

**SKILLS ACTIVE  
ANNUAL REPORT**

**2019**

***Changing landscapes***



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# Who we are

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## OUR PURPOSE

We equip people and businesses to thrive.

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## OUR VISION

Our industries' first choice as a partner for workforce development.

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## OUR APPROACH

We will be leaders and role models of:

Biculturalism  
Continuous improvement  
Service excellence

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## OUR VALUES

Our actions will be driven by our core values:

Tika – We do what is right.

Pono – We are true to ourselves.

Aroha – We demonstrate respect and care.



# Our strategic outcomes

## SKILLS ACTIVE:

Leads and innovates workforce development in our industries.

Continues to grow as a strong organisation; relevant and valued by our industries and supported by all our stakeholders.

Develops workforce solutions that are led and endorsed by industry.

Is seen as the one-stop-shop for planning, developing and supporting careers in our industries.

# Our strategic themes

Our strategic outcomes will be achieved through our actions targeting the following themes:





### Kia ora tātou



*Tuatahi, me tuku atu te reo hakawhetai ki tō tātou Mātua-Nui-Te-Rangi mō ana manaakitanga māha kua uhia mai ki runga ki tēnā, ki tēnā o tātou puta noa, puta noa. Tuarua iho, ka huri ngā hakaaro aroha ki te hunga kua riro i te ringa kaha o aituā. Te kōrero mō rātou, haere ki te kāinga tūturu mō tātou mō tēnei mea te tangata; haere, haere, haere atu rā. Nā, kua ea te wāhanga ki a rātou; ka hoki mai ngā rārangi kōrero ki a tātou, ngā mahuetanga iho o rātou, e ngā reo, e ngā mana, e ngā tini kārangaranga maha, tēnā koutou, tēnā koutou, tēnā koutou katoa.*

This report covers 2019, a year that saw the beginning of the most significant changes in the way industry training will be organised since the 1980s.

I am pleased to report that we came to the end of 2019 with a clear future pathway to continue to assist industries to step up, strengthen their people and to flourish as individuals and businesses.

As New Zealand's industry training organisation for sport, recreation, exercise, and performing arts, our organisation is fundamentally affected by the government's Reform of Vocational Education (ROVE).

In the first part of 2019, we played an active part in the public debate on the government's proposals.

In August 2019, the government confirmed that ITOs would be disestablished and instead industry-governed workforce development councils (WDCs) would have oversight of all vocational education, which would be primarily delivered by a single New Zealand Institute of Skills and Technology, with a number of regional campuses.

In addition, the government is establishing:

- Regional Skills Leadership Groups to provide advice about skills needed to the regions
- Taumata Aronui, a group to advise ministers and officials on how the tertiary education system can respond better to the needs of Māori learners

- Centres of Vocational Excellence where industry, providers and relevant groups will share best practice knowledge.

This means the WDCs will take over some of our key functions, such as ensuring training qualifications meet industry standards and that courses taught are relevant and up to date.

The other current role of ITOs – the responsibility for day-to-day support for apprenticeships and other on-the-job training will shift from ITOs to the Institute of Skills and Technology and other providers such as wānanga and private training establishments.

We played a role in developing the structure of the WDCs, including holding four roadshows to consider coverage options.

In December 2019, the government announced that one of the six WDCs will be a Creative, Cultural and Recreation Services Workforce Development Council.

We wish to acknowledge the role of (now departed) Skills Active chief executive Dr Grant Davidson in supporting the creation of this WDC, which will promote the joint interests and goals of our industries.

While Grant left in January 2020, outside the period covered by this Annual Report, the Board wishes to take the

opportunity to recognise that he served our industries and stakeholders well and has shown sound leadership over the years.

Our focus now is on the future, and the board is committed to playing its part. We will continue to work in the best interests of the learners, providers and industries in our area of coverage, to ensure a smooth transition to the new structure. We will also continue to work to embed our commitment to kaupapa Māori and Te Tiriti o Waitangi in the industry reforms.

Skills Active Aotearoa Ltd will continue to operate, and through 2020 the Board will continue to work to transition our organisation into the future.

### 2019 results

It is pleasing to report that we did not lose focus on our core business during the reforms.

Skills Active achieved the targets set by TEC, covering both programme and credit completion, across Pasifika, Māori and non-Māori cohorts. We delivered 1,834 STMs (standard training measures) for the year, and saw the completion of 3,116 national qualifications by our trainees.

Our overall credit achievement rate remained very high, at 75% across all trainees. For our Māori and Pasifika trainees, the credit achievement rate was 75% and 77% respectively.

We also maintained our focus on delivering new standards and qualifications. Four qualifications and 63 unit standards were listed on the New Zealand Qualifications Framework, and 26 new programmes were approved. Two apprenticeships and 17 certificate programmes were launched.

Our new apprenticeships in 2019 were Specialised Swim and Water Safety Teacher, and Entertainment and Event Technology. It was a particular pleasure for us to see our first batch of performing arts apprentices being presented with their certificates at the Entertainment Technology NZ Conference by the Prime Minister and Minister for the Arts Jacinda Ardern.

We also progressed our Outdoor Leadership suite of qualifications during 2019. These qualifications provide the industry with hands-on learning across a wide range of outdoor activities, all grounded in a solid foundation of health and safety, professionalism, and kaitiakitanga. Some of the

activity strands we launched during the year were caving, bushwalking, abseiling and rock climbing.

### Challenges ahead

While this report looks back across 2019, I am writing my comments at a time of great uncertainty, caused by the Covid-19 pandemic.

Our industries are, by their nature, heavily impacted by the actions that have been taken to limit the transmission of Covid-19.

We don't know how this will end, but we know that we will come out the other side, and sport, exercise, recreation and performing arts will always be an essential part of our world. The Board is committed to making sure there is support and the necessary training pathways to help our industries re-establish themselves.

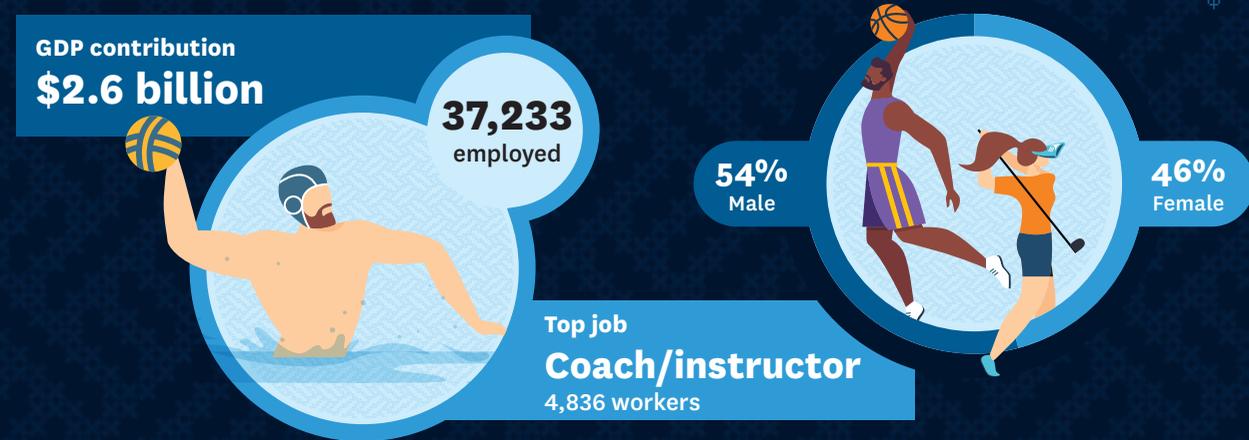
*Me kapi āku kōrero pērā anō i te āhuaranga o tōna tuwheratanga: Me tuku atu te hakamoemiti ki te Atua, me te hakaaro pai ki ngā tāngata katoa. Ka hoki ngā mahara ki ngā karaipiture. I tētahi wā, ka hui katoa mai ngā Parihi kia whakamātautau i te Karaiti; ā ka mea atu tētahi "E te Kaiwhakaako, ko tēhea te kupu nui o te ture?" Ka mea a te Karaiti ki a ia "Kia whakapaua tōu ngākau, tōu wairua, tōu hinengaro ki te aroha ki te Atua; ko te tuatahi tēnei ko te kupu nui. He rite anō te tuarua ki tēnei, kia aroha koe ki tō hoa tata, anō ko koe." Nā, ko te pūtaka o ngā tikanga o te rōpū nei a Skills Active ko rite anō te hanga: Ko te Tika, me te Pono, me te Aroha tētahi ki tētahi.*

Mauri ora,

Sam Napia  
Chair

# Snapshot of our industries

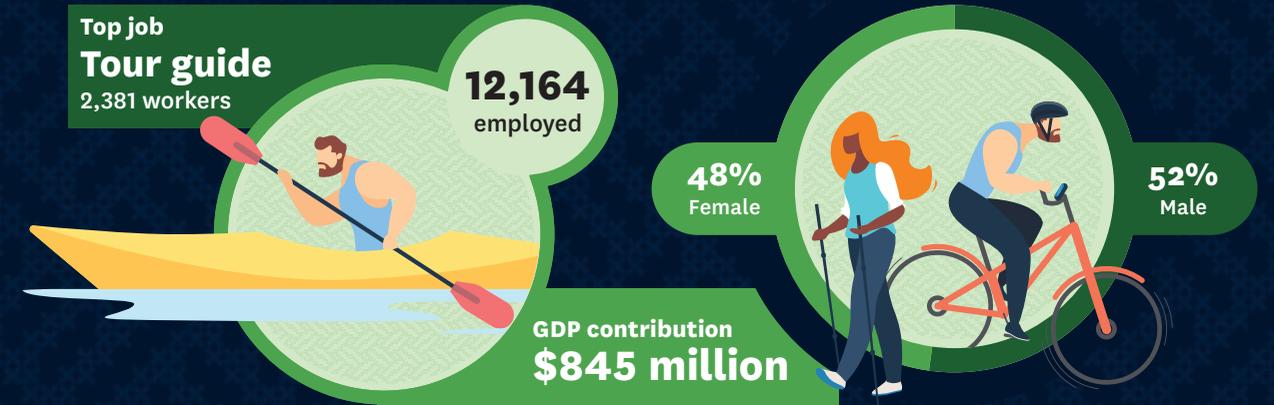
## Community Recreation, Sport and Aquatics



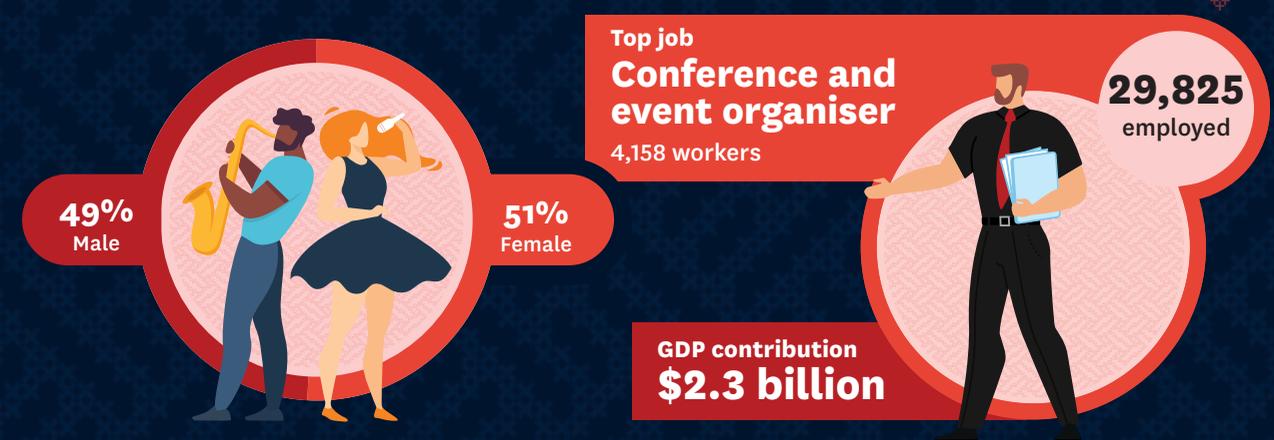
## Exercise



## Outdoor Recreation



## Performing Arts



## Snowsport



\* Figure doesn't include retail and wholesale snow sector

# Our partners



Exercise New Zealand is the national peak body for exercise, and works closely with its partner organisation, the Register of Exercise Professionals.

Exercise New Zealand's mission is to proactively support a sustainable exercise and fitness industry in New Zealand. It strives to grow participation in structured exercise, through advocacy, information and industry standards. Its key roles are advocacy; resource development; standards development, in conjunction with REPs where exercise professionals are involved; and events that support professional development and/or recognise the exercise industry.



EONZ is a national professional organisation supporting education outside the classroom (EOTC) and education outdoors.

EONZ believes all young people in Aotearoa New Zealand should have quality EOTC and outdoor learning experiences, facilitated by competent and capable educators. It's committed to advocating, promoting and supporting EOTC across in all schools, across all areas and demographics, and fostering quality EOTC that educates for a sustainable future.



Entertainment Technology New Zealand (ETNZ) is the national body representing technicians, craftspeople and designers in the entertainment, theatre and event industry, across both the professional and amateur communities.

ETNZ serves as a central point where members can access information and resources on entertainment technology, health and safety issues, service providers and personnel. And it identifies industry training needs and supports interested parties with targeted professional development.



Swimming New Zealand is the national sports organisation for competitive pool and open water swimming in New Zealand. Its mission is to grow and strengthen swimming by providing services to the members of Swimming New Zealand, supporters and the general public.

As well as its role in high performance sport, Swimming New Zealand plays an active role in the promotion of water safety, learn to swim education, and the certification of swimming instructors and swim schools.



The Event Venues Association New Zealand (EVANZ) is the professional industry association representing venues throughout New Zealand. Its mission is to add value to the entertainment venues industry through sustainability, development and engagement.

The main objective of EVANZ is to facilitate information sharing, upskilling, and best practices in the entertainment venues industry.



Recreation Aotearoa represents the people working in the recreation industries. It strives to build capability, develop partnerships, and equip individuals and organisations with the skills they need to deliver high quality recreation experiences that engage participants. Recreation Aotearoa's vision is that in 2020, New Zealand has a strong recreation industry that meets the needs of current and future participants, so that through recreation, New Zealanders are active, healthy, and connected.



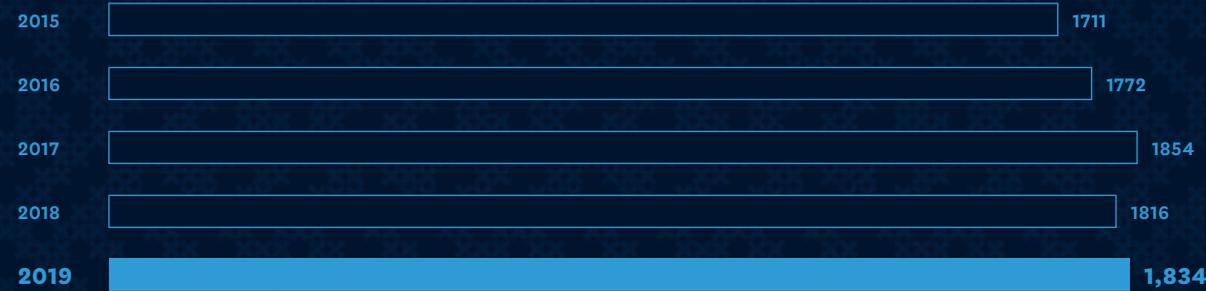
Sport New Zealand's vision is for all New Zealanders to develop a love of sport and recreation that leads to lifelong participation.

Sport New Zealand has a range of goals including building capable, sustainable and co-ordinated organisations, delivering quality sports to their communities; support for high performance elite athletes; and the development of world-class sporting facilities and events.

# Our outcomes

## Summary of key performance indicators

STANDARD TRAINING MEASURES (STMS) BEFORE OFFSETS



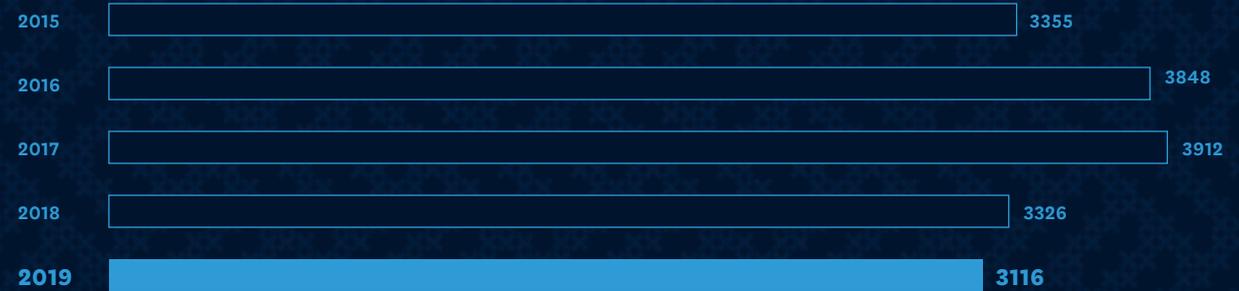
CREDIT ACHIEVEMENT RATES (%)



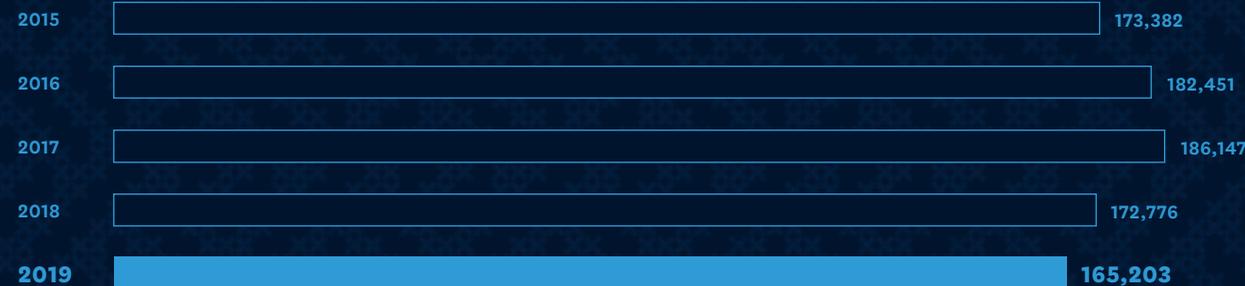
INDUSTRY CASH CONTRIBUTION (%)



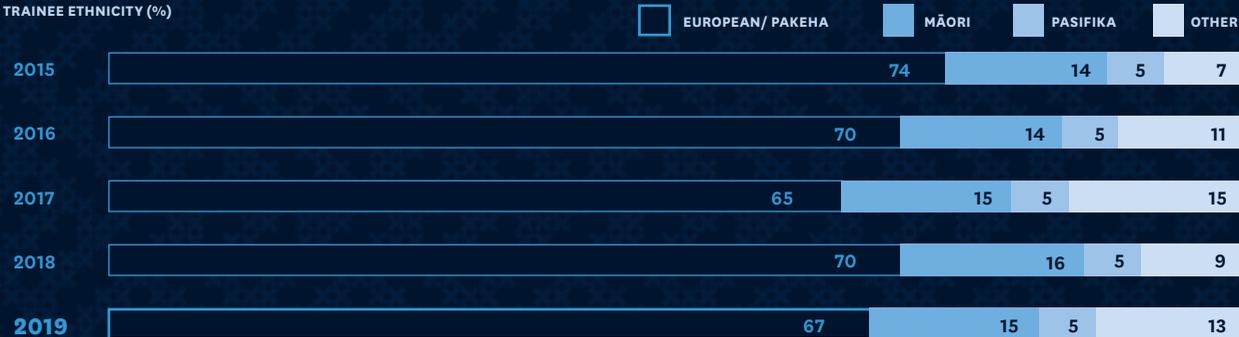
NATIONAL QUALIFICATIONS ACHIEVED



CREDITS REPORTED



TRAINEE ETHNICITY (%)



# OUR HEROES





## Skills Active performing arts graduates celebrate with Prime Minister Jacinda Ardern



Prime Minister Jacinda Ardern was a surprise guest at the 2019 Entertainment Technology New Zealand Conference, where she presided over the graduation of six Skills Active apprentices.

The six apprentices were the first graduates of the New Zealand Certificate in Entertainment and Event Technology (Level 4).

The Prime Minister acknowledged the teamwork that went into developing the qualification.

“I congratulate ETNZ, and obviously your ITO who has been involved as well, on the commitment to putting in place the structures for formal recognition of the important skills in your industry.”

Skills Active chief executive Dr Grant Davidson said it was a big surprise and very special to have the graduates receive their certificates from the Prime Minister, who is also Minister for Arts, Culture and Heritage.

The graduates are all highly-skilled technical specialists of long standing. As well as completing the programme, they have become registered Skills Active assessors, and will be assessing other on-job trainees in the entertainment and events industry.

Dr Davidson said that ETNZ did not have access to on-job qualifications for its members until Skills Active became the ITO for performing arts in 2017. Skills Active, ETNZ and other key partners worked closely over several years to develop the new qualifications, which are now being rolled out.

“We hope the Prime Minister came away with a sense of the huge value of these programmes for people working in performing arts, and the pride that these trainees have in being among the first in their industry to complete performing arts apprenticeships.”





## Passionate swim teacher named 2019 Skills Active Aotearoa Apprentice of the Year



Mariano Garcia Nani came to New Zealand to pursue his career ambition of becoming a professional swimming coach. In 2019, his career went even further when he won the title of Skills Active Apprentice of the Year.

Every year, this award goes to an exceptional Skills Active apprentice, who has demonstrated talent, hard work and a commitment to helping communities get active and take part in sport and recreation.

Mariano worked as a lifeguard after high school in Argentina, when he decided to give life in New Zealand a go. He spent some time in Auckland, first as a lifeguard, and then as a swimming instructor.

After moving south for the role of head swimming coach at the Gore Multisport Complex, Mariano signed up for the New Zealand Certificate in Aquatics - Specialised Swim and Water Safety Teacher (Level 4).

This apprenticeship served to add breadth and depth to his experience in swim education.

His interest in working with people of all abilities prompted him to take on an elective module on teaching 'adaptive aquatics' for swimmers with special conditions.

"I've been coaching here for more than two years now, with triathletes, age group learners, Junior Squad swimmers, and Special Squad swimmers - those with different conditions such as autism, dyspraxia and chromosomal conditions.

"I knew [the apprenticeship] was going to be useful when working with swimmers with different skills, and I also wanted to learn different approaches for my coaching philosophy."

No matter who the student is, Mariano is passionate about being part of their journey and helping them grow as an athlete and as a person.

## 2019 Māori sports scholar a young athlete and mentor from a long line of strong women



Talented sport all rounder and science student Paris Lokotui received the Skills Active Māori Sports Award Scholarship in 2019.

Proud of her whakapapa including Te Rarawa, Te Aupouri, Ngati Kuri and Ngāi Tūāhuriri, this passionate, charismatic and confident young woman is destined to go places.

Paris understands Māori tikanga and feels privileged to always represent her tupuna with integrity and honesty. She is inspired by the strong Māori women in her whanau; her Mum, aunties and nanas; including Aunty Mira (Dame Mira Szaszy) and Dame Whina Cooper - both of whom knew the importance of education and women's rights.

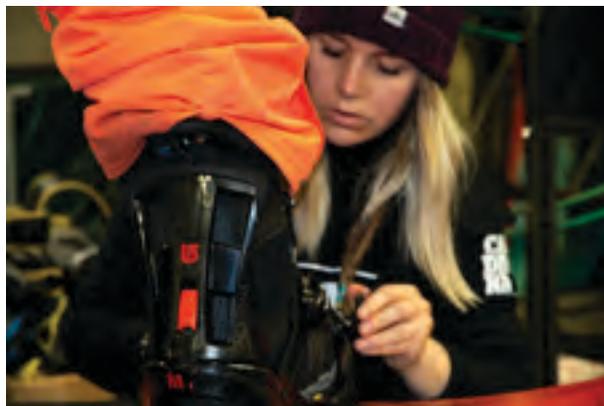
Paris enjoys community work and volunteering, especially where youth are involved. She has coached children at Wellington Basketball's Hoop Kids Camps and helped mentor young aspiring athletes in netball, basketball and water polo, at both club and representative level.

A student at Wellington's Queen Margaret College, in 2019 Paris was appointed prefect in the school's leadership group, an honor to be recognised by her peers and school community as a leader. She is also a recent recipient of the Tania Dalton Foundation scholarship, supporting young women aged 16 to 18 years who have a sporting talent.

And her sporting abilities are extraordinary. Paris has represented New Zealand at secondary school level in netball, basketball and water polo. She also plays top level college rugby sevens, touch and volleyball. She was named female all rounder of the year in Wellington secondary school competitions, in both 2018 and 2019.

In early 2019, Paris received a further scholarship through the Pinnacle Programme to take the 10-day voyage on the Spirit of Adventure - a life changing experience for her. In 2020, she plans to pursue her Bachelor of Science at Victoria University. Her ambitions are to succeed in her studies and continue to do volunteer work and make positive changes in her community.





## Training a top-notch team at Cardrona



Cardrona Alpine Resort employs a range of workforce development practices to build a world-class team on the mountain.

As one of the country's biggest ski resorts, Cardrona welcomes many thousands of visitors every year, all of whom are looked after by a crew of more than 700 staffers during the winter ski season.

It's the talent, hard work and professionalism of this team that ensures guests come off the mountain each day having had a fantastic experience whatever the weather.

Cardrona has teamed up with Skills Active for several years now to deliver a wide range of qualifications to its team. These include technical certificates for skilled professionals

in departments such as bootfitting, rentals, snowschool and lift operations.

About 330 people went through the Alpine Resort Operations qualification in 2019 – this is an introduction for new starters on the mountain, which gives them a grounding in Cardrona's operations, its values, and health and safety systems.

"Everyone comes to Cardrona for a different reason, some of that is career development and some of that is to become better in a certain skill," said people and performance manager Laura Hedley.

"If we can offer some of these on-job qualifications to them, we're going to be able to keep this really good team that we have here," Laura said.

## Equipping the people who make recreation happen at Christchurch City Council



Christchurch City Council has been busy growing and upskilling its sport and recreation workforce, to cater to a city with a big appetite for physical activity and all the benefits it brings.

Jacquie Hibbs, Recreation and Sports manager customer and programmes, said that in 2018 about 3.4 million people came through the doors, and this was expected to grow to 5.8 million with new facilities coming on board.

Being an active community has many benefits beyond just increased fitness, Jacquie said – personal wellbeing, a sense of belonging, social cohesion, mastery of physical skills, increased water safety, and overall better quality of life.

The job of the 690-strong Recreation and Sports Unit is to get more people more active, more often, said Jacquie. That can mean anything from pointing someone in the direction of the

pool, to teaching a spin class, to running a team of lifeguards or producing an event.

The workforce has access to a range of on-job qualification with Skills Active, including Pool Lifeguard and Swim Education, Sport and Leisure Operations, Team Leadership, Business Administration and First Line Management.

Having standardised training across the team sets clear expectations from the start and instils health and safety awareness, Jacquie said.

"It gives us consistency in practice and delivery, and we can be confident that that consistency is delivered as an experience to the customer. Of course we are not clones of each other – we bring our own personalities – but it keeps everyone on the same page and it's an efficient way of working."





## Nelson boxing gym a powerhouse of positive change



Nelson's Victory Boxing reaches out to people from all walks of life, but the heart of the organisation is its youth programme.

"Our starting age [for gym users] is eight, and we go right up to about 80 years of age," programme director Paul Hampton said.

"We probably have 450 kids in our youth programme now. Our primary goal... is to see our young people feeling in a place where they can contribute to society, they have good feelings about themselves, and their self-esteem is strong."

The Victory team also has special sessions for people with Parkinson's disease, cancer survivors, victims of abuse, and a number of other groups, Paul said.

He said the Victory coaching team give their time and skills for free, so it's important to Victory that they are provided with top-notch professional development.

Through an on-job qualification process with Skills Active, Victory has supported six of its skilled staff to complete the National Certificate in Recreation and Sport (Developing Coach) (Level 3).

"Our [coaches] are in the gym anyway doing the work - so it was just giving some structure to that through the training, giving lots of mentoring, and giving them an opportunity to ask questions and keep improving what they were doing," Paul said.





## Young people getting an insight into their true potential at Boyle River



Boyle River Outdoor Education Centre has teamed up with Skills Active to help young people gain credit for the learning they do in the great outdoors.

Boyle River development manager Nick Chapman said the partnership with Skills Active supports the Centre's adventure-based learning programme.

Adventure-based learning is a way of developing and assessing some of the key competencies in the New Zealand curriculum, through a sequence of outdoor activities, Nick said.

"It's about thinking, it's about relating to others, it's about self-management and contributing and participating.

"Pushing the comfort zones of individuals gives people a bigger insight into what they are truly capable of."

For the past three years, Boyle River has had a Memorandum of Understanding with Skills Active, as the standard-setting body for outdoor recreation, to help students gain unit standards while taking part in Boyle's assessment-based programmes.

"Every student that comes through, we have in the back of our mind that a few of them are definitely going to use this as a stepping stone into future careers, whether that's becoming an outdoor leader, a park ranger or in the tourism industry," Nick said.

"Working with Skills Active has been really fantastic; it's provided so many opportunities to young people throughout Canterbury and greater New Zealand."

## Cave guides learning the ropes at Waitomo Adventures



People from all over the world come to Waitomo Adventures, where Scott Culpan and his team of guides make sure everyone has the caving experience of a lifetime.

Scott is the training manager and an operations manager at Waitomo Adventures, which offers caving, abseiling and blackwater rafting.

Winter is training season for the Waitomo Adventures crew, Scott said. The guides are completing on-the-job caving qualifications from Skills Active's suite of New Zealand Certificates in Outdoor Leadership.

"We're hanging on ropes at heights of 100 metres, so if there

was a medical event whilst hanging on rope, our guides need to know how to deal with that."

"If we're in a cave and we experience a flash flood, they need to feel comfortable and confident in dealing with those scenarios."

Scott himself and others in the local caving industry were among those who contributed to the development of the new Skills Active qualifications for cave guides.

"To now see our first bunch of guides come through and achieve the Level 4 [qualification], it's hugely rewarding, and we've now got the whole company enrolled in the next level."





## Building safe cycling communities in Nelson and Marlborough



Thousands of tamariki in Nelson, Tasman and Marlborough are mastering the skills of cycling, and learning the love of two wheels, with the help of the instructors at Sport Tasman's Ride On programme.

Gina Persico is the community cycle coordinator at Sport Tasman, and looks after the Ride On cycle skills programme in Nelson/Tasman. Her colleague Braden Prideaux is the coordinator for the Ride On programme in Blenheim.

Of the twenty instructors working for these programmes, fifteen have qualified through the Skills Active cycle skills instructor certificate – and demand for their skills is growing fast.

“Cycling is great for kids from a fundamental movement skills perspective. It encourages hand-eye coordination

and balance skills, which can also be transferred to other activities,” Gina said.

Working with Skills Active has helped to ensure that the instructors are up to speed and working as a team, she said.

“In order to get our people trained up, we facilitate small workshops which help instructors to work their way through the qualification booklet. As they do this they are sharing their experiences and lessons learned, and putting them into context to satisfy the qualification process,” she said.

“The flexible nature of the Skills Active qualification process is great, because instructors are able to fit it in around their other commitments,” Braden added. “Through the certificate, we have a formalised process to ensure all instructors are delivering the same material in the same way, which is great.”

## Driven by a vision of better health for Pasifika people:

### Latu's story



Latu To'omaga had a career teaching group fitness in some of New Zealand's biggest gyms – but he didn't see many Pasifika faces looking back at him in his classes.

Instead, Latu saw obesity and its associated health risks affecting people he knew and cared about.

So he changed gears and returned home to Cannons Creek to start up low-cost, Pasifika-themed exercise classes – on top of his other roles as an educator, speaker and businessperson.

That led to becoming a Skills Active assessor, and supporting and mentoring others to become qualified group fitness instructors.

Being a great fitness instructor means teaching effectively, managing groups, ensuring class safety, and understanding the needs of participants, Latu said. And through the Skills Active framework, the trainees learn all this and more.

“It's great to see people's lives change, when they are coming from obesity to realising that they can change themselves, and as a result they can change their children's lives.

“It's a generational change, if they can keep that going – I think that's really awesome.”





## Leading the way towards skill recognition for entertainment and event professionals



Jeremy Falconer knows his stuff when it comes to entertainment and event operations, so he's stoked that he and his peers now have access to formal on-job qualifications through Skills Active.

Jeremy is the operations manager at the ASB Theatre in Marlborough, where he has worked for the past 11 years.

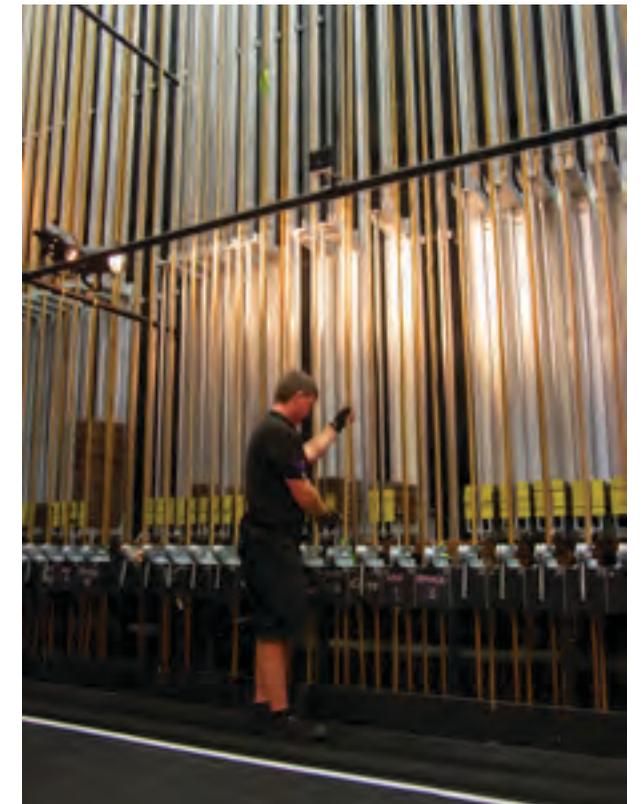
"One of the things that has kept me entertained here is the variety to my job. Sometimes I'll be doing lighting, or lighting design, or rigging. Sometimes we will be building stage structures. No two days are the same."

Having worked in live events for many years, Jeremy's problem-solving and time management skills are top

notch. In 2019, he completed the New Zealand Certificate in Entertainment and Event Operations (Level 3), which recognises these and many other skills.

Next up, he began tackling the Level 4 Entertainment and Event Technology certificate, and he has his sights set on the higher qualifications as they become available. He has also become a registered Skills Active assessor so that he can support his staff who are completing qualifications.

"[An on-job qualification] makes them much more hireable because it gives them really good hands-on, practical experience, and you just can't learn that out of books."



## Mobil teams up with Skills Active on its Māori learning journey



Mobil Oil New Zealand Limited (Mobil) has embarked on a path towards deeper understanding of tikanga and te reo Māori in the workplace.

In 2019, 26 Mobil employees enrolled in the National Certificate in Māori Management, a Skills Active programme covering a range of skills and knowledge, from beginner te reo Māori and tikanga (Māori cultural practices and core values), to waiata (songs) and pūrākau (stories), to Te Tiriti o Waitangi.

The Level 3 certificate also includes a noho marae (an overnight marae visit), and public speaking exercises – reflecting the importance of whaikōrero (speechmaking) in te ao Māori (the Māori worldview).

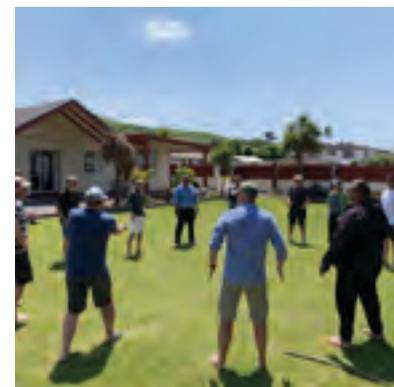
Mobil’s Lead Country Manager Andrew McNaught said at a company level, Mobil embraces diversity and is committed to engaging with the communities in which it operates. As part of this, it’s paramount that the Mobil team in New Zealand

seek to improve their understanding of Māori language and culture.

“In addition to committing staff involvement in the Skills Active Aotearoa programme, Mobil has incorporated te reo Māori on Pay at Pump transaction points of sale, which is going to be a permanent addition. Customers will also see te reo Māori in instore messaging, and in correspondence from Mobil Smiles™ Driver Rewards programme,” said Mr McNaught.

Skills Active chief executive Dr Grant Davidson said it was great to welcome Mobil as a client, and great to see the company supporting its staff to become more proficient and comfortable in Māori settings.

“We are thrilled to be supporting Mobil as they take the initiative to grow the skills and knowledge of their workforce, in such a critical area for doing business in New Zealand,” Dr Davidson said.



## Skills Active awards recognise world-class training and learning



Skills Active's award winners came from all industries and all walks of life in 2019. The Apprentice of the Year, featured earlier in this section, was the highly talented swimming coach Mariano Garcia Nani.

The Small Business Award, which recognises small and medium businesses that support their staff to step up and strengthen their skills, went to Queenstown's Browns Ski Shop and its owner Kris Vermeir.

Browns Ski Shop uses on-job training as a way to develop the snowsport professionals on its team, and help them grow and advance their careers in the industry.

The Volunteer Development Award went to Caroline Eastmond, who completed her swim teaching qualification through Skills Active.

Caroline teaches young swimmers at the Waiiau Pool in North Canterbury. She is passionate about swimming and water safety, and gives up her time and skills for free in order to support swimming skills in her community.

Caroline contributed tirelessly to efforts to rebuild the pool, after it was destroyed in the 2016 earthquakes. The new Waiiau pool opened in March last year.

The Skills Active exercise awards, presented at the annual Fitex Conference in November, go to an outstanding individual, and an outstanding facility, respectively.

The individual award went to Neil Wagstaff of Napier's Peak Fitness and Health. Neil is a business owner, Skills Active

assessor, an exercise industry professional of long standing, and a passionate mentor and supporter of the trainees in his workplace.

The facility award went to Waikanae's The Achievement Room gym. They were celebrated for their strong commitment to on-job training and upskilling pathways for staff.

The Skills Active training award, part of the national Community Leisure Management (CLM) Awards, went to the Rotorua Aquatic Centre.

Sponsored by Skills Active, the award goes to a CLM facility that shows dedication to professional development and upskilling, through formal on-job training. In 2019, 21 staff members completed the New Zealand Certificate in Sport, Exercise and Leisure Operations. Of these, 13 also went on to complete the New Zealand Certificate in Aquatics.

The Supreme Outdoor Award for the outdoor recreation industry went to Liz Penman. Liz, an outdoor educator, was recognised as an outstanding leader who has made a lifelong contribution to the sector.

And finally, Skills Active gave out two scholarships during the year. The Exercise Scholarship went to former head boy, coach and passionate fitness fan, Braidon Fletcher, who will use his scholarship to complete the New Zealand Certificate in Exercise (Level 4). And the Māori Sport Scholarship went to talented young athlete Paris Lokotui, also profiled earlier in this report.



## Skills Active strategy for Māori success



The Skills Active Māori strategy has two planks. Firstly, it supports Māori trainees in mainstream workplaces such as gyms, recreation centres, pools, health providers and DHBs.

Secondly, the strategy also supports trainees in workplaces engaged in traditional Māori activities and with kaupapa Māori aspirations, such as runanga, Māori business entities, marae-based hauora and taonga taakaro.

The strategy also supports all trainees, Māori and non-Māori, who wish to increase their cultural competence in te ao Māori.

In 2019, one of the key objectives against the Māori strategy was to develop programmes valued by industry. A great deal of development work went into three new Māori qualifications which were nearing completion at year-end.

This work was a high priority for Skills Active, as part of our wish to ensure Māori communities are aware of the provision of our qualifications and programmes, and have input into their make-up.

### 2019 progress

New Zealand certificates under development for:

- New Zealand Certificate in Tikanga (Matauranga Māori) (Level 2)
- New Zealand Certificate in Māori Business and Management (Level 3)
- New Zealand Certificate in Manaaki Marae (Level 3)

Resources developed and supported for delivery by the following clients, either in 2019 or for 2020:

- Ngāti Kahungunu
- Ngāti Porou
- Te Arawa
- Waikato/Tainui

- Te Rarawa
- Exxon Mobil
- Capital and Coast DHB
- Wairoa District Council
- Te Houtaewa Māori Charitable Trust
- Te Runanganui o Ngati Porou.

*Whakahoki ki muri, titiro anga whakamua.* Return to the past to forge the future.

It's useful to reflect on the whakapapa of our relationship with Te Runanganui o Ngāti Porou. In 2011, Te Runanganui o Ngāti Porou entered a partnership with Skills Active to deliver the National Certificate in Marae Catering Level 2. This was to be the first time this programme had been offered in a marae setting on this scale.

Since 2011, commitment by whānau members from various Ngāti Porou marae has seen more than 100 graduates earn their National Certificate, from locations including Rauru Marae, Rahui Marae, Taharora Marae, and Te Tini o Porou.

This provided new learning for ringawera on the marae, as well as recognition of their long-held skills and experience in a formal qualification. It also provided a succession plan for rangatahi to learn from experienced ringawera and gain a qualification in a marae setting.

In the words of kaiarahi service manager, the late Josie Tangaere: “The benefits of working with our marae and getting our marae people qualified, not only gives them opportunities to expand their horizons, but it gives back to our marae, the mana of learning.”

That National Certificate was the forerunner of the new New Zealand Certificate in Manaaki Marae, under development in 2019.



# OUR ORGANISATION



# Organisational achievements

In 2019:



# Directors' disclosure

BOARD MEMBER	INTEREST	MEETINGS ATTENDED
Des Ratima (re-elected 21 June 2019)	Whakatū Kōhanga Reo – Chair Te Whanautahi Charitable Trust – Chair Te Roopu Kaitiaki O Te Wai Māori – Company Manager Board of Trustees, Mangateretere School – Chair	6/6 board meetings, AGM, strategic planning meeting, 3/3 Titiro Anga Whakamua meetings, CE Performance Evaluation Committee meetings
Butch Bradley (re-elected 8 June 2018)	Te Ara a Māui Inc (Māori Regional Tourism Board) – Chair, Director World Travellers Limited - Chair, Business Development Director Radio A Ltd – Director Rainforest Experiences NZ Ltd – Director (from 3 April 2019) Whakatu Enterprises Ltd – Director (from 3 April 2019)	6/6 board meetings, 2/2 Audit and Risk Committee meetings, AGM, strategic planning meeting, 1/2 Titiro Anga Whakamua meetings
Andrew Gunn	Snake Point Lodge Limited – Director Bertney #35 Limited – Director Trafalga Nominees – Director Kokoroa Farms – Director	6/6 board meetings, 2/2 Audit and Risk Committee meetings, CE Performance Evaluation Committee meeting, AGM, strategic planning meeting, 2/2 Titiro Anga Whakamua meetings
Sam Napia (re-elected 21 June 2019)	Freedom Excel Limited – Director Qualworx Limited – Executive Director (from 24 July 2019)	6/6 board meetings, 2/2 Audit and Risk Committee meetings, AGM, strategic planning meeting, 1/2 Titiro Anga Whakamua meetings

BOARD MEMBER	INTEREST	MEETINGS ATTENDED
Alexander Brunt (resigned from board 1 July 2019)	Ministry of Education	2/3 board meetings, 2/2 Audit and Risk Committee meetings, CE Performance Evaluation Committee meeting
Stephen Gacsal	Register of Exercise Professionals – Registrar ICREPs – Board Member	6/6 board meetings, 2/2 Audit and Risk Committee meetings, CE Performance Evaluation Committee meeting, AGM, strategic planning meeting
Wendy Sweet (term ended 21 June 2019)	Personal Training Company - Director	1/3 board meetings, 2/2 Audit and Risk Committee meetings, 2/2 Titiro Anga Whakamua meetings
Stephanie Hadley (elected 21 June 2019)	Exercise NZ Association - Chair James & Wells Intellectual Property - Associate En Forme Limited - Director	3/3 board meetings, strategic planning meeting

# Skills Active shareholder allocations

COMMUNITY RECREATION	
New Zealand Recreation Association Incorporated	33
Water Safety New Zealand Incorporated	33
National Council of YMCAs of New Zealand Incorporated	34

EXERCISE	
Exercise Association of New Zealand	100

PERFORMING ARTS	
Entertainment Venues Association of New Zealand (EVANZ)	33
Dance Aotearoa New Zealand Limited	34
Entertainment Technology New Zealand	33

SPORT	
Sport and Exercise Science New Zealand Incorporated	100

OUTDOOR RECREATION	
Christian Camping New Zealand Incorporated	20
Education Outdoors New Zealand Incorporated	20
New Zealand Mountain Safety Council Incorporated	20
New Zealand Outdoor Instructors Association Incorporated	20
Sir Edmund Hillary Outdoors Education Centres	20

SNOWSPORT	
New Zealand Snowsport Instructors Alliance Incorporated	25
NZ Snow Industries Federation Incorporated	25
NZ Snowsports Council Incorporated	25
Ski Areas Association (New Zealand) Incorporated	25

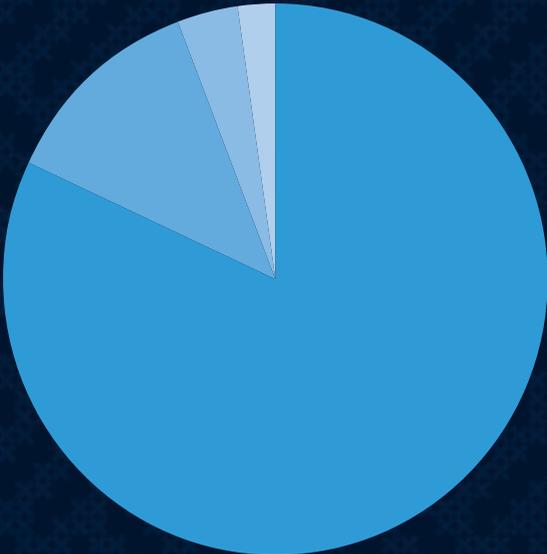
NGĀ MAHI A TE RĒHIA	
Aotearoa Māori Providers of Training Education and Employment (AMPTEE)	60
Aotearoa Māori Tennis Association Incorporated	60
Handball New Zealand	60
Hauraki Māori Trust Board	60
Te Tohu Taakaro o Aotearoa Charitable Trust – National Māori Sports Awards	60
New Zealand Māori Rugby Board	60
Te Arawa Lakes Trust	60
* Te Kaunihera Haupoi Māori o Aotearoa	60
Te Roopu o te Pātaka	60
Whakaruruhau Ngā Mahi ā Te Rēhia	60

**TOTAL SHARES 1200**

\* Shareholder in default (a shareholder that has not attended or been represented at a Skills Active AGM for two consecutive years)

# Financial snapshot

## MONEY IN



	<b>Government Grants</b> .....	<b>\$5,777,020</b>
	<b>Subscriptions and Fees</b> .....	<b>\$875,306</b>
	<b>Qualworx</b> .....	<b>\$242,418</b>
	<b>Interest</b> .....	<b>\$149,316</b>
	<b>Total</b> .....	<b>\$7,044,060</b>

## Total Operating Income



\$7,044,060

-

## Total Expenditure



\$7,580,858

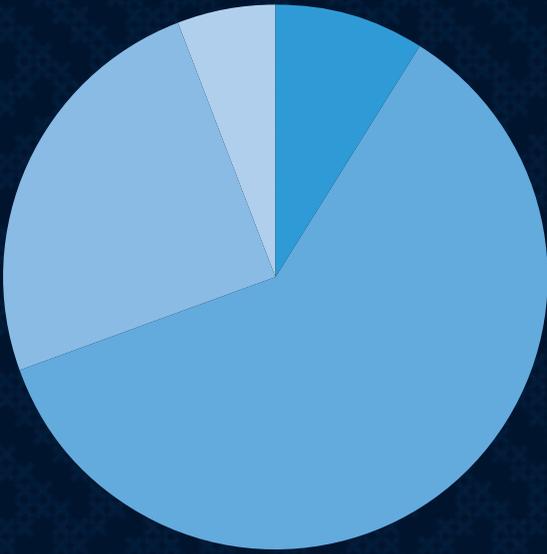
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## Operating Loss



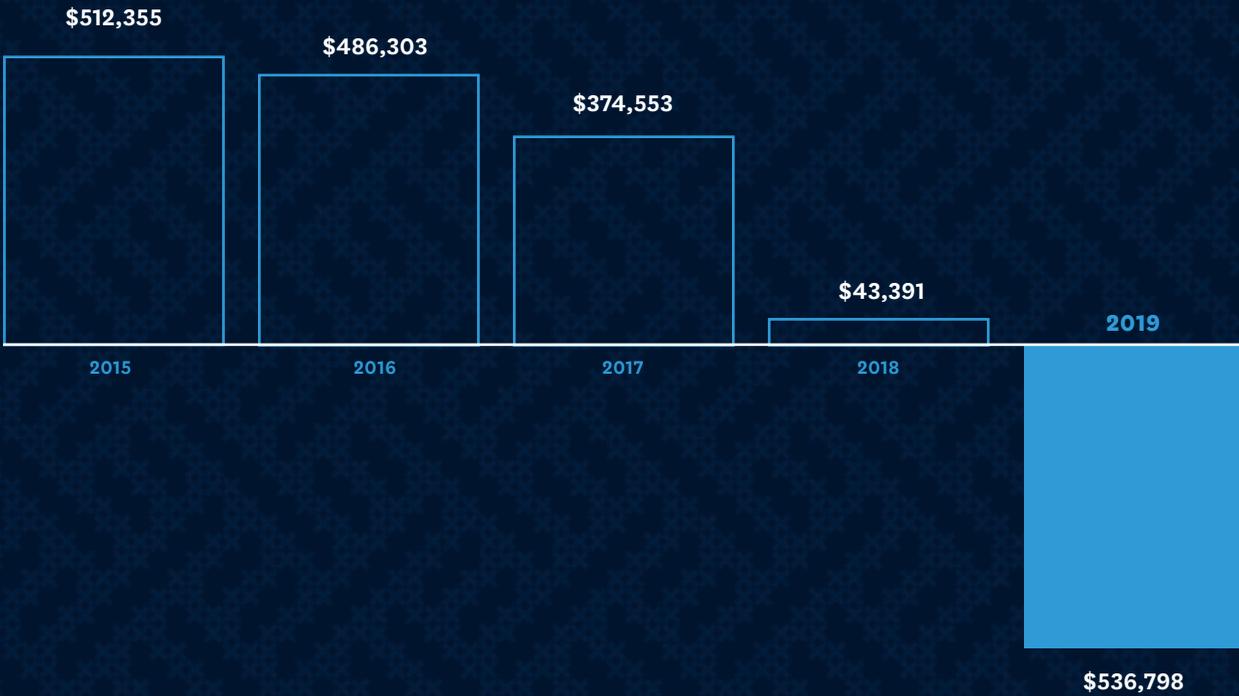
\$536,798

## MONEY OUT



	<b>Cost of Sales</b> .....	<b>\$682,554</b>
	<b>Employee Expenses</b> .....	<b>\$4,590,064</b>
	<b>Operating Costs</b> .....	<b>\$1,876,448</b>
	<b>Client Servicing</b> .....	<b>\$431,792</b>
	<b>Total</b> .....	<b>\$7,580,858</b>

## OPERATING SURPLUS/ LOSS





**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SKILLS ACTIVE AOTEAROA LIMITED**

**Opinion**

We have audited the consolidated financial statements of Skills Active Aotearoa Limited (“the Society”) and its subsidiary (together, “the Group”), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (“PBE Standards RDR”) issued by the New Zealand Accounting Standards Board.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society or its subsidiary.

**Emphasis of Matter**

We draw attention to Note 23 to the consolidated financial statements, which describes the effects of the non-adjusting subsequent event of the COVID-19 outbreak and the impact on the entity. Our opinion is not modified with respect to this matter.

**Directors’ Responsibilities for the Consolidated Financial Statements**

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Who we Report to**

This report is made solely to the Society’s Directors, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society’s Directors, as a body, for our audit work, for this report or for the opinions we have formed.

*BDO Wellington Audit Limited*

**BDO Wellington Audit Limited**

Wellington  
New Zealand  
11 May 2020

## Financial statements

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

Revenue	Note	2019(\$)	2018(\$)
<b>Revenue from exchange transactions</b>			
<b>Industry contributions</b>			
NZQA moderation rebate		175,727	189,075
Workplace fees and registration fees		697,222	612,844
		<b>872,949</b>	<b>801,920</b>
<b>Qualworx</b>	4	<b>242,418</b>	<b>343,307</b>
<b>Other income</b>		<b>2,358</b>	<b>-</b>
<b>Total revenue from exchange transactions</b>		<b>1,117,725</b>	<b>1,145,226</b>
<b>Tertiary Education Commission</b>			
Industry Training Fund (ITF)	5	5,737,020	5,847,760
Sector Leadership Fund		-	-
Qualification Development Fund		40,000	48,000
<b>Total revenue from non-exchange transactions</b>		<b>5,777,020</b>	<b>5,895,760</b>
<b>Total revenue</b>		<b>6,894,745</b>	<b>7,040,986</b>
<b>Less cost of sales</b>	6	<b>682,554</b>	<b>838,804</b>
<b>Gross surplus</b>		<b>6,212,190</b>	<b>6,202,183</b>
<b>Expenses</b>			
Employee benefits expense	7	4,590,064	4,443,317
Other operating costs	8	1,876,448	1,406,842
Client servicing and training resources	9	431,792	429,814
<b>Total expenses</b>		<b>6,898,304</b>	<b>6,279,971</b>
<b>Surplus/(deficit) before financing income</b>		<b>(686,114)</b>	<b>(77,790)</b>
<b>Interest income</b>		<b>149,316</b>	<b>121,179</b>
<b>Surplus/(deficit) for the year</b>		<b>(536,798)</b>	<b>43,391</b>
<b>Total comprehensive income/(loss)</b>		<b>(536,798)</b>	<b>43,391</b>

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019(\$)	2018(\$)
<b>Equity at the beginning of the year</b>		5,683,120	5,639,730
Deficit for the year		(536,798)	43,391
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(536,798)</b>	<b>43,391</b>
<b>Equity at the end of the year</b>	10	<b>5,146,322</b>	<b>5,683,120</b>

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019(\$)	2018(\$)
<b>Cash Flows from operating activities</b>			
Receipts from customers		6,948,818	6,997,080
Payments to suppliers and employees		(7,185,778)	(6,750,843)
Proceeds from Interest Income		129,815	121,179
		<b>(107,145)</b>	<b>367,416</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(70,547)	(268,610)
Movement in investments		171,039	(1,110,047)
		<b>100,492</b>	<b>(1,378,657)</b>
<b>Cash flows from financing activities</b>			
Other cash items from financing activities		-	-
<b>Total cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net cash flows</b>		<b>(6,653)</b>	<b>(1,011,241)</b>
<b>Cash balances</b>			
Cash and cash equivalents at beginning of period		773,683	1,784,924
Cash and cash equivalents at end of period		767,032	773,683
<b>Net change in cash for period</b>		<b>(6,653)</b>	<b>(1,011,241)</b>

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2019



	Note	2019(\$)	2018(\$)
<b>Current assets</b>			
Cash and cash equivalents	11	767,032	773,683
Short term deposits	12	4,037,046	4,208,085
Receivables	13	569,978	656,402
Prepayments		73,873	157,704
		<b>5,447,928</b>	<b>5,795,874</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	351,026	477,973
Intangible assets	15	124,403	81,173
		<b>475,429</b>	<b>559,146</b>
<b>Total assets</b>		<b>5,923,357</b>	<b>6,355,019</b>
<b>Current liabilities</b>			
Trade payables		256,876	308,447
Employee benefits payable		375,699	196,483
Goods and services tax payable		124,295	147,899
Income in advance		20,164	19,071
		<b>777,035</b>	<b>671,899</b>
<b>Net assets</b>		<b>5,146,322</b>	<b>5,683,120</b>
<b>Equity</b>			
Shared capital		-	-
Retained earnings	10	5,146,322	5,683,120
<b>TOTAL EQUITY</b>		<b>5,146,322</b>	<b>5,683,120</b>

For and on behalf of the Board

Sam Napia  
Chair

11 May 2020

Andrew Gunn  
Chair - Audit & Risk Committee

11 May 2020

NOTES TO AND FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



## 1. Reporting entity

These financial statements comprise the financial statements of Skills Active Aotearoa Limited ("Skills Active") and its subsidiary Qualworx Limited for the period beginning 1 January 2019 to 31 December 2019. Skills Active is a Company incorporated in New Zealand, registered under the Companies Act 1993. The Company is the Industry

Training Organisation for the Sport, Exercise, Recreation and Performing Arts industries of New Zealand. The registered office of the Company is 14 Sages Lane, Te Aro, Wellington. The financial statements of the Company are for the year ended 31 December 2019. The financial statements were authorised for issue by the Directors on 11 May 2020.

## 2. Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with International Public Sector Accounting Standards adopting the New Zealand Framework for Public Benefits Entities Not-For-Profit Reduced Disclosure Regime. The Company is a reporting entity for the purposes of the Companies Act 1993, the Financial Reporting Act 1993 and the Charities Act 2005.

The financial statements are presented in New Zealand Dollars (NZD). All financial information presented has been rounded to the nearest dollar.

The financial statements are prepared on the historical cost basis.

These financial statements have been prepared in accordance with PBE IPSAS (NFP) RDR. The Company qualifies for PBE IPSAS (NFP) RDR status as it has no public accountability and total expenses of less than \$30m.

The Directors have approved these financial statements on a going concern basis. The Directors have concluded the going concern basis is appropriate, as Skills Active Aotearoa Limited has obtained funding from the Tertiary Education Commission (TEC) for the 2019 calendar year and indicative funding for the 2020 calendar year.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### a) Revenue

Revenue is identified as either exchange or non-exchange. A transaction is classified as an exchange transaction if it has all of the following three components otherwise it is classified as non-exchange:

- There are two parties that have agreed to enter into the transaction
- There is a direct exchange of economic benefits or service potential between the parties
- The exchange is of approximately equal value

### i) Revenue from non-exchange transactions

i. ITF and Apprenticeship Funding  
Skills Active receives funding from the Tertiary Education Commission based on Standard Training Measures (STMs). The income is recognised when received in accordance with contracted delivery and when conditions of the agreement are met. Any potential repayment of funding is an end of year clawback adjustment due to over-funding by TEC and is recognised as a liability in the Balance Sheet. This revenue is considered non-exchange on the basis that TEC does not receive a direct benefit from the funding.



ii. Workplace and registration fees

Workplace and registration fees are recognised in the year which the related programme commences. This revenue is considered non-exchange on the basis that the fees are significantly subsidised by TEC, so the transaction is not of approximately equal value.

iii. Sector Leadership Training and Qualification Development Fund

Revenue is provided from TEC as a contribution towards the cost of Skills Active's part of the Targeted Review of Qualifications Programme. There is no "use or return" requirement on this revenue and no liability is recognised for amounts not yet spent at balance date. This revenue is considered non-exchange on the basis that TEC does not receive a direct benefit from the funding.

iv. Other TEC Funding

Other TEC funding is recognised in the year that the funding conditions are fulfilled. This revenue is considered non-exchange on the basis that TEC does not receive a direct benefit from the funding.

**ii) Revenue from exchange transactions**

i. NZQA Moderation Rebate

NZQA moderation rebate is recognised when received, in the year which the related moderation occurs. This revenue is considered exchange on the basis that this is essentially a full-cost recovery subcontracting arrangement with NZQA, which holds ultimate responsibility for moderation of tertiary level qualifications.

ii. Qualworx

Qualworx revenue is received in exchange for the provision of audit services. Revenue is recognised at the point that the audit is completed and an audit certificate has been issued. This is consistent with PBE IPSAS 9 which requires that revenue is only recognised when the significant act is completed, that being the issuance of the audit certification. Qualworx revenue is considered exchange on the basis that the audits are of direct benefit to those audited, and that the fees reflect an approximately equal exchange in value. Qualworx cost of sales is recognised when work is performed and the invoice from the third party is received.

iii. Interest income

Interest income is recognised as it accrues, using the effective interest method.

**b) Property, plant and equipment**

Property, plant and equipment are recognised at cost, less depreciation. All assets are depreciated using the straight-line or diminishing value methods and with the following useful life parameters:

Asset	Expected Useful Life	Residual Value
Motor Vehicles	3-5 years	20%
Computer Equipment	2-5 years	-
Office Equipment	4-5 years	-
Office Furniture	3-10 years	-
Telecommunications Equipment	2 years	-
Leasehold Improvements	Length of the Lease	-

Subsequent costs are added to the carrying amount of an item of property, plant and equipment, when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income when incurred. The residual value of assets is reassessed annually.

**c) Leases**

The Company leases certain buildings. Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

**d) Intangible assets**

An intangible asset is recognised only if all of the following conditions are met:

- An asset is controlled by the Company as a result of past events;
- It is probable that the asset created will generate future economic benefits; and
- The cost of the asset can be measured reliably.



Intangible assets are categorised into those with finite lives and those with indefinite lives. Intangible assets with finite lives i.e. software is amortised using the straight-line method with a useful life of 3 years and no residual value. Where an intangible asset cannot be recognised, the expenditure is charged to profit or loss in the period in which it is incurred.

On 1st May 2014, the Intellectual Property and Trademarks of OutdoorsMark were purchased from Outdoors New Zealand. Intellectual Property and Trademarks have indefinite lives therefore are not amortised, but are assessed annually for impairment.

The residual value of intangible assets is reassessed annually.

**e) Trade and other receivables**

Trade and other receivables are stated at cost less impairment losses.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original receivable terms. Subsequent recoveries of amounts previously written off are credited against other income.

**f) Employee benefits**

The Company's net obligation in respect of annual leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using current pay rates and actual leave accrued. The Company has no obligation in respect to defined contribution pension plans, long service leave, or share-based payment transactions.

**g) Income tax**

The Company is registered with the Charities Commission under the Charities Act 2005, and is therefore exempt from tax under section CW 42.

**h) Goods and services tax**

All items are stated exclusive of GST except for trade receivables and trade creditors that are stated inclusive of GST.

**i) Cash and cash equivalents**

These include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**j) Short term deposits**

Short term deposits are Bank held term deposits with maturities of 3 months or greater from inception. Short term deposits are recognised at the face value of the deposit plus any accrued interest.

**k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**l) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**m) Financial instruments**

Financial instruments are recognised in the Balance Sheet when the Company becomes party to a financial contract. They include cash balances, deposits, bank overdraft, receivables, and payables. The business invests funds only with entities with satisfactory credit ratings. Exposure to any one financial institution is restricted in accordance with the business' policy.

Liabilities at amortised cost, and loans and receivables are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impairment of non-financial assets.



**n) Controlled entities**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included

in the consolidated financial statements from the date that control commences until the date that control ceases.

**o) Changes in accounting policy**

The accounting policies adopted are consistent with those of the previous year.

**4. Qualworx**

	2019(\$)	2018(\$)
<b>Qualworx revenue</b>		
Annual JASANZ Fee	13,719	15,386
Audit Fees	211,533	300,219
Disbursements	12,022	16,348
Worksafe	5,144	11,355
<b>Total Qualworx revenue</b>	<b>242,418</b>	<b>343,307</b>

Qualworx Limited is a NZ Limited Company incorporated on 25 May 2017 and Skills Active Aotearoa is the sole shareholder. Qualworx exists to empower businesses to give their customers fun, safe and exhilarating experiences. The primary mechanism for achieving that vision, is to deliver safety audits that are recognised by JAS-ANZ to audit against the Adventure Activity Regulations.

of Skills Active, after purchase in 2013. Skills Active made the decision to resource Qualworx as a separate company, with the goal of injecting capital, capacity and capability to create the company into a standalone profit making venture, while staying true to the vision and mission of the company. During the 2019 financial year, Skills Active made the decision to invest \$450,000 in Qualworx as share capital, with payment made in the 2019 financial year. Skills Active is committed to supporting Qualworx into the 2020 financial year and beyond.

Prior to incorporation, Qualworx was a separate business unit

**5. Tertiary Education Commission revenue**

Skills Active will submit in mid-2020 a plan to TEC, for their approval, to become a Transitional Industry Training Organisation (TITO) which will enable the company to continue

to facilitate workforce development and support workplace trainees into 2021 and provide a contractual basis for an extension of such functions beyond 2021.

	2019(\$)	2018(\$)
<b>Industry Training Fund (ITF)</b>		
ITF Funding – Core	5,227,420	5,225,920
ITF Funding – Growth Fund	–	112,240
Apprenticeship Funding	509,600	509,600
<b>Net TEC Income</b>	<b>5,737,020</b>	<b>5,847,760</b>



**6. Cost of sales**

Note	2019(\$)	2018(\$)
Apprentice Subsidy	30,368	27,071
Assessment Fee	42,008	30,091
Certificate and Card Printing	9,217	10,346
NZQA Administration Fee	2,380	245
NZQA Credit Reporting	253,824	277,803
NZQA Managing Consistency	30,372	59,440
NZQA Programme Consultation	6,813	9,160
NZRA PLPC Fees	6,560	30,000
Resource Courier Costs	36,415	33,304
Resource Printing	111,428	151,462
SAMs	8,208	14,832
	<b>537,593</b>	<b>643,755</b>
<b>Qualworx</b>		
Auditor Fees	97,504	128,314
Auditor Moderation	1,329	1,879
Auditor Training	1,782	906
Certificate Printing	–	3
Disbursements	12,232	18,304
Auditor Insurance	1,238	8,901
JASANZ Fees	22,471	23,177
Specialist Advice and Consultation	521	598
Worksafe Fees	7,884	12,965
	<b>144,961</b>	<b>195,049</b>
<b>Total Cost of Sales</b>	<b>682,554</b>	<b>838,804</b>



## 7. Employee benefit expense

	2019(\$)	2018(\$)
Wages and Salaries	4,219,502	4,116,005
Contract Staff	117,993	92,320
<b>Employee Entitlements</b>	<b>4,337,495</b>	<b>4,208,324</b>
Training	59,200	36,627
Other Costs	193,369	198,366
	<b>4,590,064</b>	<b>4,443,317</b>

## 8. Other operating costs

	2019(\$)	2018(\$)
Depreciation and Amortisation	155,495	170,558
Net Loss on Disposal of Assets	(8,437)	18,736
Impairment of Trade Receivables	11,518	52,255
Rental Expenses	271,468	263,819
Advertising	14,035	78
ACC Levies	8,461	11,009
Auditor Fees	22,527	21,050
Directors Fees	204,348	129,104
Legal Fees	379,484	27,056
IT Expenses	249,125	204,386
Insurance	30,600	31,171
Travel Expenses	35,202	47,799
Postage, Printing and Stationery Expenses	58,477	67,998
Phone and Internet Expenses	84,520	69,447
Professional Fees	117,797	52,174
Office Expenses	84,250	76,066
Repairs and Maintenance Expenses	15,947	44,101
Subscriptions and Membership Expenses	36,326	34,343
Staff Expenses	86,910	66,956
Other	18,395	18,736
	<b>1,876,448</b>	<b>1,406,842</b>

## 9. Client servicing and training resources

	2019(\$)	2018(\$)
Client Servicing	381,993	373,386
Conferences and Events	11,899	16,428
Partnership Agreements	37,900	40,000
	<b>431,792</b>	<b>429,814</b>



## 10. Equity and reserves

The Company has a policy of maintaining equity reserves (retained earnings) between a minimum of \$3 million and a maximum of \$6 million based on the current Strategic and Operational Risk Analysis. Equity reserves as at 31 December 2019 were \$5.1 million.

Equity reserves will be retained to allow for such items as future capital expenditure, economic downturn, failure to meet TEC contract requirements, a contingency in the event that the Company ceases operations (to recognise potential

costs and liabilities including transitioning trainee agreements to another entity) and non-cancellable lease commitments.

At 31 December 2019, share capital comprised 1,200 ordinary shares (2018: 1,200) all of which were uncalled and unpaid at the balance date. The holders of ordinary shares are entitled to one vote per share at meetings of the Company. They have no right to the Company's residual assets. Ordinary shares have no par value.

	2019(\$)	2018(\$)
<b>Total Issued and Paid Up Capital</b>		
Balance at Beginning of Year	5,683,120	5,639,730
Net Surplus/(Deficit) after Financing Income	(536,798)	43,391
<b>Retained Earnings at end of year</b>	<b>5,146,322</b>	<b>5,683,120</b>
<b>Total Equity</b>	<b>5,146,322</b>	<b>5,683,120</b>

## 11. Cash and cash equivalents

	2019(\$)	2018(\$)
ANZ Bank	31,641	358,312
ASB	267,594	356
Kiwibank	440	440
Westpac	467,114	414,332
Petty Cash	243	243
	<b>767,032</b>	<b>773,683</b>

## 12. Short term deposits

	2019(\$)	2018(\$)
ANZ Bank	141,834	1,137,037
ASB	500,000	1,042,317
Kiwibank	1,145,212	1,106,322
Westpac	2,250,000	922,409
	<b>4,037,046</b>	<b>4,208,085</b>



### 13. Receivables

	2019(\$)	2018(\$)
Accrued Revenue	179,637	59,699
Accrued Revenue - from non-exchange transactions	44,448	24,000
Trade Receivables	445,893	672,703
Allowance for Doubtful Debts	(100,000)	(100,000)
	<b>569,978</b>	<b>656,402</b>

### 14. Property, plant and equipment

Cost	Computer Equipment	Leasehold Improvements	Motor Vehicles	Office Equipment	Office Furniture	Total
Opening	266,714	407,076	366,990	161,980	92,687	1,295,447
Additions	15,237	-	-	973	-	16,210
Disposals	191	-	5,523	1,493	-	7,207
Closing	281,760	407,076	361,467	161,460	92,687	1,304,450

#### Accumulated Depreciation

Opening	168,486	238,437	234,149	119,755	56,648	817,475
Depreciation	53,583	22,684	43,572	10,153	5,957	135,949
Disposals Depreciation write-back	-	-	-	-	-	-
Closing	222,069	261,121	277,721	129,908	62,605	953,424
Net Book Value 2019	59,691	145,955	83,746	31,552	30,082	351,026
Net Book Value 2018	98,228	65,552	132,841	42,225	36,039	477,973



### 15. Intangible assets

Cost	Computer Software	OutdoorsMark	Total
Opening	44,314	50,000	94,314
Additions	62,774	-	62,774
Disposals	-	-	-
Closing	107,088	50,000	157,088

#### Accumulated Amortisation

Opening	13,141	-	13,141
Depreciation	19,545	-	19,545
Disposals Depreciation write-back	-	-	-
Closing	32,686	-	32,686
Net Book Value 2019	74,403	50,000	124,403
Net Book Value 2018	31,173	50,000	81,173

### 16. Provision for TEC payback

The TEC provision is calculated with the information available at the time of the production of the Financial Statements and is subject to final confirmation from the TEC. Due to Covid-19,

the process of confirmation has been delayed by the TEC and not expected to be confirmed until later in May 2020. We do not expect there to be any recoveries for the 2019 year.

### 17. Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2019(\$)	2018(\$)
Less than one year	162,727	236,013
Between one and five years	-	144,346
	<b>162,727</b>	<b>380,360</b>

Skills Active has three leases for offices in Wellington and Auckland. The Wellington office leases are for \$216,159 per annum which expire in August 2020 with a further three year renewal option. The Auckland office lease is for \$18,381 per annum and expires in November 2020 with an option to renew.



## 18. Related parties

The Company has related party relationships with a Director and Chief Executive. The transactions between Directors, the Chief Executive Officer and organisations in which they hold an interest are:

Board Member	Organisation	Paid to Skills Active	Paid by Skills Active
<b>2019</b>			
Stephen Gacsal	Exercise Association of NZ	-	20,010
Grant Davidson	Industry Training Federation	-	28,184
<b>2018</b>			
Stephen Gacsal	Exercise Association of NZ	35,000	15,000
Grant Davidson	Industry Training Federation	-	32,269

Stephen Gacsal is the Registrar of the NZ Register of Exercise Professionals (REPs), a wholly owned subsidiary of Exercise New Zealand. Monies paid to Exercise New Zealand represents sponsorship as detailed in the partnership agreement between the two parties.

Grant Davidson is a director of Sausage Roll Limited and a member of the Industry Training Federation Executive Committee. Monies paid to the Industry Training Federation

represent membership fees and other projects fronted by the Federation. Monies paid to Sausage Roll represent payment for audits carried out on behalf of Qualworx.

Des Ratima is a shareholder of Te Roopu o te Pataka which holds 60 Skills Active Shares. These shares were acquired as a part of the original shareholders' agreement dated 2001 and no consideration was paid for these shares.



## 19. Remuneration paid to key management personnel

	2019(\$)	2018(\$)
\$0-\$100,000	1	-
\$100,000-\$110,000	-	2
\$110,000-\$120,000	1	-
\$120,000-\$130,000	1	2
\$130,000-\$140,000	1	-
\$200,000-\$210,000	-	1
\$220,000-\$230,000	1	-

## 20. Directors' remuneration received

Name of Director	Skills Active Board Fees(\$)	Audit & Risk Committee (\$)	Additional Days (\$)	ROVE Project	Qualworx Board Fees	Total
<b>2019</b>						
Sam Napia	39,000	-	-	10,045	35,833	84,878
Butch Bradley	15,000	-	-	-	960	15,960
Alexander Brunt	7,500	980	-	-	1,9825	28,305
Stephen Gacsal	15,000	980	-	-	-	15,980
Andrew Gunn	15,000	980	-	-	1,960	17,940
Des Ratima	15,000	-	-	13,230	-	28,230
Wendy Sweet	7,500	980	-	-	-	8,480
Stephanie Hadley	7,500	-	-	-	-	7,500
<b>Total</b>	<b>121,500</b>	<b>3,920</b>	<b>-</b>	<b>23,275</b>	<b>58,578</b>	<b>207,273</b>
<b>2018</b>						
Sam Napia	35,500	-	-	-	-	35,500
Butch Bradley	13,395	-	-	-	491	13,886
Alexander Brunt	13,395	980	2,450	-	3,430	20,255
Stephen Gacsal	13,660	983	-	-	-	14,643
Andrew Gunn	13,145	980	-	-	-	14,125
Des Ratima	13,395	-	-	-	-	13,395
Wendy Sweet	13,395	980	-	-	-	14,375
<b>Total</b>	<b>115,885</b>	<b>3,923</b>	<b>2,450</b>	<b>-</b>	<b>3,921</b>	<b>126,179</b>



## 21. Financial assets and liabilities

All financial assets are classified as loans or receivables for financial measurement purposes. These are:

	Loans and Receivables at amortised cost	
	2019(\$)	2018(\$)
Cash and cash equivalents	767,032	773,683
Short term deposits	4,037,046	4,208,085
Receivables	569,978	656,402
	<b>5,374,055</b>	<b>5,638,169</b>

Financial liabilities are reported at amortised cost and comprise trade payables of \$256,876 (2018: \$308,447). There are no financial liabilities at fair value through profit and loss.

## 22. Commitments and contingencies

There are no commitments or contingent liabilities as at 31 December 2019 (2018: Nil)

## 23. Subsequent events

### Covid-19

On 23 March 2020, the New Zealand government issued an Epidemic Notice under section 5 of the Epidemic Preparedness Act 2006 to combat the threat of the Covid-19 pandemic.

The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

The company has assessed the likely impact of Covid-19 on

the company and have concluded that, for the 12 months from the date of signing the financial statements, Covid-19 will not impact the ability of the company to continue operating. This conclusion has been reached because:

- The TEC have confirmed their contract payment for the 2020 financial year will remain unchanged, and will not be subject to any deduction or payback in the case of under delivery of contractual performance.
- The company has sufficient cash reserves to operate for the 2020 year, and also the 2021 year in the case of nil or low income in 2021.
- With the current level 4 status and isolation requirements, the staff of the company are all currently working from home with the business continuing to operate and serve the needs of our stakeholders, workplaces and trainees.

The Company has concluded there is no going concern impact



on the Group as a result of the Covid-19 pandemic. As at the date of these financial statements, this is considered to be a non-adjusting post balance sheet date event.

### Education Amendment Bill

On 24 February 2020, the Education (Vocational Education and Training Reform) Amendment Bill received Royal assent. The amended Education Act repeals the Industry Training and Apprenticeships Act 1992 in order to create a unified and cohesive vocational education training system.

Of particular significance to Skills Active, the amended Act establishes a new regulatory framework for vocational

education and training, enables Workforce Development Councils to be established and provides transitional arrangements to enable a smooth transfer of functions and responsibilities from the current to the new system.

Although the potential changes are expected to affect Skills Active, the current published timetable indicates that there will be no significant change to operations in 2020. Accordingly, these financial statements do not reflect the impact of any changes arising from the amended Act due to a lack of certainty.

There are no other events subsequent to balance date that require disclosure in these financial statements.

## 24. Going concern

These financial statements have been prepared based on management's and the Board's assessment that Skills Active is a going concern. It is noted that there are currently no plans to liquidate or cease the business, and there are no material uncertainties which cast doubt upon the ability of Skills Active to continue to operate as a going concern for the foreseeable future.

As outlined in Note 23 (subsequent event), there are significant changes being planned to the operating environment for Industry Training Organisations (ITOs)

like Skills Active. The latest information from government agencies indicates that the transfer of standard setting from ITOs to Workforce Development Councils should occur between July 2020 and June 2021 and the implementation of new models of arranging training should commence from January 2022. Arranging training is the most significant function of Skills Active measured by funding and by employee headcount. Based on the dates for changes to Skills Active's operating model, these financial statements have been prepared on a going concern basis.



# Directory

## Skills Active Board

Sam Napia  
Andrew Gunn  
Butch Bradley  
Des Ratima  
Stephen Gacsal  
Stephanie Hadley

## Registered Office

14 Sages Lane  
Te Aro  
Wellington 6011

## Solicitor

Kensington Swan

## Bankers

ANZ  
Westpac  
ASB  
Kiwibank

## Auditors

BDO New Zealand

## Contact

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