

BUILDING THE WORKFORCE OF TOMORROW

Skills Group Annual Report 2018

skills.



CONTENTS

Our industries	2
Our values	3
Building the workforce of tomorrow	4
Meeting the needs of industry	6
Performance by industry	8
Number of career seekers in the trades keeps on climbing	10
Electrical business on the road to success	12
Making history and building new opportunities for Māori	14
Developing New Zealand's workforce from the ground up	16
Supporting The Red Shirts in Community programme	18
Growing demand for leadership and development training	20
Unique sales development programme leads to a successful partnership	22
Te Rau ō te Huia – Ground breaking Māori and Pasifika leadership programme	24
The engine room	26
Apprentice blows everyone away at Roofing Games and continues to aim higher	28
Continued growth in innovation and learning	30
Creating new assessment training solutions for Southern Cross Hospitals	32
Raising the bar on a global scale	34
The numbers (statistics)	36
Summary consolidated financial statements	39
Summary of Consolidated Statement of Comprehensive Revenue and Expense	40
Summary of Consolidated Statement of Changes in Equity	40
Summary Consolidated Statement of Financial Position	41
Summary of Consolidated Statement of Cash Flows	41
Notes to the Summary Consolidated Financial Statements	42
Notes to the Summary Consolidated Financial Statements - IMNZ	43
Notes to the Summary Consolidated Financial Statements - Tocker Associates	44
Auditors Letter	45
Our board	46
Get in touch	48

OUR INDUSTRIES

Skills operates across 21 different sectors and works hard to ensure the solutions we develop meet industry and trainee needs both now and in the future.

INDUSTRIES WE COVER



Electrical



Plumbing



Gasfitting



Drainlaying



Roofing



Cranes



Elevated Platforms



Scaffolding



Rigging



Industrial Rope Access



Occupational Health and Safety



Security



Real Estate



Contact Centres



Financial Services



Local Government



Public Service



Offender Management



Emergency Services



Fire and Rescue



Civil Defence & First Aid

OUR VALUES



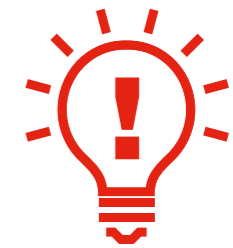
REAL

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.



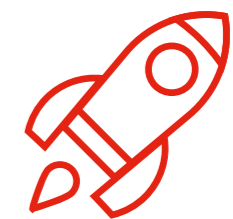
PARTNER

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.



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.



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.

BUILDING THE WORKFORCE OF TOMORROW

Over the last 25 years, Skills has grown significantly through mergers with other Industry Training Organisations and more recently through the acquisition of complementary businesses. This growth has provided us with the ability to develop services that support industry in the form of business leadership coaching, job matching services as well as community and apprentice support.

In 2018, we embarked on a journey to review our 3-year strategy and to consider how we deliver sustainable value for our customers and stakeholders.

We heard from our customers that they wanted us to be a strategic partner, more innovative, future-thinking and to improve the quality of solutions we offer them.

Our traditional ITO structure has created a strong foundation from which to grow and expand, but there are also limitations. To continue our success, we need to build and invest in our organisation's capability and we need a structure that enables us to deliver on this.

In 2019, we will be exploring the establishment of the 'Skills Foundation' an overarching charity that, at its heart, will deliver on our social good goals for industry and NZ Inc. The Foundation will serve our members, as beneficiaries, and deliver our charitable aspirations in life-long learning. We will continue to grow our commercial activities so that we can continue to reinvest in growing strong, and loyal industries that are well equipped for future challenges.



Brian Nowell, Chairman



MEETING THE NEEDS OF INDUSTRY

Skills had a busy and productive year in 2018, delivering the third year in a row of record Trade growth. The ongoing construction boom and continued investment in schools, industry projects, and bringing on board additional account managers laid the ground work for increased demand for apprentices in the plumbing, gasfitting and drainlaying, electrical, roofing and scaffolding industries.

A key focus for Skills was supporting industry through a range of initiatives designed to encourage the growth of small businesses, as well as navigate potential apprentices on their journey through employment.

Key initiatives included the Skills run Business Advisor Programme, which grew its coverage across New Zealand to provide business owners with more confidence, increased sales, better business planning skills and the improved ability to spot market opportunities.

Another new service that Skills launched in 2018 was Job Match, a service that matches employers with recruits looking to sign up for an apprenticeship. The service is free for users and helps to streamline the recruitment process by getting recruits to do some basic testing, allowing Skills to match recruits with appropriate employers.

Raising Māori and Pasifika achievement is a goal shared by the entire education sector. Apprenticeships are a key employment pathway for Māori and Pasifika - who make up 25% of all industry apprentices / trainees. Over the 2018 period Skills worked to identify and remove barriers to Māori & Pasifika entering apprenticeships at a regional level, as well as support apprentices and trainees throughout their training. As a result of this investment Pasifika apprentices have achieved higher pass rates in electrical training than non-Pasifika apprentices, for the first time in our history. This achievement has been a huge source of pride for Skills.

In line with our commitment to giving industries the best possible technical and commercial skills to grow their business, Skills purchased The Institute of Management New Zealand (IMNZ), a well-known brand in management short courses, and Tocker and Associates, a boutique leadership development consultancy. This gives us specialist capability to support businesses, large and small, to grow successfully.

Garry Fissenden, CEO

PERFORMANCE BY INDUSTRY



CRANES

Trainee volumes	307
Employers	102
Credits completed	33%
Qualification completed	122

ELECTRICAL

Trainee volumes	5,829
Employers	1,844
Credits completed	68%
Qualification completed	1,514

HEALTH AND SAFETY

Trainee volumes	49
Employers	5
Credits completed	3%
Qualification completed	14

PLUMBING, GASFITTING & DRAINLAYING

Trainee volumes	3,396
Employers	1,197
Credits completed	77%
Qualification completed	717

REAL ESTATE

Trainee volumes	2,323
Employers	558
Credits completed	35%
Qualification completed	721

ROOFING

Trainee volumes	808
Employers	315
Credits completed	60%
Qualification completed	99

SECURITY STAFF SERVICES

Trainee volumes	1,258
Employers	29
Credits completed	82%
Qualification completed	759

SCAFFOLDING

Trainee volumes	405
Employers	135
Credits completed	49%
Qualification completed	5

STATE SECTOR

Trainee volumes	696
Employers	22
Credits completed	84%
Qualification completed	236

LOCAL GOVERNMENT

Trainee volumes	269
Employers	38
Credits completed	100%
Qualification completed	128

OFFENDER MANAGEMENT

Trainee volumes	1,949
Employers	2
Credits completed	89%
Qualification completed	996

BUSINESS ADMIN & MANAGEMENT

Trainee volumes	1,787
Employers	113
Credits completed	77%
Qualification completed	1,151

CONTACT CENTRE

Trainee volumes	816
Employers	52
Credits completed	57%
Qualification completed	332

CREDIT MANAGEMENT

Trainee volumes	57
Employers	27
Credits completed	67%
Qualification completed	34

FINANCIAL SERVICES

Trainee volumes	202
Employers	2
Credits completed	54%
Qualification completed	67

GENERAL SALES

Trainee volumes	225
Employers	5
Credits completed	54%
Qualification completed	76

AMBULANCE

Trainee volumes	245
Employers	2
Credits completed	78%
Qualification completed	45

EMERGENCY MANAGEMENT

Trainee volumes	93
Employers	4
Credits completed	75%
Qualification completed	33

NUMBER OF CAREER SEEKERS IN THE TRADES KEEPS ON CLIMBING

SUPPORTING BUSINESSES TO BUILD SKILLS FOR THE FUTURE



With over 10,000 apprentices in training and 3,036 signing up in 2018, Skills has had its third record breaking year in a row. Skills invested in improving customer service by hiring an additional 14 field-based account managers, redefining field staff regions, and appointing additional area managers to accommodate the growth. We also helped 87% of our trainee's complete year one – a successful outcome to the new TEC measure.

We're always looking for new and innovative ways to give back to our stakeholders and support industry growth. Our Business Advisor Programme really hit the ground running in 2018 and we were able to grow its coverage to 15 advisors stationed throughout New Zealand. The programme offers businesses a trade experienced business advisor to work alongside them for up to six months for free.

Our business advisors are made up of successful locals, the majority of whom have owned trades-based businesses and have been involved in the community and industry for many years. In the 18 months since the programme launched business owners have reported numerous benefits including; growth in their personal confidence, a better understanding of business opportunities and how to price these opportunities, sustainable sales and profits as well as better relationships with employees and suppliers.

Skills now has around 40 businesses signed up to the programme. Potter Electrical in Whangarei were one firm that really benefitted from the programme, you can find out more about their journey, later on in the report.

HELPING FUTURE APPRENTICES GET A FOOT IN THE DOOR

Job Match is another key initiative that Skills has launched to support industry. This free job matching service helps introduce career seekers to employers who are looking for apprentices. The service specialises in trades and operates across the Electrical; Plumbing, Gasfitting and Drainlaying; Roofing; Scaffolding; Cranes; and Electronic Security industries. It also supports people wanting to become trainees in the Cranes industry. Career seekers and employers can get in touch with us through our website or the Skills contact centre.

PASIFIKA ELECTRICAL APPRENTICES SURPASSING THE REST

Over 2017 and 2018 Skills spent significant time and effort investing in supporting the training and growth of Polynesian apprentices via the Nesian Sparks programme. Now for the first time in history we are seeing Pasifika apprentices achieve higher pass rates in electrical training than non-Pasifika apprentices.





“

It's been really valuable to look at the business across all areas and gain knowledge.

”

- Scott Buchanan, Potter Electrical



ELECTRICAL BUSINESS ON THE ROAD TO SUCCESS

Potter Electrical has provided electrical services to Whangarei and the wider Northland region since 1999. Scott Buchanan joined the team as a sparky when he re-located to Whangarei with his family. After a few years he'd worked his way up in the business and taken the baton from the previous owner, to become the majority shareholder in the business. As an experienced, qualified electrician and a relatively young business owner Scott also took up the challenge of managing the business.

When the opportunity to be part of the Business Advisor Programme came up Scott was open to getting involved. His main goal when joining the programme was to learn more about building value in the business and achieving a better lifestyle. He came into this programme “not knowing what he didn't know” but as a young, new business owner he appreciated he could do with some guidance. From the outside the business needed a clear plan and the right structure for sustainability. Having access to a trade-based business advisor who allowed Scott to look at his business from a different angle. The advisor helped him to understand his financial positioning, put better processes in place and assisted him in developing a clear business plan.

He's had many “lightbulb” moments during his time in the programme including discovering the power of company structure, the return on investment on apprentices, as well as tracking targets. Most importantly Scott has developed financial literacy skills. At the beginning of the programme he admits, “I didn't know a lot, especially on the financial side.” Scott's now in a position where he's building a successful platform and the ambition for future business growth. The gains have been measurable. As all business owners know it's about “finding time to find the time” to work on the business not just in it.

Key outcomes for Potter Electrical included getting a better understanding of:

- the business financials
- the importance of processes and structure
- how to develop clearer business plans and direction

Potter Electrical suppliers have also attested to the change saying they have noticed “a good increase in sales, attitude and a more organised business that is looking for growth.”

“

Scott has seen an increase in sales and profit and an improved customer base. Best of all he's less stressed about work and has more personal time.

”

The kawenata joins together all parties and forms a platform to support career opportunities for Waikato-Tainui's 72,000 members as well as for future generations.



MAKING HISTORY AND BUILDING NEW OPPORTUNITIES FOR MĀORI

In March 2018, Waikato-Tainui signed a historic agreement with Skills, along with 10 other ITOs and the Industry Training Federation agreement.

As the dignitaries signed the Waikato-Tainui kawenata, they entered into a world-first partnership between Māori and industry training bodies, the impact of which will be felt across Aotearoa-New Zealand.



Skills played a significant role in bringing the kawenata to life. Skills saw the value of Māori working in a Māori space and decided to invest in its development by seconding Stuart Lawrence, the National Manager for Māori at Skills to work with Waikato-Tainui to build partnerships in the sector. The kawenata that resulted now joins together all parties and forms a platform to support career opportunities for Waikato-Tainui's 72,000 members as well as for future generations.

Waikato-Tainui CEO Donna Flavell spoke of the long-term goal to have more Waikato-Tainui members in employment and the shared desire to see a rise in the proportion of iwi members receiving the median wage (or better).

Through the agreement the iwi hopes to gather data that will help refine the approaches taken to the careers' market. Ms Flavell says the agreements are designed to arm members of Waikato-Tainui with the skills required to stand proudly as future parents and leaders.



Image Above: Simon Bilton, GM Shift Innovation, signs the historic Waikato-Tainui kawenata on behalf of Skills with Waikato-Tainui CEO Donna Flavell. Image right (top): Stuart Lawrence of Skills with fellow Kawenata supporters. Image right (bottom): The Signed Kawenata. Photos courtesy of Waikato-Tainui

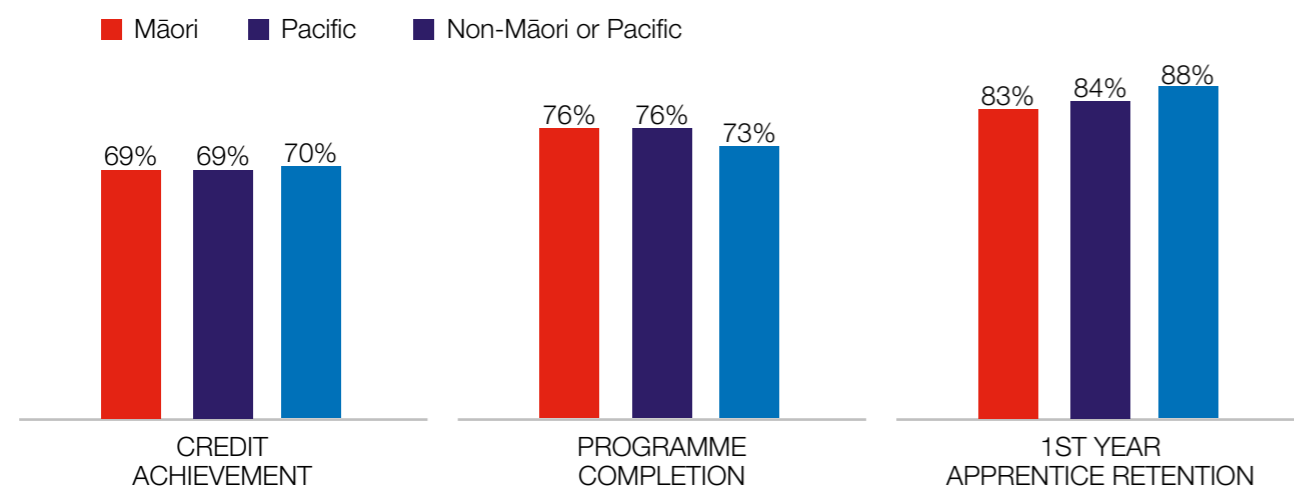
DEVELOPING NEW ZEALAND'S WORKFORCE FROM THE GROUND UP

Providing support centred around the learner and their whanau was a big focus for the Workforce Development team in 2018. Across the Māori, Pasifika and Vocational Literacy teams, a concerted effort to build and develop projects based on tried and tested initiatives produced excellent results for our learners.

Our Vocational Literacy team continued to provide responsive support for both trainees with learning differences and their employers. Increasing understanding, access to assessment and tailored literacy support has created positive experiences for many of Skills' learners. The increased awareness has led to an increase in demand for more diverse vocational literacy support. This demand saw the introduction of a specialised project stream focussed on financial and digital literacies. Services on offer include online testing to identify potential learning needs, bespoke and group support for people with learning needs, access to free online resources and general advice.

In 2018, we continued to strengthen our valued iwi partnerships. We signed kawenata with Waikato Tainui and Ngai Tahu, and formed strong working relationships with Te Hiku Iwi Development in the Far North, Ngati Apa in the Rangitikei/Whanganui region and Raukawa Settlement Trust in Tokoroa. Along with our valued partners at Ngati Paoa, we hosted our inaugural Iwi Partners Hui. This hui provided us with an opportunity to set our future direction based on their definition of success.

The Nesian Sparks programme was expanded from supporting Pasifika electrical apprentices in 2017, to supporting our Pasifika apprentices and trainees from across all of Skills' trades in 2018. The programme offers mentorship from Skills staff, workshops throughout the year to reinforce training and increase pass rates, as well as a digital platform that connects apprentices doing similar training and from similar cultural backgrounds.



The hard work and commitment has certainly paid off. The number of Pasifika learners at Skills enrolled into programmes that are level 4 and above increased by 98% when compared to total enrolments in 2011. The programme completion rate is above target and first year completion rate is reaching target. This will achieve parity with non - Māori /non - Pacific.

SUPPORTING THE RED SHIRTS IN COMMUNITY PROGRAMME

New Zealand has one of the highest rates for young people not in education, employment or training (also known as NEETs) in the developed world. A key target of Skills has been to help NEETs transition into paid employment to help bolster New Zealand's future work force as well as provide Skills a way to give back to the communities we work in.

In 2018 Skills became the service provider for The Red Shirts in Community programme, which offers NEETs the opportunity to take part in three weeks of work experience in The Warehouse stores. Skills is extremely proud to work alongside The Warehouse Group and the Ministry of Social Development to deliver this project and play a part in making Aotearoa a better place for young Kiwis.

The role of Skills has been to make sure that participants receive a valuable learning experience and are prepared to take on paid employment. Our role consists of coordinating the programme, finding and preparing mentors (called Navigators), as well as tracking participant completions, and reporting unit standard credits to NZQA.

To make the most of the time the participants spend with their Navigators, the Skills Group through Shift created a set of learning and assessment resources for each workshop and coaching session. Each workshop was designed creatively to ensure the participants enjoyed their experience and gained valuable new skills.

The resources created include interactive workshop guides for the Navigators and learning guides for the participants to work through. These learning materials are complemented by a set of assessments that solidify the participant's learning and meet NZQA unit standard requirements.

The first pilot of Red Shirts in Community ran across five different stores in Auckland between July and October 2018. Over 80% of the participants across four of these stores completed the programme. The programme is being rolled out to 59 stores in 2019 and will offer training to 1,000 young people over the course of the year.

“

The young people who come onto the programme start off reserved and angry and don't often want to be there but by the end of the programme their confidence has grown, and they feel they have something to be proud of. For a lot of these kids this is a new concept for them. They gain valuable work experience, customer service skills and get an understanding of the world of work. They then feel that they can achieve something, and it sets them up for a first time job.

”

- Theresa Rorason, Transitions Manager, Skills

The first pilot of Red Shirts in Community ran across five different stores in Auckland between July and October 2018. Over 80% of the participants across four of these stores completed the programme.



GROWING DEMAND FOR LEADERSHIP AND DEVELOPMENT TRAINING

“
We’ve listened to feedback from our clients. They’ve asked for more learning and development support and thought leadership in the field of professional development. So, we purchased the best consultancy in the business to help support that need.
”

A key achievement for the year was the signing of a five-year agreement with the New Zealand Defence Force to deliver workforce capability improvements across the services for enlisted and non-uniform staff.

The work didn’t stop there – the team also developed a micro-credential programme for a corporate client.

Skills partnered with them to train, assess and give credentials to over 4,000 employees over a period of four months.

Also, of significance was the purchase of Tocker Associates, a leadership consultancy with a proven track record in both the public and private sector.

The purchase has meant that clients have been able to benefit from a better range of consultancy services as Skills has widened its pool of resources, grown its capacity and expanded its knowledge base. We’ll also be able to provide stronger learning and development, change management and leadership offerings.





“
The Sales Certificate from Skills makes so much sense when you work in a sales driven environment. The methodology is based and customised on your actual work and pushes you to perform better and think outside the box.
 ”

- Wytse Zijlmans, Branch Manager, Adecco

UNIQUE SALES DEVELOPMENT PROGRAMME LEADS TO A SUCCESSFUL PARTNERSHIP

Adecco New Zealand, part of The Adecco Group, is the world’s leading HR solutions partner. Globally they provide more than 700,000 people with permanent and flexible employment every day. Their New Zealand based sales team were looking for a way to recognise the achievements of their staff through formal qualifications. They approached Skills to develop a unique way of reaching this goal that would help inspire staff, improve sale performance and maintain high staff retention levels.

Skills designed a programme that would lift staff capabilities, without drawing them away from their daily tasks for too long. Skills analysed the current responsibilities of sales staff at Adecco, which were then carefully aligned to a nationally recognised qualification that would best suit the sales team.

After the first group of Adecco staff completed their National Certificate in Sales (Level 3) qualification, their management reported that:

- Staff engagement has increased as a result of the programme designed by Skills, with team members actively volunteering to take part in further training.
- Staff gave positive feedback on the process and were pleasantly surprised by how easy it was to learn while they worked.
- Management feels that the programme will help to increase sales performance and maintain high retention numbers. They believe that those who have been through the qualification will likely become top performers.
- Adecco is investigating further team development options through Skills as a result of this programme.

“From a managers’ perspective, the best thing about the Skills [programme] is that we were able to upskill our people without taking them out of the business. By investing in our people’s development, we have created loyal employees who feel appreciated and valued. Our path with Skills has been a true partnership to deliver our goals... and we look forward to growing our partnership in the future.”

- Libby Brazier, Industrial Operations Manager, Adecco



TE RAU Ō TE HUIA – GROUND BREAKING MĀORI & PASIFIKA LEADERSHIP PROGRAMME

“
I’m thrilled with the outcome of the programme and all the hard work participants put into their training and projects. For me this programme emphasises the importance of learning how to blend leadership skills in both our work and cultural lives.
”

– Theresa Rongonui,
Workforce Development
Lead, Skills

On the 27th November 2018, Skills held its first Te Rau ō te Huia Māori and Pasifika Leadership graduation ceremony. Celebrating the achievements of six emerging leaders within Skills who represent iwi in NZ, Niue, Samoa and the Cook Islands, the graduation ceremony was a proud moment for Skills.

The Te Rau ō te Huia programme was purpose built to help participants:

- define and refine their leadership style
- progress their careers
- gain exposure to senior leaders
- with professional development planning and goal setting.

The programme ran for six months and was designed to suit participants’ needs.

There were six, two-day wānanga where a variety of guest speakers, leadership styles and challenges were put to the participants.

The Te Rau ō te Huia programme also involved participants being provided with:

- senior leadership sponsored challenges
- monthly sessions with Leadership experts
- monthly project team sessions
- attending the Skills Board Lunch
- monthly meetings with the CEO
- initiating ongoing professional development
- exploring external leadership opportunities.

All six participants who took part in Te Rau ō te Huia, successfully completed the programme and were present for the graduation ceremony.

Despite being a brand-new programme that had never been run before, Te Rau ō te Huia was a success. Everyone who took part in the programme reported that they were aware of additional leadership opportunities within their teams. Better yet out of the six participants, four had accepted internal promotions by the time the six-month programme had come to an end.



Te Rau ō te Huia means the feather belonging to the Huia, a now extinct bird, but one whose influence continues. In traditional times, the wearing of the Huia feather was the signal of a chief or leader within their whānau, hapū or iwi. The programme was named in honour of this significance and the future success participants would look forward to upon completing the programme.



THE ENGINE ROOM

RECOGNITION OF CURRENT COMPETENCY FOR SCAFFOLDING AND RIGGING

A skills shortage in the construction industry meant there was an urgency to acknowledge the work experience of both New Zealand and overseas workers in the scaffolding and rigging industries. The sector was keen to have their workers' experience and qualifications formally recognised. As a result, Skills worked closely with industry to deliver a new assessment model that could meet their needs.

Under the new delivery model learners fall under three key criteria – those with a pre-NZQA qualification, those with an overseas qualification, and finally those with extensive work experience but without a formal qualification. The innovation of the assessment solution lay in providing a generic tool that could be used across all three criteria as well as providing the learner with a clear set of eligibility criteria and detailed guidance on evidence required to meet qualification requirements.



GATEWAY

Gateway enrolments in Skills industries for 2018 were double that of the previous year, moving from 154 students to 331. This was driven by strong increases in plumbing, electrical and security.

A quarter of the 2018 Gateway trades students are now apprentices in electrical or plumbing. This does not include other students who may be labouring for a trades company or have entered another apprenticeship within the other trades.



“Roofing is a great career choice for pretty much anyone and if you’re unsure about what you want to do, I would say to just give it a go.”

- Conner Deeley, Turfrey

APPRENTICE BLOWS EVERYONE AWAY AT ROOFING GAMES AND CONTINUES TO AIM HIGHER

Exploring New Zealand’s North Island is just one of the perks of the job for Connor Deeley, a Roofing Apprentice working at Turfrey. Not only has he been able to visit parts of the country he never thought of visiting before, he isn’t tied to a desk and is gaining the knowledge and expertise to one day achieve the dream of owning his own company.

Connor always knew he wanted to work in a trade and at 17 left school with NCEA Level 2. The Palmerston North apprentice decided not to stay another year as he knew that university entry wasn’t on his agenda. “I always wanted to do a trade, you know something outdoors,” Connor explains, “I was offered a trial at Turfrey and I enjoyed the physical work and not being stuck in the same place all the time.”

Five years on and Connor has completed two roofing qualifications in his roofing apprenticeship, Metal Roof and Wall Cladding as well as Membrane, and is about to finish his third, Metal Roof Tiles. But he’s not stopping at three, “My plan is to work through all the qualifications and be qualified in everything. My dream one day is to own my own roofing business and I want to have that expertise behind me,” Connor says.

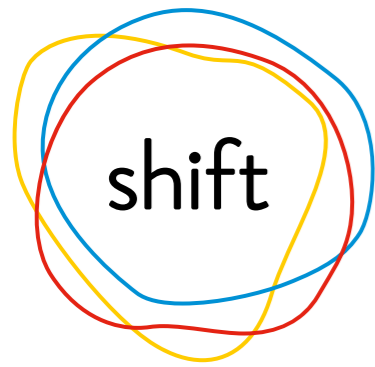
Showing the initiative to want to learn is key but having a company that supports and encourages you to continue to grow is worth its weight in gold. With Turfrey, Connor has been able to travel across the North Island, as well as learn from overseas companies. “I never thought I would be going to America for my job, one of my bosses rang me up and offered it to me as a reward for doing well in my apprenticeship and becoming qualified, and of course I was keen as to go!” Connor says.

“Turfrey is a great company to work for, they’re family-orientated and really try their best to look after their staff. They also specialise in multiple trades, including roofing, plumbing, gas fitting and drain laying, so there’s always plenty of options further down in your career.”

Turfrey’s primary focus for roofing is commercial, completing some of the biggest jobs in the southern hemisphere. So, when it came to 2018 RANZ Conference Roofing Games, with residential-based challenges, Connor never thought he would actually enter. “I have always wanted to do more residential work, but I have done less than five residential roofs since joining the company. I thought I’d give the Roofing Games a good crack and was surprised at how well I did, I was pretty stoked, it was unreal!” he exclaims.

Out of 350 roofers competing nation-wide, Connor won 1st place for North Island Intermediate and 2nd place for New Zealand. The participants completed timed challenges and were scored on the tidiness of their work, site cleanliness, and health and safety.

When asked what advice he’d give to others, Connor states, “Roofing is a great career choice for pretty much anyone and if you’re unsure about what you want to do, I would say to just give it a go. There are a lot of opportunities in roofing that you don’t know about until you’re in the industry and realise how much is actually involved.”



CONTINUED GROWTH IN USE OF LEARNING TECHNOLOGIES

PURCHASE OF IMNZ

In July 2018 Shift purchased The Institute of Management New Zealand (IMNZ), a well-known brand with a track record of connecting business with premium leadership and management courses. This purchase has meant that Shift and the wider Skills Group have been able to provide clients with access to short, comprehensive business development and management courses, to help foster individual and business growth.

“We are committed to giving our industries the best possible technical and commercial skills to grow their businesses, their industry and NZ.” – Garry Fissenden, CEO, Skills

IMNZ’s portfolio of corporate and government customers, covered wide sectors of the market with clients including Toyota Financial Services, Rabobank and Aviation Security.

MARKET COVERAGE

2018 proved to be a busy year, with Shift working on 115 projects in 2018 in addition to providing ongoing support for existing resources and products. These projects were spread across 16 different clients. While most of the work was carried out directly with clients, some projects were carried out on behalf of Skills’ for clients like REA, Ryman Health and The Warehouse. Projects varied in scope and complexity from straight forward basic learning modules to more sophisticated deployments including developing the Master Electricians Hub App for use in certification and the WEL Networks mobile App.

Another key project was an instructional design-based project for Fonterra DAIRYCRAFT. This involved Shift developing assessment and learning resources for their Level 3 and 4 qualification in Dairy Processing. The learning resources developed consisted of specialist booklets for each unique strand. The assessment on the other hand was developed so that it could be completed either online or via paper, depending on operator’s preferences.

The assessment resources that were developed consisted of:

- ▶ the assessment itself
- ▶ plant walk throughs at level 3 and 4, where an operator takes their coach throughout the plant to explain the process and how the business is affected in the event something goes wrong
- ▶ a verification done by the operator’s supervisor/manager
- ▶ a professional coaching review document that guides the coach on what the operator should be able to know/do based on the unit standards for that strand.

This complex project involved working with Fonterra, their subject matter experts and with Primary ITO.

In total 41,043 hours of activity were recorded across the Auckland, Hamilton and Wellington Shift teams, making 2018 the busiest year on record for Shift.

OVERALL PERFORMANCE

The Shift Innovation Centre has now expanded to service four key industry needs:

- ▶ instructional design;
- ▶ e-learning and digital solutions;
- ▶ electrical training (via E-tec); and
- ▶ professional development training and coaching (via IMNZ).

Overall Shift performance for 2018 was good, and, once we added additional resources, it gained momentum to achieve a 44% year-on-year growth. A challenging year created a major focus on business development and marketing for E-tec and has created positive momentum looking forward into 2019, while has IMNZ continued to outperform expectations.



We are committed to giving our industries the best possible technical and commercial skills to grow their businesses, their industry and NZ.



– Garry Fissenden, CEO, Skills

CREATING NEW ASSESSMENT TRAINING SOLUTIONS FOR SOUTHERN CROSS HOSPITALS

The Shift Innovation Centre was approached by Southern Cross Hospitals to develop a high-quality assessment programme which could be rolled out across their network of hospitals. The organisation wanted to improve the consistency of their assessor training and reduce the administrative and financial costs they faced. They also needed their existing digital learning management system updated so that it could handle the increase in learners completing the course and keep track of progress and results.

Due to their experience in creating engaging learning design, the Shift team knew that it was important to build Southern Cross Hospitals' culture and values into the course. Learners tend to find courses more meaningful and practical when they are specific to their clinical environment and role.

Carolyn Stewart, who is the National Organisational Development Manager at Southern Cross Hospitals, worked closely with the Shift team to ensure the course was learner focused and matched their training environment. The team developed a blended training solution made up of both paper-based and digital resources. The organisation's existing digital learning management system was also refurbished by Shift and updated with the newly developed training resources. This approach meant that learners could access their course remotely, and that Southern Cross Hospitals could track progress and results.

Carolyn states that the new resources and learning management system have improved workplace behavior, internal processes, and learner engagement. The course has become part of the Southern Cross Hospitals' professional development programme and is building the number of qualified assessors that the organisation can count on.

“

...the new resources and learning management system have improved workplace behaviour, internal processes, and learner engagement.

”

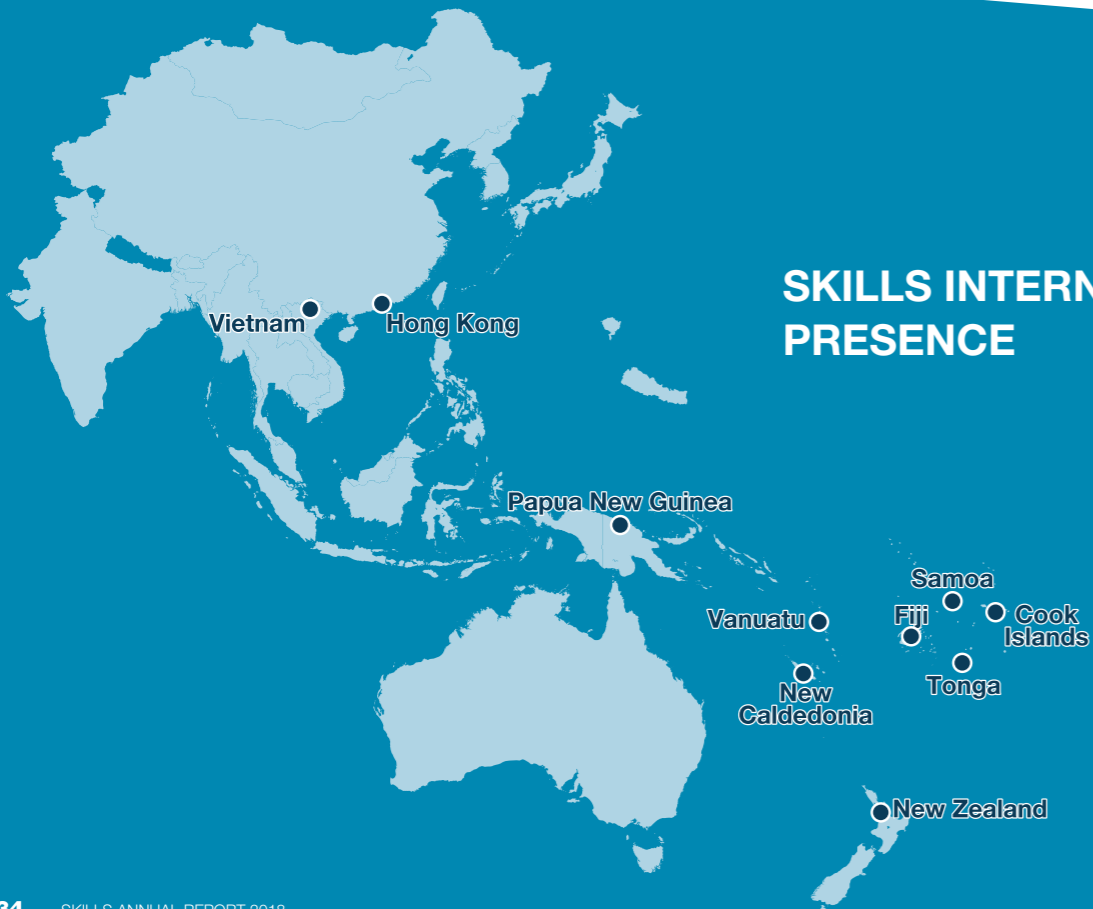
– Carolyn Stewart, Southern Cross Hospitals



RAISING THE BAR ON A GLOBAL SCALE

Skills International continued with the success of 2017, ending the year in a strong position as they expanded their footprint both domestically and internationally. After five years of providing management services for the New Zealand Short Term Training Scholarship programme to the New Zealand Ministry of Foreign Affairs and Trade, the team were also delighted to retain this contract. This is one of Skills International's foundation clients, assisting the

New Zealand government to bring up to 320 scholars into New Zealand for up to twelve months of vocational training. 2018 also saw the start of new business partnerships with Victoria Link Limited, the commercialisation office of Victoria University, and the Commonwealth of Learning, an intergovernmental organisation of the Commonwealth headquartered in Vancouver, Canada. In New Zealand, consultants worked with a wide range of organisations including the Real Estate Authority, the Accident Compensation Corporation as well as continuing to work with the Civil Aviation Authority and Ryman Healthcare. Offshore Skills International continued its work across the Pacific and South East Asia, working commercially in Vietnam and Hong Kong for the first time. Over 2018 Skills International has built a strong sales pipeline for the future with several exciting new business opportunities identified for 2019.

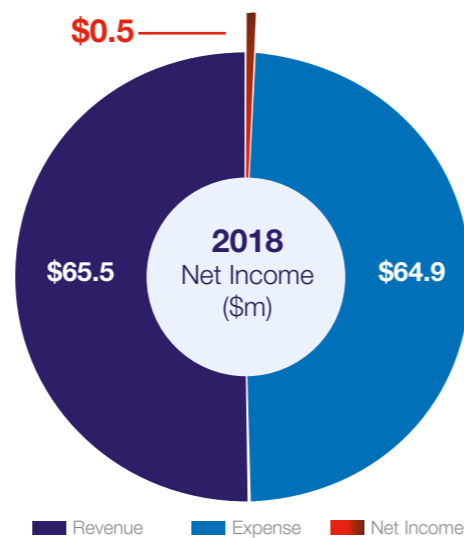
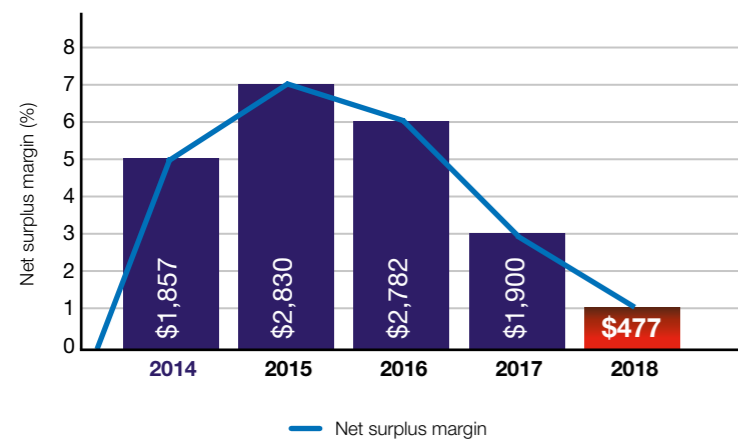


THE NUMBERS

Operating Income (\$m)



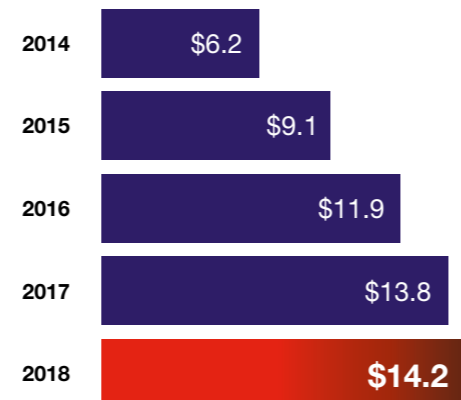
Net Income² (\$'000)



Total Assets (\$m)

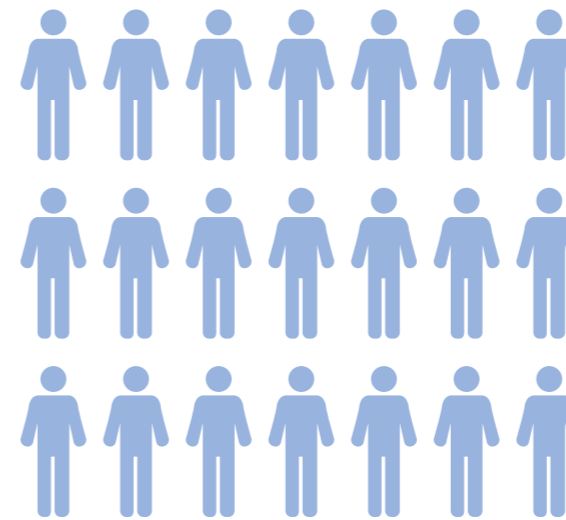


Total Equity (\$m)



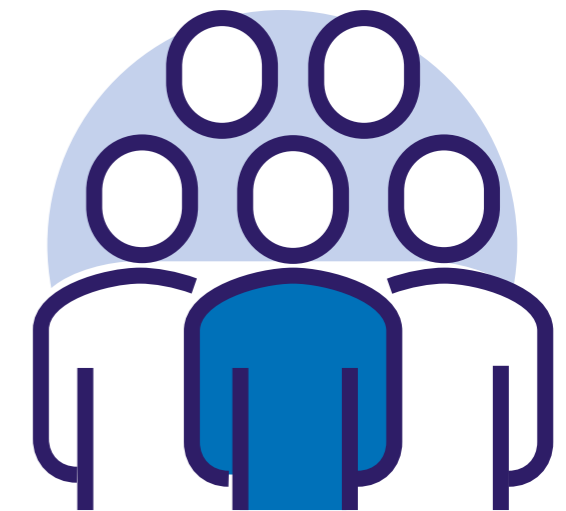
Total trainee volume

22,639



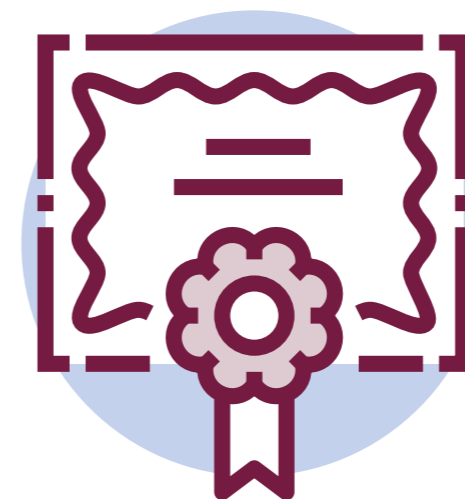
Employers

4,523



Qualifications completed

8,505



Credits completed

962,739





SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF FINANCIAL POSITION

STATEMENT OF CASH FLOWS

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S LETTER

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2018

	2018 \$'000	2017 \$'000
Revenue from Exchange Transactions		
TEC Training Subsidies	39,458	34,013
Moderation Income	1,198	937
Industry Contribution	12,401	11,540
Subsidiary Income	10,922	9,954
Other Income	1,094	758
Interest Income	298	279
Dividend Income	123	83
Total Revenue	65,494	57,564
Industry Training Expenses		
Training Subsidies & Support	45,963	40,070
Qualification Development & Quality Assurance	2,030	2,721
Research & Stakeholder Relations	2,510	1,750
Total Industry Training Expenses	50,503	44,541
Other Expenses	14,457	11,639
Total Expenses	64,960	56,180
Surplus For The Year	534	1,384
Other Comprehensive Revenue and Expense		
Net Fair Value Gains/(Losses) On Available for Sale Financial Assets	(57)	516
Total Other Comprehensive Revenue and Expense	(57)	516
Total Comprehensive Revenue and Expense for the Year	477	1,900

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	2018 \$'000	2017 \$'000
Opening Equity	13,759	11,859
Surplus for the Year	534	1,384
Other Comprehensive Revenue and Expense	(57)	516
Total Comprehensive Revenue and Expense for the Year	477	1,900
Closing Equity	14,236	13,759
Represented By:		
Retained Earnings	13,705	13,171
Available For Sale Reserve	531	588
Closing Equity	14,236	13,759

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	2018 \$'000	2017 \$'000
ASSETS		
Current Assets		
Cash & Cash Equivalents	2,259	5,493
Term Deposits	3,523	3,080
Receivables	4,718	5,866
Total Current Assets	10,500	14,439
Non Current Assets	13,016	10,037
Total Assets	23,516	24,476
LIABILITIES		
Current Liabilities		
Payables	6,300	7,271
Income in Advance	1,491	1,544
Employee Entitlements	970	1,177
Other Current Liabilities	184	202
Total Current Liabilities	8,945	10,194
Non Current Liabilities	335	523
Total Liabilities	9,280	10,717
Net Assets	14,236	13,759
Equity		
Retained Earnings	13,705	13,171
Available for Sale Reserve	531	588
Total Equity	14,236	13,759

For and on behalf of the Board who authorise the issue of these summary financial statements on 17 April 2019.



Chairman



Chief Executive

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 \$'000	2017 \$'000
Net Inflow From Operating Activities	1,614	2,978
Net Outflow From Investing Activities	(4,848)	(1,585)
Net (Decrease) / Increase In Cash Held	(3,234)	(1,169)
Cash & Cash Equivalents at beginning of the Year	5,493	4,100
Cash & Cash Equivalents at end of the Year	2,259	5,493

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 17 April 2019.

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 17 April 2019. 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.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

INSTITUTE OF MANAGEMENT NEW ZEALAND

On 1 July 2018 Shift Innovation Centre Limited purchased certain assets and liabilities (Institute of Management New Zealand, IMNZ) from ALPP Limited. Shift acquired IMNZ for the purpose of adding capability in management and leadership training.

Assets acquired and liabilities assumed

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

	Fair value at acquisition date
	\$
Assets	
Trade Receivables	4,479
Fixed Assets – Leasehold Improvements	11,172
	<hr/> 15,651
Liabilities	
Accruals	(30,527)
Income in Advance	(192,777)
	<hr/> (223,304)
Total identifiable net assets at fair value	207,653
Purchase consideration transferred	1

Purchase Consideration

The purchase consideration of \$1 was paid in cash.

From the date of acquisition, IMNZ has contributed \$762,000 of revenue and a deficit of \$43,000 to the surplus of the Group. If the combination had taken place at the beginning of the year, total revenue for the Group would have been \$762,000 higher and the surplus would have been \$43,000 lower.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

TOCKER ASSOCIATES

On 29 March 2018 Skills International Limited (International) purchased certain assets and business of Tocker Associates (Tocker) from ALPP Limited. International acquired Tocker for the purpose of strengthening our capability in learning & development consultancy.

Assets acquired and liabilities assumed

The fair value of the acquired asset of Tocker as of the date of acquisition was:

	Fair value at acquisition date \$
Assets	
Intangible Assets – Customer Relationships	677,597
Total identifiable net assets at fair value	677,597
Purchase consideration transferred	677,597

Purchase Consideration

The purchase consideration of \$677,597 was made up of cash of \$500,000 and contingent consideration of \$200,000 (discounted at 8% to derive \$177,597). These additional cash payments of \$100,000 each year to the previous owners will be made if certain revenue targets are met at 29 March 2019 and 29 March 2020.

As at 31 December 2018, results indicate that it is highly probable that these revenue targets will be met. The fair value of contingent consideration determined at 31 December 2018 reflects these results and as such a liability of \$177,597 has been recognised.

From the date of acquisition, Tocker has contributed \$832,000 of revenue and a surplus of \$9,000 to the surplus of the Group. If the combination had taken place at the beginning of the year, total revenue for the Group would have been \$277,000 higher and the surplus would have been \$3,000 higher.

EVENTS AFTER BALANCE DATE

In February 2019 the government announced their proposal on the Reform of Vocational Education (ROVE). This proposal recommended significant changes to the sector and is currently under consultation. The nature, impact and timing for these changes is unclear. Regardless of the final outcome, the Board do not believe the changes will affect the ability of the Parent or Group to continue as a Going Concern for the foreseeable future. There were no other subsequent events requiring disclosure in the Financial Statements (2017: Skills International Limited (International) purchased the business and certain assets of Tocker Associates Limited (Tocker)).

AUDITORS LETTER



Independent auditor's report to the Members of The Skills Organisation Incorporated Report on the Summary Financial Statements

Opinion

The summary financial statements on pages 40 to 44, which comprise the summary consolidated statement of financial position as at 31 December 2018, 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 (together "the Group") for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 May 2019.

Those Charged with Governance Responsibilities for the Summary Financial Statements

Those charged with governance are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised): Engagements to Report on Summary Financial Statements.

Ernst & Young provides data protection advisory 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.

Chartered Accountants
Auckland
6 May 2019

OUR BOARD



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.



Ian Butturini, Deputy Chair

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.



Cassandra Crowley, Independent Advisor & Director

A Barrister & Solicitor and Chartered Accountant, Cassandra's corporate and governance career has seen her work across a number of sectors including tourism, financial services, agriculture, retail, government, IT, horticulture, education, membership organisations, private equity, iwi and international trade. Cassandra chairs the Skills group Audit & Risk Committee



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. In 2015 Scott was made a Member of the New Zealand Order of Merit for services to sport.



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.



Rod De Spong, Chief Operating Officer, Douglas Pharmaceuticals Ltd

Rod is the Chief Operating Officer of Douglas Pharmaceuticals Limited. Starting out as a plumber and gasfitter, Rod retrained after gaining his Craftsman Licenses. He has gone on to hold a number of varied roles including VP for Corporate Development for Raffles Holdings Ltd and Finance Director for both ARC and Ernst & Young. Rod is a member of the Finance and Audit Committee, a member of both the Skills International and Shift Boards and a past Deputy Chair of Skills.



Paula Scholes, Senior Scientist, The Institute of Environmental Science & Research Ltd

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 a senior scientist and laboratory manager with The Institute of Environmental Science & Research Ltd (ESR).



Bridget O'Shannessey, Human Resources Consultant & Mediator, Bhuman Ltd

Bridget is a highly experienced human resource practitioner both nationally and internationally. She's worked with many leaders, leadership teams, company boards and remuneration committees in both the public and private sectors spanning a diverse range of industries, including manufacturing, finance and technology.

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



Postal address

Freepost 5164, PO Box 24-469,
Royal Oak, Auckland 1345

Our offices

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

National office – Auckland/Northern Region

Level 2, LG House, The Crossing, 60 Highbrook Drive,
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





skills.
INTERNATIONAL

skills.
Grow by growing others

