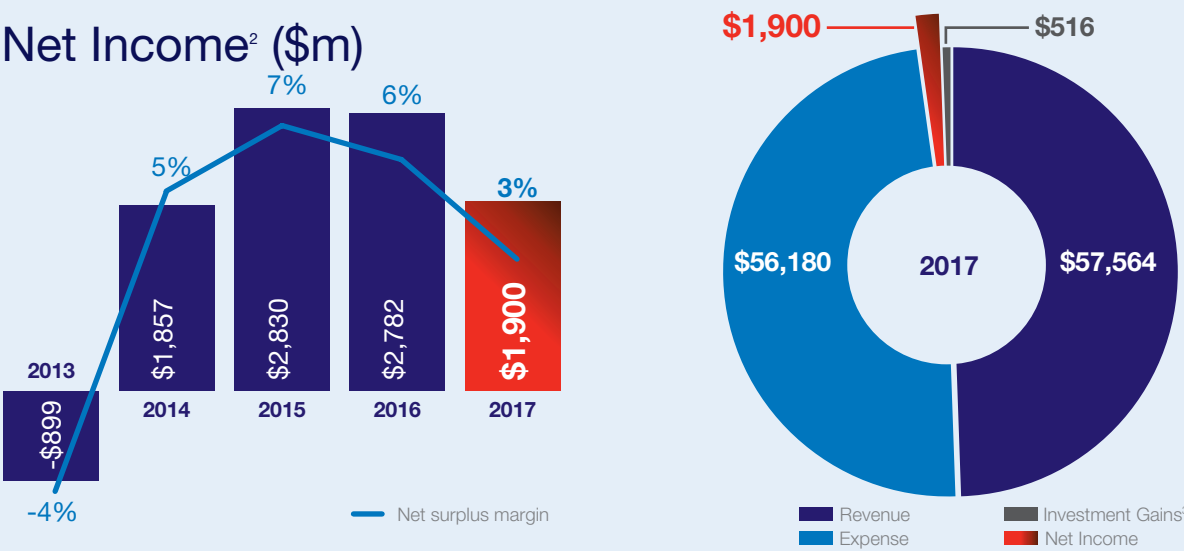
In 2018, Skills International's focus will be on "Growth through Market Expansion", with emphasis on further expanding our business in the Pacific and entering Vietnam and Hong Kong on a commercial basis.

The numbers

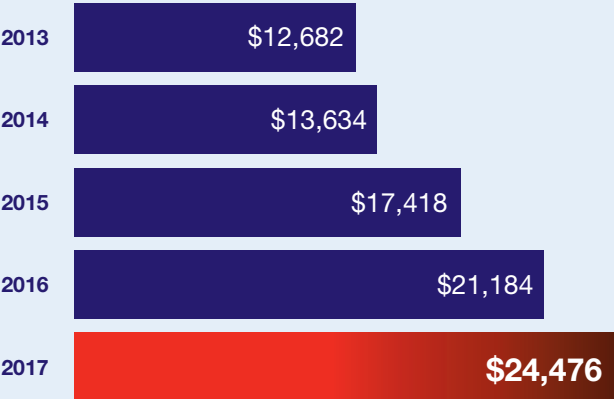
Operating Income (\$m)



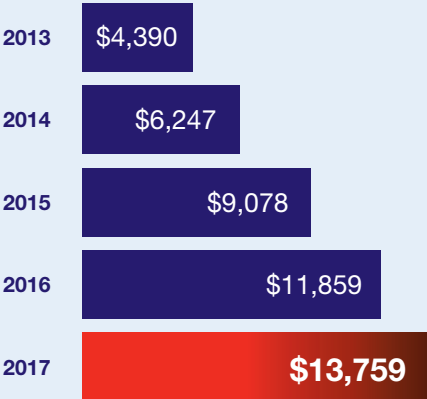
Net Income² (\$m)



Total Assets (\$m)

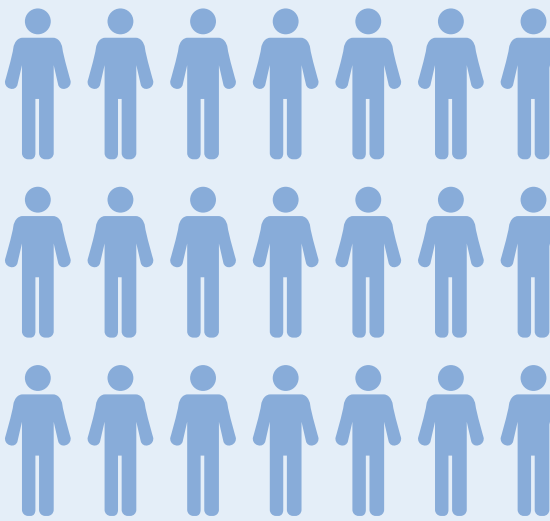


Total Equity (\$m)



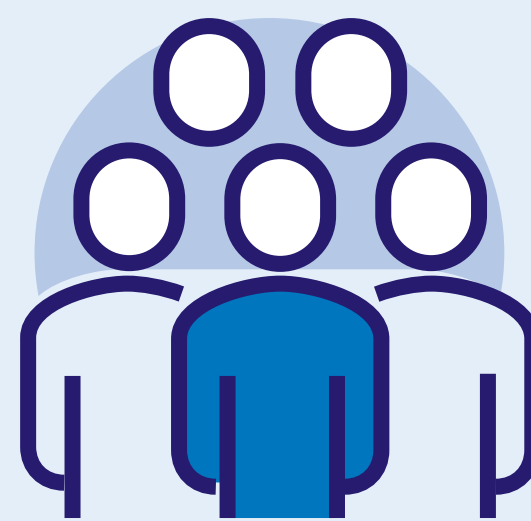
Total trainee volume

20,969



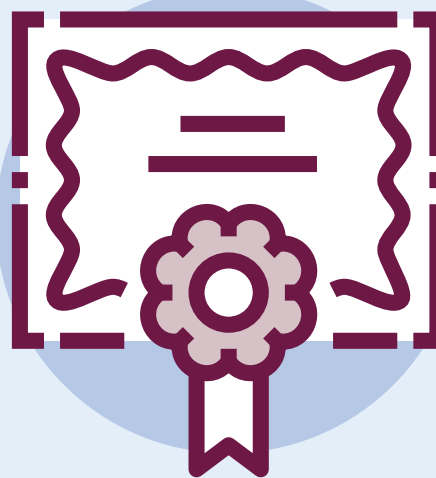
Employers

4,294



Qualifications completed

6,889



Credits completed

724,748



Summary consolidated financial statements

Statement of Comprehensive Revenue and Expense
Statement of Changes in Equity
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SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the year ended 31 December 2017

Revenue	2017 \$'000	2016 \$'000
Revenue from Exchange Transactions		
TEC Training Subsidies	34,013	30,817
Moderation Income	937	902
Industry Contribution	11,540	8,883
Subsidiary Income	9,954	7,199
Other Income	758	638
Interest Income	279	350
Dividend Income	83	28
Revenue from Non-Exchange Transactions		
PGDR ITO Industry Funds		434
Total Revenue	57,564	49,251
Industry Training Expenses		
Training Subsidies & Support	40,070	33,302
Qualification Development & Quality Assurance	2,721	2,736
Research & Stakeholder Relations	1,750	1,456
Total Industry Training Expenses	44,541	37,494
Other Expenses	11,639	9,015
Total Expenses	56,180	46,509
Surplus For The Year	1,384	2,742
Other Comprehensive Revenue and Expense		
Net Fair Value Gains On Available For Sale Financial Assets	516	40
Total Other Comprehensive Revenue and Expense	516	40
Total Comprehensive Revenue and Expense for the Year	1,900	2,782

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2017

	2017 \$'000	2016 \$'000
Opening Equity	11,859	9,077
Surplus for the Year	1,384	2,742
Other Comprehensive Revenue and Expense	516	40
Total Comprehensive Revenue and Expense for the Year	1,900	2,782
Closing Equity	13,759	11,859
Represented By:		
Retained Earnings	13,171	11,787
Available For Sale Reserve	588	72
Closing Equity	13,759	11,859

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	2017 \$'000	2016 \$'000
ASSETS		
Current Assets		
Cash & Cash Equivalents	5,493	4,100
Term Deposits	3,080	5,552
Receivables	5,866	4,197
Total Current Assets	14,439	13,849
Non Current Assets	10,037	7,335
Total Assets	24,476	21,184
LIABILITIES		
Current Liabilities		
Payables	7,271	6,900
Income in Advance	1,544	890
Employee Entitlements	1,177	1,078
Other Current Liabilities	202	56
Total Current Liabilities	10,194	8,924
Non Current Liabilities	523	401
Total Liabilities	10,717	9,325
Net Assets	13,759	11,859
Equity		
Retained Earnings	13,171	11,787
Available for Sale Reserve	588	72
Total Equity	13,759	11,859

For and on behalf of the Board who authorise the issue of these summary financial statements on 05 June 2018



Chairman



Chief Executive

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 \$'000	2016 \$'000
Net Inflow From Operating Activities	2,978	2,225
Net Outflow From Investing Activities	(1,585)	(3,394)
Net (Decrease) / Increase In Cash Held	1,393	(1,169)
Cash & Cash Equivalents at beginning of the Year	4,100	5,269
Cash & Cash Equivalents at end of the Year	5,493	4,100

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

CORPORATE INFORMATION

The summary financial statements of The Skills Organisation Incorporated (Skills) and its subsidiaries (collectively "the group") were authorised for issue by the Board on 05 June 2018.

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 PBE 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 Charities Act 2005. The full financial statements comply with PBE Standards. The full financial statements have made an explicit and unreserved statement of compliance with PBE Standards. Certain prior year comparatives have been restated to conform to current year presentation.

The full financial statements were authorised for issue by the Board on 26 April 2018. 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.

ENTITY COMBINATIONS

On 1 August 2016 Shift Innovation Centre Limited purchased certain assets and liabilities from Electro-technical Education Centre (eTec). Shift acquired eTec for the purpose of protecting the provision of several niche industry training programmes and income generating capacity from user pays training.

Assets acquired and liabilities assumed

The fair values of the acquired assets and liabilities of eTec as of the date of acquisition were:

	Fair value at acquisition date \$'000
Assets	
Intangible Assets - Intellectual Property	1,490
Fixed Assets	42
	1,532
Liabilities	
Holiday Pay	(32)
	(32)
Total identifiable net assets at fair value	1,500
Purchase consideration transferred	1,500

Purchase Consideration

The purchase consideration of \$1,500,000 was made up of cash of \$1,050,000 and contingent consideration of \$450,000. This contingent consideration was paid in full during the year ended 31 December 2017.

EVENTS AFTER BALANCE DATE

On 29 March 2018 Skills International Limited (“SIL”) purchased the business and certain assets of Tocker Associates Limited (“Tocker”). SIL acquired the Tocker business, a Learning & Development consultancy based in Wellington, for the purpose of strengthening our capability in this area. The purchase price is confidential but is not of a scale which is expected to have a significant impact on the financial position of the group.

Auditor’s report



Chartered Accountants

Independent Auditor’s Report
To the Members of The Skills Organisation Incorporated

The summary consolidated financial statements on pages 33 to 36, which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statement of comprehensive revenue and expense, 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 Incorporated (“Skills”) and its subsidiaries (the “Group”) for the year ended 31 December 2017. We expressed an unmodified audit opinion on those financial statements in our report dated 26 April 2018. Those financial statements, and the summary consolidated 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 Skills and the Group.

This report is made solely to the entity’s members, as a body. Our engagement has been undertaken so that we might state to the entity’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 entity and the entity’s members as a body, for our work, for this report, or for the opinions we have formed.

Directors’ Responsibilities
The Directors are responsible for the preparation of summary consolidated financial statements in accordance with PBE 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.”

EY provides consultancy services to Skills. Partners and employees of our firm may deal with Skills and the Group on normal terms within the ordinary course of trading activities of the business of Skills and the Group. We have no other relationship with, or interest in, Skills or the Group.

Opinion
In our opinion, the summary consolidated financial statements derived from the audited financial statements of The Skills Organisation Incorporated and the Group for the year ended 31 December 2017 are consistent, in all material respects, with those financial statements, in accordance with PBE FRS-43.

5 June 2018
Auckland

Board members



1 Brian Nowell
Chairman of the Board

Brian has extensive experience in driving the growth and development of corporations across several industries. He specialises in facilitating the skills on offer within a group to develop its collective wisdom and to apply this to the organisation's benefit.

2 David Waters
Chief Executive Officer, Ambulance New Zealand

David is an experienced CEO who is passionate about health and education and growing the skills of the New Zealand workforce. He has wide senior commercial and NGO not-for-profit experience, coupled with an in-depth understanding of governance practice and its application. David has key strengths in quality and risk management, education philosophy, pedagogy, 21st century learning practices, and developing authentic learning experiences.

3 Cassandra Crowley
*Commercial Advisor to
Te Arawa Management Limited*

Cassandra is a Barrister and Solicitor with the New Zealand High Court. Her valuable accounting and legal expertise help drive business opportunities and growth in a wide range of organisations, spanning government, private, and not-for-profit. Her current directorships include Oriens Capital GP, Student Job Search, and as a council member for the Western Institute of Technology at Taranaki.

4 Scott Carter
Chief Executive Officer, Matrix Security Group

Scott is a former police officer who went on to build Matrix Security Group. A chartered member of the Institute of Directors, his previous governance roles include chairing the boards of the NZ Security Association, Olympic Equestrian Sport Eventing New Zealand, NZ Rugby League, and the International Rugby League Federation. His accomplishments include championing improved security industry training, professional standards, and new legislation. Scott was made a Member of the New Zealand Order of Merit in 2015 for services to sport.

5 Shenagh Gleisner
Independent Consultant

Shenagh has a diverse background that has covered roles such as being a KPMG Director, a senior manager in a Crown Entity, CEO for the Ministry of Women's Affairs, acting CEO for Child Youth and Family Services, and many more. Her expertise lies primarily in change leadership, governance, government relationships, public sector management, review and evaluation, and strategic planning.

6 Ian Butturini
Managing Director, Seven Electrical

Ian possesses a real passion for industry training. His career has seen him not only start a successful company but also train more than 100 apprentices over 25 years. As a Chartered Director with the IOD, Ian has the proven and experience to continue to support the Skills Board in its ongoing growth and performance across all industry sectors.

7 Rod De Spong
*Chief Operating Officer,
Douglas Pharmaceuticals Limited*

Rod has enjoyed a successful career across numerous industries and roles. Starting out as a plumber and gasfitter, he went on to become VP for Corporate Development for Raffles Holdings Ltd, Finance Director at the ARC, and held senior consulting roles with Ernst & Young. Now the COO for Douglas Pharmaceuticals, he is also the Deputy Chair for the Skills Board.

8 Paula Scholes
*Senior Scientist, The Institute of Environmental
Science & Research Limited*

Paula has served on the Skills Board since 2014, after being nominated by the NZ Public Service Association (PSA) and Council Trade Unions (CTU). Prior to this she was the President of the PSA from 2008-2012 (which is New Zealand's largest union and during the period she was President, had an annual turnover of \$20 million). Paula is also currently a senior scientist and laboratory manager with The Institute of Environmental Science & Research Ltd (ESR).

Get in touch



skills.org.nz

support@skills.org.nz

0508 SKILLS (0508 754 557)



Our contact centre team service hours:

7am – 7pm, Monday – Thursday
7am – 5pm, Friday



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Our offices

Our offices are open from 8.30am – 5:00pm,
Monday to Friday.

National office – Auckland/Northern Region

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East Tamaki, Auckland 2013

Hamilton

Ground Floor, CRV Building, 2 Melody Lane,
Hamilton 3216

Wellington

Level 1, Wellington Chambers, 154 Featherston Street,
Wellington 6011

Christchurch

Unit 1, 585 Wairakei Road, Burnside,
Christchurch 8053



