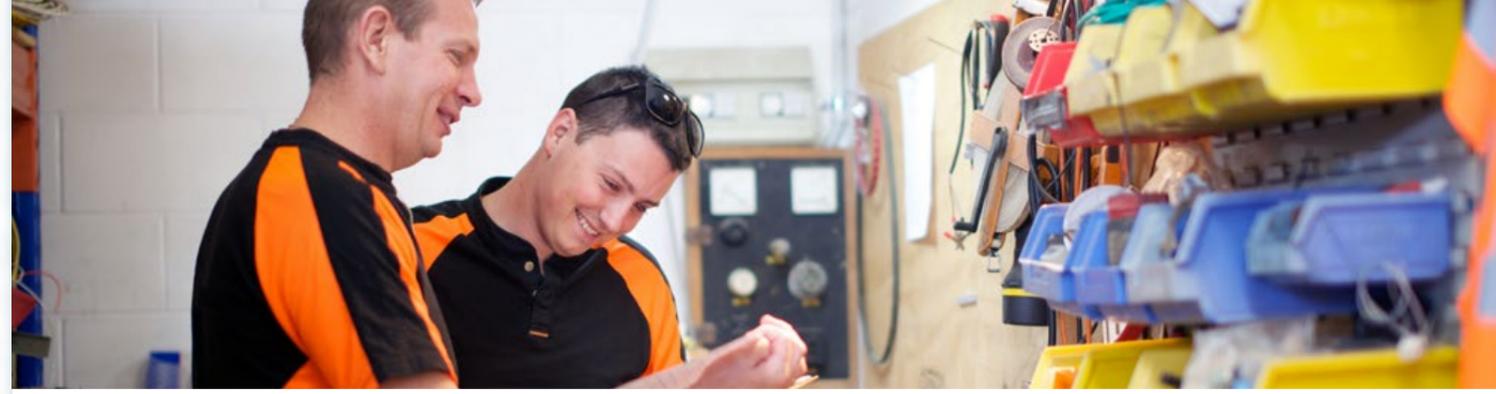




# Annual Report 2019





## Contents

Our Industries	2
Our Values	3
Letter from the Chair	5
Letter from the CEO	7
Performance by industry	9
Update on the trades	10
Instep acquisition news	12
Dyslexia no obstacle for this plumbing 'rockstar'	14
CDL acquisition	16
A long history with Sky	17
IMNZ	18
Taking on Leadership Essentials	19
State sector and local Government	20
Rising through the ranks at Mercury	22
The engine room	23
Continued growth in use of learning technologies	24
Skills International	26
The numbers	28
Summary consolidated financial statements	31
Summary of Consolidated Statement of Comprehensive Revenue and Expense	32
Summary of Consolidated Statement of Changes in Equity	32
Summary Consolidated Statement of Financial Position	33
Summary of Consolidated Statement of Cash Flows	33
Notes to the Summary Consolidated Financial Statements	34
Auditor's Report	38
Our board	40
Get in touch	42

# Our Industries

Skills operates across 23 different sectors and works hard to ensure the solutions we develop meet industry and trainee needs both now and in the future.

## Industries Expertise



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



EAP & Wellbeing  
Support



Outplacement  
Services

# 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.



## Letter from the Chair

2019 was a year of transformation, both in the sector and within Skills Group.

Over the year, Skills Group continued to meet the needs of its stakeholders – industry associations, employers, trainees, training providers and regulators – in the face of the government’s Reform of Vocational Education (ROVE), with a very clear and measured view to the future.

Our focus on transforming through growth and diversification, we believe, put us in a very strong place during the unprecedented change and uncertainty that came with ROVE – and that, alongside prudent fiscal management, significantly moderated the impact on our organisation.

At the same time, we continued to develop our resources – our people and our Intellectual Property – leveraging our industry capabilities and knowledge. Through consultation with our members, in February 2020 a Skills Foundation was also created, designed to play a key role in our ongoing support to our industries.

We also recognise the contribution of our Aspiring Directors. Over the last three years, we have been impressed with the calibre of our Aspiring Directors and have enjoyed mentoring up-and-coming individuals on good governance. While we are undergoing a significant transformation we have suspended the programme. We look forward to widening the net to recruit further quality candidates next year.

But, while we reflect on the year that has been, it would be remiss to not also reflect on the effect of COVID-19 in 2020 – and note that the strategy we had in place to work through ROVE’s impact on our industries, has also been key in helping us to adapt and change through the COVID-19 pandemic.

Overall, we learnt in 2019 that our strategy over the past 3-5 years is paying off. Our customers had told us they wanted us to be more innovative, more future-thinking, while always staying true to our core purpose – meeting the workforce skill needs of our industries – and we are now seeing the fruits of that labour.

I would like to also acknowledge Scott Carter, who has been a long-serving member of the Skills Board and will be standing down after the 2020 AGM. Thank you, Scott, for your service from all of us on the Skills Board.

Brian Nowell, Chairman



## Letter from the CEO

It's been a big year.

We have continued to focus on our long-term strategies of growth, diversification and member support. We started transforming with new initiatives such as looking at our digital capability, developing new learning platforms, expanding our international markets and introducing gamification to support all our trainees and businesses across New Zealand. All the while planning for the impacts of ROVE on the Group over the next three years.

Having already started our transformation and investment in new platforms, has meant that we were in pretty good shape to deal with COVID-19.

In 2019, Skills Group purchased Instep and CDL Insight Consulting, businesses that have brought new expertise in the way of Employee Assistance Programmes, critical incident support, alcohol and drug free workplace programmes, as well as outplacement and career transition expertise. This will allow us to offer an even wider set of services back to industry.

In bringing these businesses on board, we had already recognised that the workplace is changing, that the line between 'at work' and 'at home' was becoming increasingly blurred. Now, in the face of COVID-19, that ability to successfully upskill people, both in the workplace environment and outside-it with a well-rounded approach, becomes even more relevant.

In terms of key deliverables, our first-year apprentice retention rate is still the highest in the ITO sector. We have also made great progress in bringing more Maori and Pasifika into the apprenticeship programmes, up 12% on 2018. These apprenticeships are a key employment pathway for Maori and Pasifika and our strong retention rates indicate the benefit of fit-for-purpose, hands-on learning support. We've also seen encouraging increases in female apprentices joining the trades, with 9% more female apprentices in 2019 compared to 2018.

Another key initiative, this time supporting business owners, is the Business Advisor Programme, where seasoned industry operators' mentor small business owners to build more confidence, increase sales and put future-focused business planning in place. There are now over 70 businesses around the country participating in that programme.

Ultimately, we have shown ourselves to be extremely capable of adapting and transforming to the needs of all our stakeholders. Skills Group is in a very strong place to move forward and continue to grow, in line with our commitment to giving industries the best possible technical and commercial skills to grow their business and in an environment that requires us to keep responding to change.

Garry Fissenden, CEO



# Performance By Industry

## Electrical

Trainees	5,991
Employers	1,911
Credits completion Rate	74%
Qualification Completed	867

## Scaffolding

Trainees	621
Employers	191
Credits Completion Rate	55%
Qualification Completed	33

## Contact Centre

Trainees	498
Employers	33
Credits Completion Rate	82%
Qualification Completed	341

## Cranes

Trainees	151
Employers	56
Credits Completion Rate	74%
Qualification Completed	33

## State Sector

Trainees	3,900
Employers	106
Credits Completion Rate	93%
Qualification Completed	2,014

## Credit Management

Trainees	43
Employers	25
Credits completion Rate	91%
Qualification Completed	19

## Roofing

Trainees	757
Employers	293
Credits Completion Rate	69%
Qualification Completed	128

## Health and Safety

Trainees	89
Employers	5
Credits Completion Rate	80%
Qualification Completed	43

## General Sales

Trainees	194
Employers	6
Credits Completion Rate	34%
Qualification Completed	76

## Real Estate

Trainees	2,069
Employers	582
Credits Completion Rate	63%
Qualification Completed	898

## Local Government

Trainees	129
Employers	33
Credits Completion Rate	100%
Qualification Completed	113

## Ambulance

Trainees	1,102
Employers	2
Credits Completion Rate	59%
Qualification Completed	376

## Plumbing, Gasfitting and Drainlaying

Trainees	3,477
Employers	1,231
Credits Completion Rate	71%
Qualification Completed	694

## Offender Management

Trainees	1,831
Employers	2
Credits Completion Rate	86%
Qualification Completed	1,018

## Emergency Management

Trainees	66
Employers	3
Credits Completion Rate	47%
Qualification Completed	64

## Business Admin and Management

Trainees	1,303
Employers	84
Credits Completion Rate	82%
Qualification Completed	837

## Security Staff Services

Trainees	1,587
Employers	26
Credits completion Rate	65%
Qualification Completed	862

## Financial Services

Trainees	629
Employers	151
Credits Completion Rate	45%
Qualification Completed	93

# Updates on the Trades

2019 brought Skills another record-breaking year with over 6,000 new sign-ups and almost 80 new employers. Skills also performed well on the Education Performance Indicator targets set by TEC for 2019. Stand out performances included a credit completion rate of 74%, a programme completion rate of 75% and a first-year apprentice retention rate of 85%. In addition, Skills achieved a rate of 81% for first year apprentices achieving 10 credits within their first three months of an apprenticeship.

Building on the work that was done in 2018, Skills has continued to invest in improving customer service and increased the ratio of account managers to trainees. Each account manager now looks after approximately 170 trainees.

The Electrical industry remains the trade of choice for females with 4% of electrical apprentices being women. The trades also continue to attract women to the industry, with females making up 3% of all our apprentices. Maori and Pasifika trainees are tracking along well too, with 73% of our Maori trainees and 61% of our Pasifika trainees studying at Level 4 or above.

After a successful year in 2018, the Business Advisor programme has continued to deliver results. This nationwide programme connects trade business owners with trade qualified business advisors who provide a programme of coaching and support. This support is designed to build personal confidence, improved understanding of business opportunities, how to establish sustainable sales and profits as well as build better relationships with employees and suppliers. Skills currently has 16 business advisors who are supporting 58 businesses, who have all provided positive feedback about the programme and seen growth in their businesses.



## WorkSmarts Breakfast Series

Over the course of 2019, Skills ran the WorkSmarts series of nine, free, breakfast learning events. These events were designed to support small business owners in our trades, by providing practical tools and building capability.

The interactive learning sessions were facilitated by Richard Millar, a business expert with a long history mentoring small business owners in New Zealand. The sessions focused on key areas that business owners had expressed a desire to upskill in. This included topics like how to hang onto great employees, manage money, and develop a business plan.

Attendees came from across the trades, including electrical, plumbing, gasfitting, drainlaying, roofing, cranes and scaffolding. They reported finding the content informative, relatable to their businesses, and easy to understand and follow.

Jane McCarroll who project managed the WorkSmarts series stated, 'It's clear that while business owners often struggle to take time out to upskill themselves, those who attended these events found upskilling a worthwhile investment. The sessions that took daunting topics like managing money were particularly well received as they provided useful, actionable advice that people could use in their own businesses.' Reflecting on the feedback from the attendees, we can see that our aim to support businesses and giving back to the trades was a great success.



# Instep Acquisition



In July 2019, the Skills Group purchased Instep, a well-known company with a track record of supplying high-quality Employee Assistance Programmes and wellbeing solutions for organisations across New Zealand.

We're excited to have them join the Skills Group family as it means that we can now provide clients with a suite of specialist support services which include:

- Employee Assistance Programmes (EAP)
- Alcohol and Drug Free Workplace Programmes
- Professional Supervision
- Critical Incident Support
- Fitness for Work Programmes

Instep services over 55 clients across New Zealand from large corporates with several thousand employees through to high profile sporting teams and emergency services first responders. They are also well known in the New Zealand market for providing high quality EAP and other employee support programmes. Instep's point of difference is in the caring and emphatic approach of the team. From first contact, clients receive a supportive listening ear as call takers match their needs with an appropriate counsellor or psychologist to support them.

In addition to these support programmes, Instep also provides a range of bespoke workshops for clients offering proactive training on topics such as sleep, fatigue, managing mental health in the workplace and more.

## The Instep Team



### **Stacey Agnew, Practice Manager**

Stacey is a former primary school teacher, well experienced in human relations and governance. She was a mentor and national trainer for Roots of Empathy, a programme to reduce aggression among school children by raising social/emotional competence. Stacey has a strong background in educating parents about the family dynamic and is an experienced leader in delivering school culture and performing arts.



### **Frank O'Connor, Chartered Organisational Psychologist**

Frank is a highly regarded organisational psychologist with significant consultancy experience, both in NZ and internationally. Frank has created and implemented face-to-face and online mental health training for a range of national companies. Certified in advanced psychometrics, Frank is an entertaining and informative trainer. Previously, he has been president of the NZ Psychological Society and a significant academic contributor to NZ Psychology literature.

In the short time since acquisition Stacey, Frank and the wider Instep team have settled into the wider Skills Group. They are now looking to build on the strong foundations of the Group to reach a wider range of organisations with their services and work more deeply with existing clients.



## Dyslexia No Obstacle for this Plumbing ‘Rockstar’

Harrison West has been a plumbing apprentice for just over two years - but his boss, Dave Henderson from Quix Commercial, says he's already a rockstar performer. So much so, that Harrison has already been promoted to Junior Foreman.

What's particularly impressive about this is that Harrison is not only just halfway through his Plumbing Gasfitting and Drainlaying (PGD) apprenticeship, he's also dyslexic - meaning he's had more challenges than most when it comes to his apprenticeship.

"Harrison came to me and said 'I'm having a bit of trouble at Tech'," says Henderson. "And we said 'look, that's okay, there are a lot of people who have dyslexia and you are not alone'. We could see that Harrison was a motivated and driven young individual. It's all about attitude not ability, and Harrison certainly fitted that bill."

Once Dave was made aware of Harrison's dyslexia, he worked with the Industry Connection for Excellence (ICE) to help Harrison get registered with Skills for help. Now Harrison is about to begin his second gasfitting block course using a reader/writer for written examinations and has been enrolled in literacy tuition that will help him with course assessments.

"It's great that the help is available," says Harrison. "Skills organised for me to have an indicator test for dyslexia, and then I was able to access the literacy class. It was all pretty responsive."

### Advice for employers

According to Dave, even though Harrison is challenged by some written elements of his training, he excels in other areas, like verbal communication and people skills. He says it's important for employers to remember – that everyone is different and while they may find one area challenging, they can be stronger in other areas.

"If they do ask for help, or as their employer you see they need it, do go and seek it," says Henderson. "Because there are some great resources they may not even know about. Or they may just need some mentoring to get through it."

### Onwards and upwards

"I now know there are resources there, which is great," says Harrison. "I want to own my own company one day, and my goal for the next five years is to become a projects manager and run multiple jobs. It is great to know that the help is available to me."

He also has some simple advice for others who may have a learning challenge and feel a bit daunted at starting a new career or putting their hand up for help. "Just ask someone," he says. "Don't think that you are on your own. And don't be scared or worry what others think. When you have a learning disability, you feel like you are put in a category, but don't worry about that. You may be in that category to them, but you may be phenomenally better than them at something they are rubbish at. Everyone has their advantages and disadvantages – that's life."

“

**Don't think that you are on your own. And don't be scared or worry what others think.**

**- Harrison West, Quix Commercial**

# CDL Acquisition



Another key achievement for the Skills Group in 2019 was the acquisition of CDL Insight Consulting. Founded in February 1997, CDL specialises in the provision of Business Transformation (Change Management, Resilience, Career Transition and Outplacement) solutions to businesses across all sectors throughout New Zealand and Australia. They bring over 20 years of market-leading expertise, partnering with organisations to manage business transformation. CDL delivers complex, high impact solutions for developing people capabilities to achieve business strategy.

CDL has a wide range of service offerings and through their network of experienced providers are able to scale to meet large scale outplacement support solutions or work with individual employee needs. They are also able to meet the needs of individuals at any level in organisations, from CEOs through to frontline staff. Their caring and empathetic approach sets them apart from the competitors.

Over the years, CDL has worked in partnership with over 600 organisations and thousands of employees, supporting them through major business transitions.

Together, the Instep and CDL businesses form the Wellness division of the Skills Group. The two businesses share the common goal of supporting organisations and their people at often challenging times. A strong, caring culture and passion for supporting people is shared by both organisations. Combined, they provide Skills with a very sound foundation on which to build a Wellbeing business.



## The CDL Lead Team



### Jonathan Rogers, Practice Manager

Jonathan has over 30 years of commercial experience and is a trusted advisor in the design of customised Change, Development and Leadership solutions. He has proven expertise in project management and coaching facilitation and is recognised for developing management capability and minimising commercial risk when brand, reputation and business integrity is at its most vulnerable.



### Gary Cashman, National Account Manager

Gary has over fifteen years of experience in Corporate Business Development and Account Management, specialising in human resources and talent acquisition across the private and public sectors in New Zealand and the UK. He's responsible for customer management, cultivating strong relationships with clients and gaining a solid understanding of the needs and pressure points that exist within businesses.

Jonathan, Gary and the CDL team bring a wealth of experience in human capital consulting services. They place special emphasis on business transformation and supporting organisations and their employees through major change. The team is excited to be part of the Skills Group and the opportunities for growth that this opens up.

## A Long History with Sky

New Zealand media company Sky's story began in 1990 as a start up in Auckland, where they set out to revolutionise the way people watched TV. They've since grown to serve more than 795,000 customers via Sky, Sky Sport, and streaming services Neon and Sky Sport Now, and today are proud to be leading the way in connecting New Zealanders with the sport and entertainment they love, in ways that work for them.

The media market is undergoing significant change globally as well as in New Zealand, and Sky has been on a transformation journey to build sharper customer focus and operational rigour within the business.

Sky has worked with CDL as an exclusive provider for all outplacement support for the past 4 years. CDL were initially engaged to provide various levels of support for employees affected by internal changes where they resulted in redundancies. These were at all levels of the business.

In 2019, Sky continued to partner with CDL in advance of planned organisational change to ensure that their people had support should their roles be disestablished.

CDL has since worked to support a number of employees transition into the job market, assess their careers and consider which direction to take. This included retirement planning when the need arose.

# Leadership and Management

IMNZ had an exceptional year and delivered a positive contribution back to the group.

2019 was a period of insights and change for the IMNZ business as we grew our understanding of the training market which IMNZ operates in. Analysis showed that of IMNZs total portfolio of courses, four to six courses were the most popular and that more targeted marketing would yield fuller classes and healthier margins. This insight proved critical for the public schedule in 2019 and has created a more focused course schedule for 2020. The courses identified are considered essential training for leaders and managers and included:

- Team Leader Essentials
- Finance for Non-Finance Managers
- Project Management Fundamentals
- Think on Your Feet (Presentation Skills)
- Elevate – Leadership Essentials

While the courses are not unique in the marketplace, research showed that customers trust IMNZ with these topics. By better understanding the public course side of the business, we were able to run more courses with higher delegate numbers. As expected, these changes meant that margins from the public business grew steadily over the year. IMNZ also ran campaigns throughout the year to secure more early bookings and group bookings.

Regional expansion of the public schedule started in 2019 with courses delivered in Hamilton. These were popular, with Team Leader Essentials reaching capacity.

Delivering in-house training proved itself to be an opportunity to deliver other courses from the portfolio and develop deeper customer relationships. IMNZ now has dedicated salespeople that visit customers and propose either off-the-shelf or customised training and development for corporate and government customers. Some of our long-term in-house customers include Rabobank, Toyota NZ and Aviation Security.

2020 has a very positive outlook for IMNZ as a leaner and more focused business.

**What Elevate has taught me is that it's all about the people and so the interactions I have now with other people have matured.**

**Tanvir Bhamji,**  
Headwork Consents Manager  
at Watercare Services



## Taking on Leadership Essentials

Managing is all about the people, and managers have an opportunity to set the tone for their team. For Tanvir Bhamji, Headwork Consents Manager at Watercare Services Ltd., training that is interactive, flexible and run by facilitators with expertise is crucial.

Watercare Services Ltd. promotes learning, whether improving technical knowledge or other skills beyond that. Although busy in his role, Tanvir decided to make it his goal to set aside time to develop himself.

"I've always been interested [in professional development] but have been bogged down in work or busy with other things, so in the past I haven't put much time in," he explains. "The last couple of years I've actually consciously made an effort to go out and improve myself, because I know that it's coming to a point where if I want to make my team better I need to make sure I have the right tools to enable that to happen."

Wanting to up-skill and increase his effectiveness as a manager, Tanvir did his research before deciding to enrol in the ELEVATE (Leadership Essentials) course with IMNZ. "I was looking at training that would help me become a better manager," explains Tanvir. "IMNZ provided flexible learning and had a range of courses that enabled me to progress in my understanding and learning.

Also, the training they provided was more practical and applicable to my job environment." "The IMNZ training brings through techniques that you can apply but also gives an understanding of the psychology that would influence certain types of behaviour, and at the end of the day that's what we are trying to do—change people's behaviour so we can get better outcomes."

The IMNZ ELEVATE (Leadership Essentials) programme gave Tanvir the foundation and tools he needed to become a stronger leader. "What Elevate has taught me is that it's all about the people and so the interactions I have now with other people have matured," says Tanvir. "It's opened my eyes to different techniques and tools to allow that to happen."

"My team now has a common purpose and a common vision. Whatever challenges we may come up against, it's about communication and enabling a good dialogue that helps us get through it."

"I would absolutely recommend the course to anyone that's thinking of being a leader and helping others in their organisation or team, simply because it provides you with the range of techniques, tools and also an understanding of how you can better yourself to better others."





## State Sector and Local Government

The State Sector, Local Government and Commercial team had a highly successful year. Due to an increasing number of learner enrolments and developments in consulting services for new and existing clients.

The launch of the new Public Sector Service qualifications in 2019 was a big win for the industry. The New Zealand Certificate in Public Sector Practice Level 3 and the New Zealand Certificate in Public Sector Service Delivery Level 4 have been designed to provide learners with knowledge that can be applied across a range of operational roles. The new programmes, are also less restrictive and open to people working in both central and local government, providing staff with more transferable skills across the sectors.

Skills also launched three new programmes in intelligence analysis to help learners and organisations with the collection, management and analysis of data for forecasting and risk management purposes. More advanced analysis-based qualifications were also released for people in more complex roles that require a higher level of insight and understanding.

### Defence:

The Defence portfolio performed well in 2019, with strong programme completions. The ability for the Defence College to accurately forecast enrolments has ensured we have been consistently on track with monthly targets. Defence's highest programme enrolments are Security and Introduction to Team Leadership programmes, both programmes had numbers well above forecast.

In 2019, 1774 NZDF personnel enrolled across thirty different qualifications with Skills. This was a 42% increase on enrolments for the previous year.

Of those enrolled in a qualification programme with Skills, 965 successfully completed a qualification, 130 withdrew (primarily due to deployment) and 679 are continuing their programme into 2020. These qualifications, as registered on the National Qualifications Framework (NZQF), included:

- National or New Zealand Certificates Level 2 – 5; and
- New Zealand Diploma Level 5-6.



**88% of NZDF personnel** who were enrolled in a qualification programme with Skills completed their programme of study.



**100% of the credits** achieved by NZDF personnel were reported to NZQA.



**Twelve NZDF personnel** engaged in Assessor Training and registered as Workplace Assessors to support NZDF personnel in gaining qualifications with our programmes.

### Government Regulatory Practice Initiative

A 2014 Productivity Commission report saw an opportunity to build capabilities in the field of regulation and in response the Government Regulatory Practice Initiative (G-REG) was created. Skills partnered with G-REG to develop a series of qualifications to formalise training and improve leadership, culture, and capability in regulatory practice throughout local and central government.

Skills now has enrolments across the full suite of Regulatory Compliance qualifications (Level 3, 4 and 5) with the diploma. The programmes have been widely endorsed and benefits include operational capability, transferable skills, staff engagement and strong leadership. Over 25 large government agencies are engaging with G-REG qualifications and 80 employers in total. In 2019 alone, 2,500 trainees enrolled in G-REG qualifications resulting in a total of 3,234 learners for the year and 1,766 qualifications being awarded.

The Ministry of Business, Innovation and Employment was the largest user of G-Reg qualifications in 2019 with over 1,000 enrolments.

# Rising Through the Ranks at Mercury



**For Mercury, the best part about the alignment programme is that it's using what we already had running within the business.**

**- Caterina Berimballi, Quality Administrator at Mercury**

When Caterina Berimballi began her role in the contact centre at Mercury four years ago, she had no idea that within a year she'd be promoted to Senior Customer Service Representative (CSR) and then, two years later, to Quality Administrator.

But that's exactly what happened. Caterina believes her fast-track through the customer service ranks was due in part to the on-the-job Mercury Contact Centre Career Pathway programme. A programme designed – in partnership with Skills – to upskill staff and provide them with a nationally accredited qualification.

"I was approached by my team leader who said I would be a great candidate for this programme," says Caterina. "So, I absolutely put up my hand. I was excited straight away."

"Doing the qualification helps give you, a solid understanding, as well as boosts morale," she says. "Most of the day we are hearing complaints from customers, which can grind you down, but as you move along and start to understand it a little bit more, your communication gets better because you're understanding the business better."

Janet Tautaiolefua, who is the Manager of Training & Quality at Mercury, is immensely proud of Caterina and others in the contact centre team who have undergone the Mercury Contact Centre Career Pathway programme.

The programme was designed to help staff deliver an even higher level of customer service through on-the-job training, and also to address issues of staff turnover. "It's been fantastic," says Janet. "Of all our agents who have been through the programme, we have about 18 who, like Caterina, are now elsewhere in the business. And they are working in all sorts of different roles – in Finance, ICT and Credit & Collections – so they have been able to show that they have the skills to do the job and really apply themselves. We were able to show the agents a real career pathway."

The programme has proven to be a real success – so much so, there are plans in place to put other on-the-job qualification opportunities in place in the future for other areas of the business.

"For Mercury, the best part about the alignment programme is that it's using what we already had running within the business," says Janet. "For the employees, they are like 'wow, I can actually work, earn and gain a qualification that is NZQA accredited – so I'm learning new skills and it's fully funded!'"

Janet says some the agents may already have had qualifications from elsewhere "but they want to do this too, because they find it really meaningful". Caterina wholly agrees: "I needed that understanding of customer service and contact centre for me to jump across and do this new role. So, this certification, and the learning opportunities at Mercury, have definitely helped with moving across to that."



# The Engine Room

2019 proved to be a busy year that saw Skills submit to NZQA 8 new qualifications, 18 sets of unit reviews, 13 programmes of industry training and 1 programme of study. All of which were successfully approved. In addition, we launched seven new programmes including the new Roofing Apprenticeship, Scaffolding, Cranes, Public Sector and Real Estate Salesperson qualifications.

Skills worked closely with the Roofing Association of New Zealand (RANZ) to successfully launch the new Roofing Apprenticeship in 2019. We also worked successfully with Vertical Horizons as a national Provider for the delivery of the block courses. This has resulted in over 200 enrolments in Roofing. The new programme also resulted in a lift in credit achievement by almost 10%, which is great news. The launch of the new Cranes Level 3 qualification was a significant milestone in providing a full qualification pathway into the industry. The Cranes industry has traditionally preferred the casual credit system where training is done on an as needed basis. Skills is working closely with the Cranes Council and the wider industry to promote the full qualification pathway and the benefits of this.

Scaffolding Level 5, Suspended Rope Access Level 3 and Industrial Rope Access Level 4 were launched working alongside Vertical Horizons and Tai Poutini Polytechnic.

Skills also took part in eight consistency reviews and received a Sufficient rating for all of them, including the NZC Electrical Engineering Theory (Level 3), NZC Business Administration and Technology and NZC in Residential Property Management.

In early 2019, the new Real Estate Salesperson Level 4 programme was launched. This new programme was developed in partnership with industry and was made available through a blend of online learning and assessments and on-job modules. Following feedback from learners, a project team has continued working on the programme with a focus on improving the learner experience and a reducing in assessor workload. This updated version of the programme will be released in mid-2020.

And finally, new Public Sector Level 3 and 4 programmes were developed and launched in December 2019. These were developed in collaboration with the broader public sector and a working group made up of the Ministry of Social Development, the Ministry of Business, Innovation and Employment, Wellington City Council and Whakatane District Council. The programmes are delivered online, in full, through SkillsBank. They also provide transferrable knowledge that can be applied across the public sector, opening career opportunities across central and local government organisations.

# Continued Growth in Use of Learning Technologies

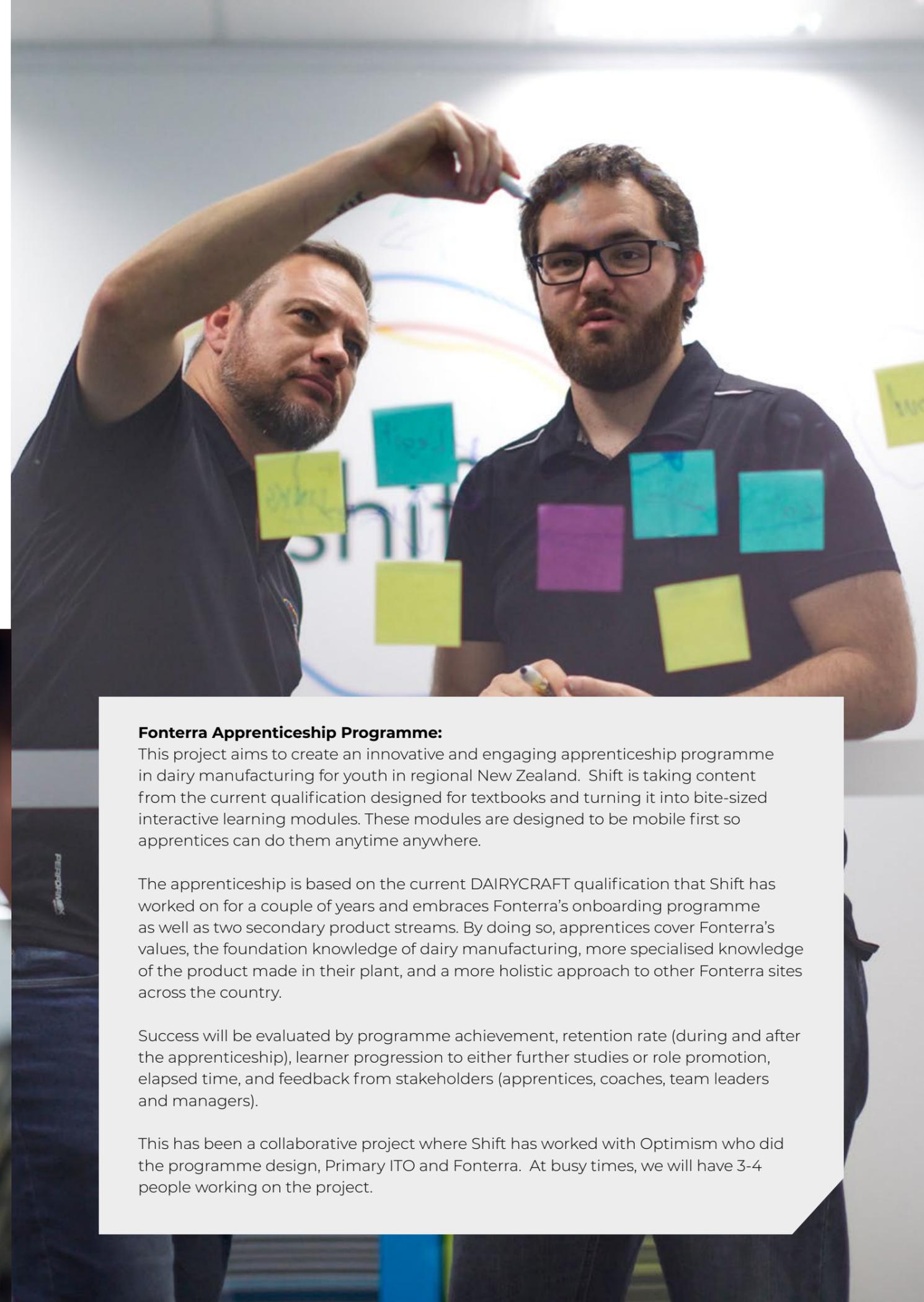


In 2019 Shift had another strong year, with 14% year on year growth in revenue. A key objective was to grow external revenue and start working with a more diverse range of customers, resulting in a very busy year for the team.

Staff worked over 45,000 hours, across 150 projects in 2019. These projects included supporting the ITO and developing qualifications, working on projects for Skills International, as well as servicing existing clients and growing our external customer base.

At the start of the year, 36% of the work being done was for external clients. By the end of 2019 the proportion of external work had grown to 54%, resulting in strong diversification of the portfolio. The software development team, in particular, had a significantly high external workload in the last quarter working on over 80% external customer work.

Shift has also started concentrating on more product development. Previous product development had focused on meeting niche requirements, going forward, we're looking at stronger commercial propositions that have global reach and broader scale. Several candidate projects are currently being assessed for the next phase of development.



## New Contracts

Significant new contracts with existing clients like Fonterra and WEL Networks were signed in 2019.

In 2018, Shift was commissioned by WEL Networks to build a prototype application for energy grid monitoring. Shift was then brought on again in 2019 to continue work on the prototype as part of an innovation project. We are now bidding for phase three of the project, to build the full commercial solution.

Shift competed against a range of providers in a procurement process for the Fonterra Apprenticeship Programme in 2019 and was successful in securing the majority of work advertised (see the case study over the page). While, smaller pieces of work came from several new customers and were predominantly focused on learning content creation and learning management systems. Clients for these projects included the likes of Metroglass and PanPac.



## Fonterra Apprenticeship Programme:

This project aims to create an innovative and engaging apprenticeship programme in dairy manufacturing for youth in regional New Zealand. Shift is taking content from the current qualification designed for textbooks and turning it into bite-sized interactive learning modules. These modules are designed to be mobile first so apprentices can do them anytime anywhere.

The apprenticeship is based on the current DAIRYCRAFT qualification that Shift has worked on for a couple of years and embraces Fonterra's onboarding programme as well as two secondary product streams. By doing so, apprentices cover Fonterra's values, the foundation knowledge of dairy manufacturing, more specialised knowledge of the product made in their plant, and a more holistic approach to other Fonterra sites across the country.

Success will be evaluated by programme achievement, retention rate (during and after the apprenticeship), learner progression to either further studies or role promotion, elapsed time, and feedback from stakeholders (apprentices, coaches, team leaders and managers).

This has been a collaborative project where Shift has worked with Optimism who did the programme design, Primary ITO and Fonterra. At busy times, we will have 3-4 people working on the project.

# Raising the Bar on a Global Scale



Following on from the success of 2018, Skills International experienced another year of solid growth, as they expanded their footprint on the global market.

## Consultancy

In 2019 Skills International ventured into two new markets – Botswana and Myanmar. They also secured their first international corporate assignment, developing a competency framework for Electricity Viet Nam. Relationships with existing customers were also strengthened throughout the year, particularly in Hong Kong, Samoa, the Cook Islands, Fiji and New Zealand. As a result, three new consultants were brought on board to assist with servicing client needs.

Strategic partnerships also proved to be key in securing contracts outside of New Zealand and the Pacific. To support this, partnerships were built with New Zealand Trade and Enterprise, the Commonwealth of Learning, Auckland University of Technology and Hung Viet (Viet Nam).



**MFAT Scholar, Belinda Hansell Lesa receiving the Robyn Duggan Award for Excellence in Working with Families & Whanau in Mental Health Support Work.**



## Scholarships

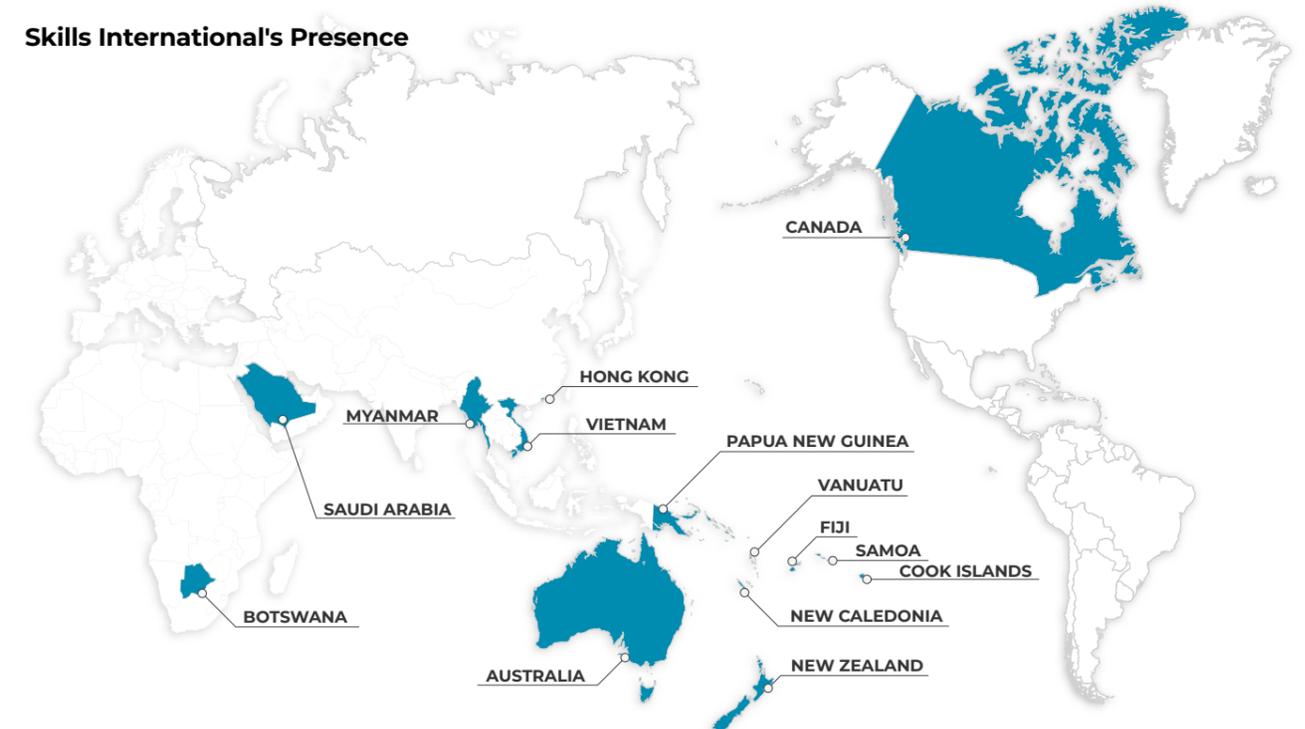
In 2018, Skills International retained the contract for the management services contract for the Ministry of Foreign Affairs and Trade's (MFAT's) New Zealand Short Term Training Scholarships (NZSTTS) contract.

237 scholars were supported on the successful completion of their scholarships in New Zealand throughout the 2019 period. Skills International's pastoral care capabilities were put to the test, and succeeded, with unexpected events such as:

- the March terrorist attack in Christchurch, where eight NZSTTS scholars were studying;
- the measles outbreak in Auckland which triggered additional contact with scholars to ensure vaccinations were up to date; and
- the CBD fire in Auckland which resulted in a civil defence emergency.

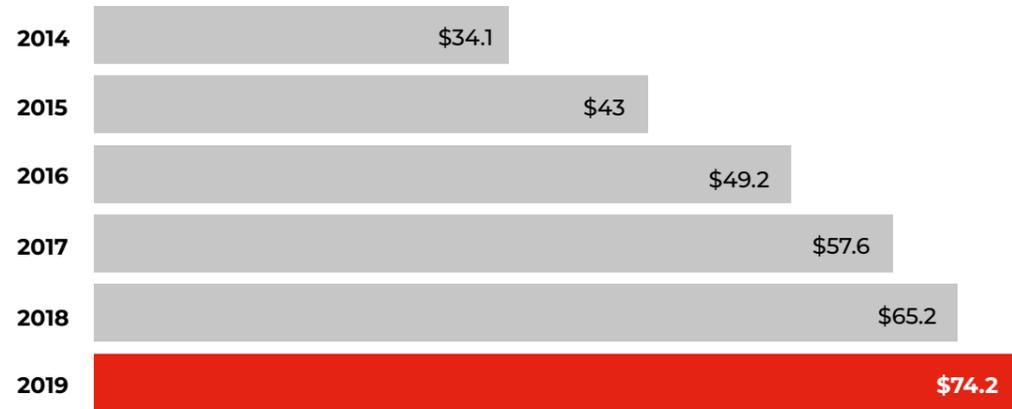
With the MFAT relationship at an all-time high, Skills International also secured the selection support services contract to manage the application and selection process for MFAT's tertiary scholarships.

## Skills International's Presence

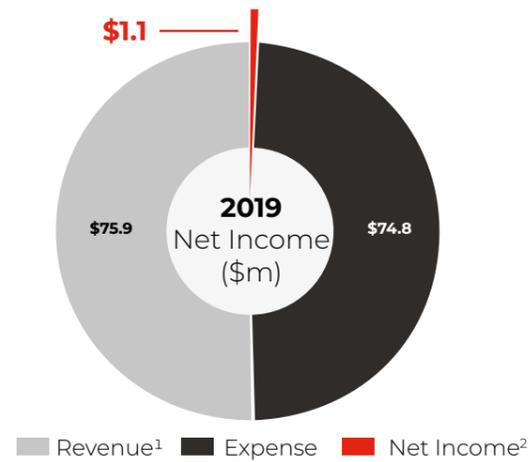
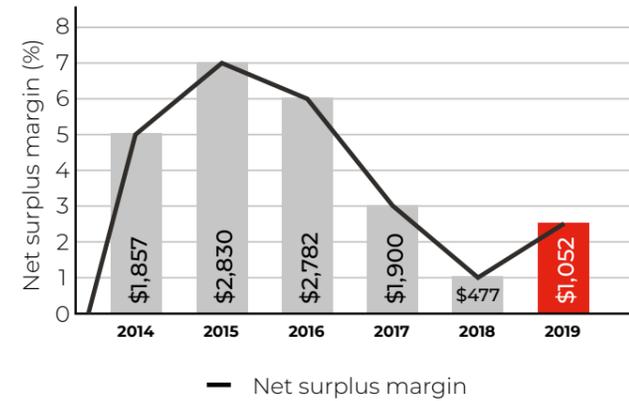


# The Numbers

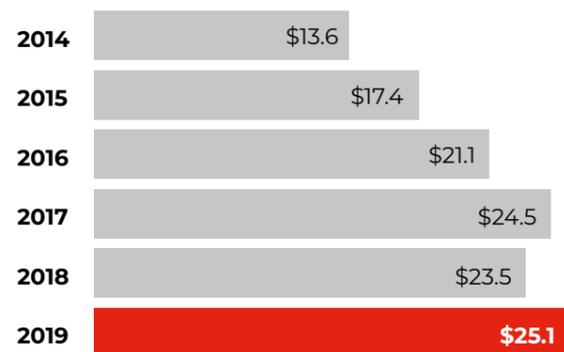
## Operating Income (\$m)



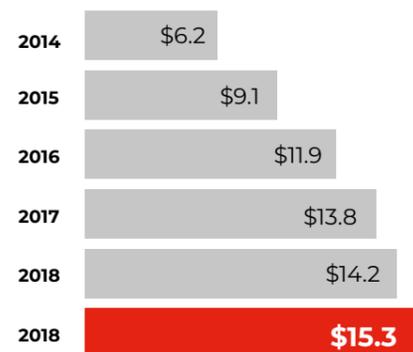
## Net Income<sup>2</sup> (\$'000)



## Total Assets (\$m)



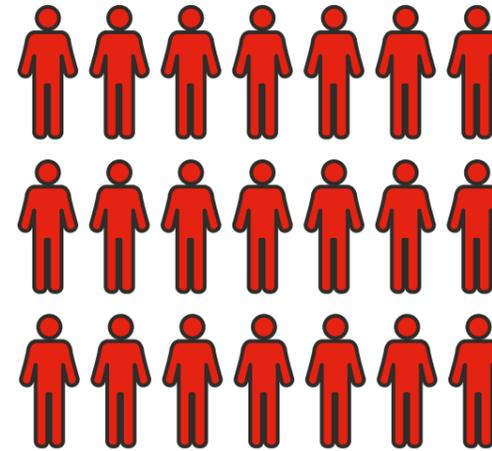
## Total Equity (\$m)



<sup>1</sup> Revenue refers to Revenue and Net Fair Value Gains/(Losses) on Available for Sale Financial Assets for the year from the Summary Consolidated Financial Statements  
<sup>2</sup> Net income refers to Total Comprehensive Revenue and Expense for the Year in the Summary Consolidated Financial Statements

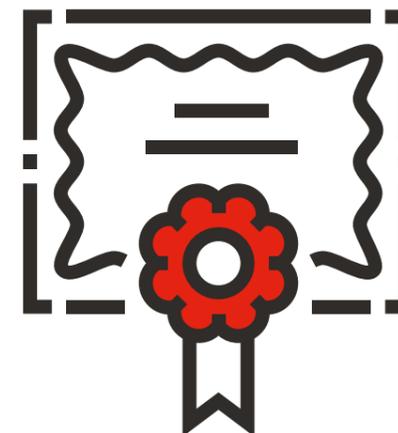
## Total trainee volume

**26,214**



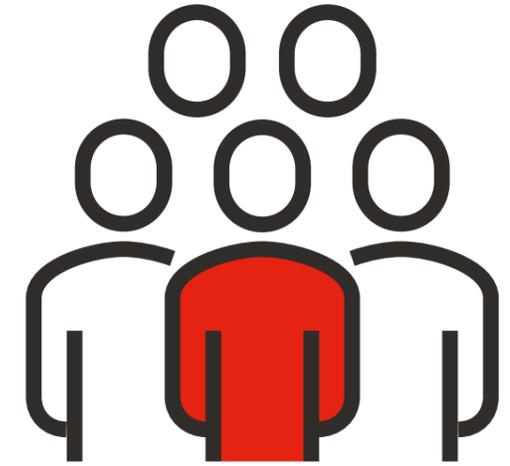
## Qualifications completed

**8,509**



## Employers

**4,874**



## Credits completed

**1,178,547**





## 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 report

# Summary Consolidated Financial Statements

## For the year ended 31 December 2019

### Summary Consolidated Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2019

	2019 \$'000	2018 \$'000
<b>Revenue from Exchange Transactions</b>		
TEC Training Subsidies	44,544	39,458
Industry Training Contribution	13,460	12,389
Quality Assurance Revenue	1,005	1,198
Consultancy Revenue	3,838	3,188
Other Training Revenue	9,245	7,928
Other Revenue	1,786	636
Interest Revenue	152	298
Dividend Revenue	178	119
<b>Total Revenue</b>	<b>74,208</b>	<b>65,214</b>
<b>Expenses</b>		
Industry Training Provision	17,526	15,146
Industry Training Support Services	15,328	14,964
Qualification Development	1,205	801
Quality Assurance	1,813	1,110
Marketing Expenses	1,979	2,340
Consultancy Expenses	10,203	8,253
Other Training Expenses	8,708	8,238
Other Expenses	18,038	13,828
<b>Total Expenses</b>	<b>74,800</b>	<b>64,680</b>
<b>(Loss)/Surplus For The Year</b>	<b>(592)</b>	<b>534</b>
<b>Other Comprehensive Revenue and Expenses</b>		
Net Fair Value Gain/(Losses) on Available for Sale Financial Assets	1,644	(57)
<b>Total Other Comprehensive Revenue and Expenses</b>	<b>1,644</b>	<b>(57)</b>
<b>Total Comprehensive Revenue and Expense for the Year</b>	<b>1,052</b>	<b>477</b>

### Summary Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	2019 \$'000	2018 \$'000
<b>Opening Equity</b>	<b>14,236</b>	<b>13,759</b>
(Loss)/Surplus for the Year	(592)	534
Other Comprehensive Revenue and Expense	1,644	(57)
<b>Total Comprehensive Revenue and Expense for the Year</b>	<b>1,052</b>	<b>477</b>
<b>Closing Equity</b>	<b>15,288</b>	<b>14,236</b>
Represented By:		
Retained Earnings	13,113	13,705
Available For Sale Reserve	2,175	531
<b>Closing Equity</b>	<b>15,288</b>	<b>14,236</b>

### Summary Consolidated Statement of Financial Position

As at 31 December 2019

	2019 \$'000	2018 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	3,020	2,259
Term Deposits	662	3,523
Receivables	5,667	4,718
<b>Total Current Assets</b>	<b>9,349</b>	<b>10,500</b>
<b>Non Current Assets</b>	<b>15,789</b>	<b>13,016</b>
<b>Total Assets</b>	<b>25,138</b>	<b>23,516</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	7,602	6,300
Revenue in Advance	1,070	1,491
Employee Entitlements	890	970
Other Current Liabilities	56	184
<b>Total Current Liabilities</b>	<b>9,618</b>	<b>8,945</b>
<b>Non Current Liabilities</b>	<b>232</b>	<b>335</b>
<b>Total Liabilities</b>	<b>9,850</b>	<b>9,280</b>
<b>Net Assets</b>	<b>15,288</b>	<b>14,236</b>
<b>Equity</b>		
Retained Earnings	13,113	13,705
Available for Sale Reserve	2,175	531
<b>Total Equity</b>	<b>15,288</b>	<b>14,236</b>

For and on behalf of the Board who authorise the issue of these summary financial statements on 22 April 2020.

  
Chairman

  
Chief Executive

## Summary Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 \$'000	2018 \$'000
Net Inflow From Operating Activities	2,405	1,614
Net Outflow From Investing Activities	(1,644)	(4,848)
<b>Net (Decrease) / Increase In Cash Held</b>	<b>761</b>	<b>(3,234)</b>
Cash & Cash Equivalents at beginning of the Year	2,259	5,493
<b>Cash &amp; Cash Equivalents at end of the Year</b>	<b>3,020</b>	<b>2,259</b>

## Notes to the Summary Consolidated Financial Statements

For the Year Ended 31 December 2019

### 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 22 April 2020.

### Measurement Basis

The functional currency is New Zealand dollars and the financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The summary financial statements have been prepared on a historical cost basis, except for available for sale financial instruments measured at fair value.

### 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 22 April 2020. 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 2019

### Instep

On 28 June 2019 The Skills Organisation Incorporated (Skills) purchased certain assets and liabilities from Instep Limited and Instep Fitness for Work Limited. Skills acquired Instep for the purpose of gaining entry into the wellness sector.

#### *Assets acquired and liabilities assumed*

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

	Fair value at acquisition date \$'000
<b>Assets</b>	
Intangible Assets – Customer Relationships	393
Fixed Assets	7
<b>Total identifiable net assets at fair value</b>	<b>400</b>
<b>Purchase consideration transferred</b>	<b>400</b>

### Purchase Consideration

The purchase consideration of \$400,000 was paid in cash on the completion date of 10 July 2019.

From the date of acquisition, Instep has contributed \$1,028,000 of revenue and a surplus of \$121,000 to the surplus of the Group.

## Notes to the Summary consolidated financial statements

For the year ended 31 December 2019

### CDL Insight

On 28 June 2019 The Skills Organisation Incorporated (Skills) purchased certain assets and business from CDL Insight Limited (CDL). Skills acquired CDL for the purpose of strengthening our capability in management services and gaining entry into outplacement services.

#### Assets acquired and liabilities assumed

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

	<b>Fair value at acquisition date \$'000</b>
<b>Assets</b>	
Intangible Assets – Intellectual Property	1,241
Intangible Assets – Customer Relationships	451
Fixed Assets	7
<b>Total identifiable net assets at fair value</b>	<b>1,700</b>
<b>Purchase consideration transferred</b>	<b>1,700</b>

### Purchase Consideration

The purchase consideration of \$1,700,000 was paid in cash on the completion date of 28 June 2019.

From the date of acquisition, CDL has contributed \$427,000 of revenue and a deficit of \$202,000 to the surplus of the Group.

## Notes to the Summary Consolidated Financial Statements

For the year ended 31 December 2019

### Events After Balance Date

#### Reform of Vocational Education (ROVE)

Following the announcement in February 2019 of the Reform of Vocational Education (ROVE), the government introduced the Education (Vocational Education and Training Reform) Amendment Bill in August 2019 (with an effective date of 1 April 2020).

The purpose of the Act is to fully transition the role of the Industry Training Organisations (ITOs) to the Workforce Development Councils (WDC) and the New Zealand Institute of Skills and Technology (NZIST) by the end of 2022. While the transition approach is likely to be phased, timing and milestones remain largely uncertain. Regardless of the final transition timetable, the Board does not believe the changes will affect the ability of the Parent or Group to continue as a Going Concern for the foreseeable future.

#### Impact of Coronavirus (COVID-19)

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

The outbreak and the response of Governments in dealing with the pandemic is impacting general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they are not expected to significantly impact on our earnings and is not expected to impact the financial sustainability of this organisation.

It is not possible to estimate the impact of the outbreaks near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case we note that the value of certain assets and liabilities recorded in the statement of financial position determined by reference to fair or market values at 31 December 2019 may have materially changed by the date of this report. These include the valuation of Available for Sale Financial Assets.

As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

#### Other

There were no other subsequent events requiring disclosure in the Financial Statements (2018: Nil).

## 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 32 to 37, which comprise the summary consolidated statement of financial position as at 31 December 2019, 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 ("the Entity") and its subsidiaries (together "the Group") for the year ended 31 December 2019.

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 22 April 2020. That report also includes an emphasis of matter related to subsequent events, the impact of the Coronavirus (COVID-19) outbreak, that draws attention to Note 18 in the audited financial statements. Note 18 of the audited financial statements notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 and how this has been considered by the directors in the preparation of the financial statements. As set out in Note 18, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. Our opinion was not modified in respect of this matter.

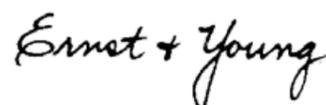
### Those Charged with Governance Responsibilities for the Summary Financial Statements

Those charged with governance are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with Public Benefit Entity Financial Reporting Standard 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 tax consultancy services and agreed-upon-procedures services to the Entity and the Group. Partners and employees of our firm may deal with the Entity 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, the Entity and the Group.



Chartered Accountants  
Auckland  
23 April 2020



# 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



