



On-Job Qualifications
for Active Careers

Annual Report 2011



A LEAP OF FAITH



2011 Annual Report

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Our Purpose

To build a highly qualified workforce in the sport, recreation, snowsports, and fitness industries, leading to productive and sustainable organisations that provide quality services to New Zealand.

Ki te whakakaha ake i te hunga mahi i te ahumahi ā-rēhia kia puta ai he whakahaere whai hua, whakauka hoki e tuku ratonga kounga ai ki Aotearoa.

Our four core functions under the Industry Training Act are:

1. Setting skill standards and developing national qualifications for our industries
2. Providing work-based learning opportunities for employees and volunteers so they can increase their skills and gain qualifications
3. Quality-assuring assessment to ensure that every person who assesses our trainees' and training providers' work is assessing accurately and consistently
4. Providing leadership within our industries on matters relating to skill and training needs by listening closely and responding to workplaces and other stakeholders.

Our Values:

- 1 **Tika** We do what is right
- 2 **Pono** We are true to ourselves and others
- 3 **Aroha** We demonstrate respect and care

On-Job Qualifications for *Active* Careers



Chair's Report Sam Napia

E ngā raurangatira mā, tēna koutou.

Me tuku atu te reo hakamoemiti, hakawhētai ki to tātou Matua Nui i te Rangī, te tuatahi. Māna anō tātou i manaaki i ngā rā, i ngā wiki, i ngā marama me te tau ko pāhure ake nei.

Me te maumahara hoki ki wā tātou tini aitua. Tēnei āhuaranga o te mate - horekau ke e taea te pēhea i a tātou ngā kanohi ora o rātou mā. Erangi, e tika ana me tuku mihi aroha ki te hunga mate. Rātou ki a rātou; tātou anō te hunga ora ki a tātou. Nā reira tēna koutou, tēna koutou, tēna anō hoki tātou katoa.

Without a doubt 2011 has been a challenging year for Aotearoa New Zealand, the tertiary education sector and for Skills Active Aotearoa.

The global financial crisis has had real impacts on New Zealand, and our economy has been in recession for well over a year. This has negatively impacted many of the businesses in our sectors, leading to decreased staffing levels and the temptation to reduce training budgets.

The February Christchurch earthquake and subsequent aftershocks have been felt by individuals, families and businesses, not only in Christchurch but throughout the country. The Skills Active Christchurch office was only one of hundreds to be red-stickered, with staff having to work from home while waiting to hear what the final verdicts would be for their own houses. Many sport, aquatics, fitness, outdoor and snow sports businesses were either put out of business temporarily or permanently as playing grounds, buildings and venues were destroyed.

While all of this was happening, the government and its agencies were already introducing changes to the tertiary education landscape. The first was around tightening funding rules to drive higher performance outcomes from those engaging in industry training. The second was around the rationalising of qualifications on the New Zealand Qualifications Framework so that fewer qualifications exist, but those that do are endorsed and valued by industry and all tertiary education providers. The qualifications that will exist in the future will be directly linked to skills that lead to jobs. We are supportive of both of these moves but the speed of implementation and lack of considered processes and support systems have made things very difficult for us.

The Board has spent the past year ensuring that Skills Active is best positioned to meet the challenges we face while continuing to respond to the training needs of our industries.

There is some good news...

- We have dedicated and skilled staff who have the organisational structure and tools to be innovative and high-performing.
- We have invested in our information technology which is now being rolled out to provide better interfacing with our trainees and workplaces, while providing up-to-date reports that monitor performance so we can provide support where it is needed.
- We have new offices in Wellington, Auckland and Christchurch. The Wellington office has been set up so that our industries can use the facilities for meetings or as a hot desk while visiting Wellington.
- Our data shows that our educational performance has increased dramatically in terms of active trainees, credit achievement and completion of programmes.
- Workplaces have continued to invest in training their staff despite the difficult financial times.
- Despite massive changes in how we do business, and higher expectations of our workplaces, our customer satisfaction feedback from workplaces and trainees has remained very high.
- We have maintained a strong representation of Māori trainees.
- We have built strong relationships with many of our industry partners, through whom we have consulted with industry to be able to publish a sector strategic training plan for our sectors.
- We are working with Sport NZ (previously SPARC) to develop a comprehensive workforce development strategy for our sectors, from which we will be able to establish training needs into the future.

Knowing that businesses in Christchurch were suffering, the Board carefully considered how we were best able to assist. We promoted a training recovery package for those who needed to upskill staff to help them get back on their feet. Through this we were able to provide assistance to workplaces in the fitness, outdoor recreation and community recreation areas.

In last year's annual report I signalled our intention to budget for a loss in 2011 as we invested in the changes required to adapt to the new requirements of our funders, the Tertiary Education Commission. Unfortunately we are in a similar position to many other ITOs and are unable to establish a final year-end position with TEC in terms of both our contract and educational outcomes. This is because TEC's newly implemented database (the Industry Training Register - ITR) does not agree with our own set of data and we need to reach agreement on a final set of figures, which is taking some time.

In the interim we have built a worst-case contingent liability figure into the annual accounts, in collaboration with TEC and our auditors. This estimate is shown in the accounts as \$178,816 but it is our expectation that the end result will be close to zero in terms of any payback. It is only once agreement is reached on the final data that educational outcomes can be calculated. Our plan is to produce an addendum to this annual report and distribute this to all stakeholders in Skills Active once this data has been confirmed.

I look forward to the year ahead where our focus will be on strengthening and building on our approaches with workplaces and trainees. Special attention will be placed on supporting our Māori trainees to complete qualifications so that their success rate is similar to that of non-Māori.

I welcome any feedback from stakeholders on how Skills Active can be more relevant to our industries within our mandated scope.

E mihi tonu atu ana ki a koutou katoa.

Mauri ora



Sam Napia
Chairman

Chief Executive's Report Grant Davidson

As reflected in the report from the Chair, 2011 has been a challenging year. However, through those challenges, our staff have focused on our core function of meeting the skill development needs of our industry sectors.

As discussed in the Chair's report, TEC are unable to confirm our educational outcomes for 2011. However, our internal calculations lead us to believe we have produced Skills Active's best educational outcomes ever in terms of qualification completions and credit achievement. This has been the result of a real team effort that is represented in the remaining pages of this report: qualifications and resources that are fit for purpose and useful to trainees and workplaces; a network of industry advisors who are focused on supporting trainees to complete and build on their qualification pathway; and an administration team who have risen to the challenges of having to enter more data than ever before within tight timeframes.

While our performance in servicing clients over the past year has been far from flawless, I would like to thank our trainees and workplaces who have stuck with us. You have been rightfully frustrated at times as we have introduced new software, systems and processes and encountered a range of problems along the way.

The Skills Active staff have had to produce the improved results outlined above while faced with two major restructures and struggling with old technology while we worked to develop a new system. Like almost all IT projects, ours took much longer than our most pessimistic estimates predicted. I have learnt never to make promises about launch dates of new software packages ever again.

However, I believe the foundations are now in place to make real strides in customer service in 2012. That is our aim.

An innovation for our sectors has been the approval to offer Modern Apprenticeships for the first time. Overseas research shows that committed and broad training across our sectors offered by the Modern Apprenticeship scheme will lead to highly skilled employees, longer retention rates and increased career opportunities. While we received final approvals to run Modern Apprenticeships too late in the year to enrol many trainees, we hope that workplaces will take up these opportunities in 2012.

Special mention should be given to our partnership with NZSki Ltd, who offer three large ski-fields in the South Island. We have been working with NZSki for several years now and together have been developing a staged training and qualification pathway for their staff across all departments. Each staff member now has the ability to gain recognition for their skills and experience, from a Level 3 National Certificate in Tourism through to an Applied Masters Programme with Otago Polytech. The outcomes of the commitment shown by NZSki are not only a skilled and competent staff, leading to high levels of customer satisfaction on the ski-fields, but staff retention rates that have increased from 30% to over 60% in the last three years. This leads to better productivity and lower costs of re-training for the company.

One of our key roles as an ITO is to provide leadership for our industry sectors in identifying skill and qualification gaps, and then filling these gaps to result in skilled workers and more productive workplaces. This is a challenging yet exciting role as it forces us to research trends, analyse the results, determine present and future requirements, and take action based on those determinations.

Three pieces of work in this area of sector leadership are worthy of comment.

Firstly, Sector Strategic Training Plans (SSTPs). For over 2 years we worked with industry peak bodies to identify the skill and qualification gaps in our sectors. The outcomes of this research were tested through a number of industry forums and we have now been able to publish the results to help guide development of training packages in the short to medium term. Thanks to Fitness NZ, NZ Recreation Association, Outdoors NZ and the NZ Snowsports Council for their help in this work.

Following from the SSTP work, which has a 3-year horizon, we have embarked on a more ambitious project with SportNZ to develop a workforce development plan for our industries with 5, 10 and 15 year landmarks in terms of identifying workforce requirements. BERL have been contracted to carry out the research and modelling of future workforce needs, based on various scenarios in terms of changing trends in both New Zealand society and the global economy.

Both of these projects will help to inform the third major piece of work we are helping to coordinate, the Targeted Review of Qualifications (TRoQ). The TRoQ process involves getting representatives from providers of qualifications and industry groups together to establish what qualifications should exist on the New Zealand Qualifications Framework in the future to meet the various job roles across our sectors.

Currently there are over 170 qualifications in sport, recreation and fitness. This number of qualifications makes it difficult for trainees and employers to understand career pathways and what each qualification means in terms of skill sets. After the TRoQ process the aim is to reduce this to a simpler progression of qualifications that is understandable and useful to all those who are stakeholders in the qualifications. We have established strong links with our sister organisations in Australia and the United Kingdom to ensure that the final group of qualifications gives the best opportunity for international portability when developed.

One of the immediate actions to have come from the SSTP work, also influenced by regulations for the commercial outdoor sector, has been the call for the holders of some qualifications on the NZQF to be searchable by the public. This will enable the public to make informed decisions about who they choose to have lead them on a commercial activity. The industry also believes that for such a database to be meaningful, holders of the qualifications should be checked on occasions to ensure their knowledge and skills are still current in order for them to remain registered for that qualification.

Skills Active brought together a number of national peak bodies to develop this registration concept and to consult with the industry around implementing such an idea. We are now supporting the industry groups to establish criteria for showing currency and setting up a registration database where 'current' award holders can be searched. The database is to be called the NZ Register of Recreation Professionals (NZRRP) and is planned to be launched by mid 2012. The database has the support of NZ Recreation Association, Outdoors NZ, Sport NZ, NZ Deerstalkers Association, Education Outdoors NZ, Water Safety NZ, NZ Mountain Safety Council and Fitness NZ, among others.

Of interest to many will be the discussion in the media about changes to ITOs, possible mergers and a review of industry training. This talk obviously leads to uncertainty and doubt about strategic direction. Recent public addresses by the Minister and presentations by the Tertiary Education Commission indicate that there is certainly going to be a place for ITOs going forward, and if anything the focus on skill leadership will be reinforced. While there will inevitably be fewer ITOs than currently exist, our industry sectors will continue to be represented by skill sets and qualifications that need to be serviced in order to have a vibrant, healthy economy and society.

The Board and staff of Skills Active will continue to work with dedication to ensure that qualifications for our sectors on the NZQF are well developed and quality resources exist for their on-job delivery. We will work collaboratively with national peak bodies, workplaces and trainees to ensure the qualifications are delivered to the right people in the right way, in order to make a positive difference in the workplace.

My thanks to the Board of Skills Active, our staff and our many stakeholders, workplaces and trainees for supporting the work we do to upskill and qualify our industry workforce.




Grant Davidson
Chief Executive



Our Clients in Action

Community Leisure Management (CLM)

CLM launched a new Core Skills training programme in July 2011. This programme provides CLM with a comprehensive induction and core skills programme that provides assurance that all staff provide a consistent high standard of service nationally. On completion of the Core Skills programme, staff achieve the National Certificate in Recreation and Sport (Core Skills) Level 2 and then progress on to job specific Level 3 qualifications.

CLM will be celebrating their first graduation on 20 April 2012, and it is expected that there will be over 100 completions of various national qualifications achieved from the 700+ staff employed in 35 CLM facilities nationally.

Auckland Council

Auckland Council, in partnership with Skills Active, developed a qualification framework to ensure national qualifications are available to all Parks, Sport and Recreation staff (PSR Unit). The qualification framework provides the opportunity for all staff to complete their Core Skills programme (National Certificate in Recreation and Sport (Core Skills) Level 2) when joining the Council, to provide a comprehensive induction programme and ensure a consistent level of service is provided across the Auckland region. It is expected that staff will then continue to work to ensure that they hold a minimum Level 3 qualification, and then have an opportunity to progress on to leadership and development programmes. A First Line Management course has just been launched to 15 aspiring leaders with completion in November 2012. This is just one of many exciting initiatives Skills Active is progressing in partnership with Auckland Council.

New Zealand Rugby League

New Zealand Rugby League offers a Senior Club Coach Training programme, and on completion of this programme Coaches will also achieve the National Certificate in Coaching and Instruction (Developing Coach) Level 3.

This is the first initiative for Skills Active to work with a National Sporting Organisation since the alignment of the National Certificate in Coaching and Instruction (Developing Coach) Level 3 to Sport New Zealand's Developing Coach Framework. Given all NSO's are required to align to the Developing Coach Framework, Skills Active can now formally validate this by providing assessment that aligns to the outcomes required.

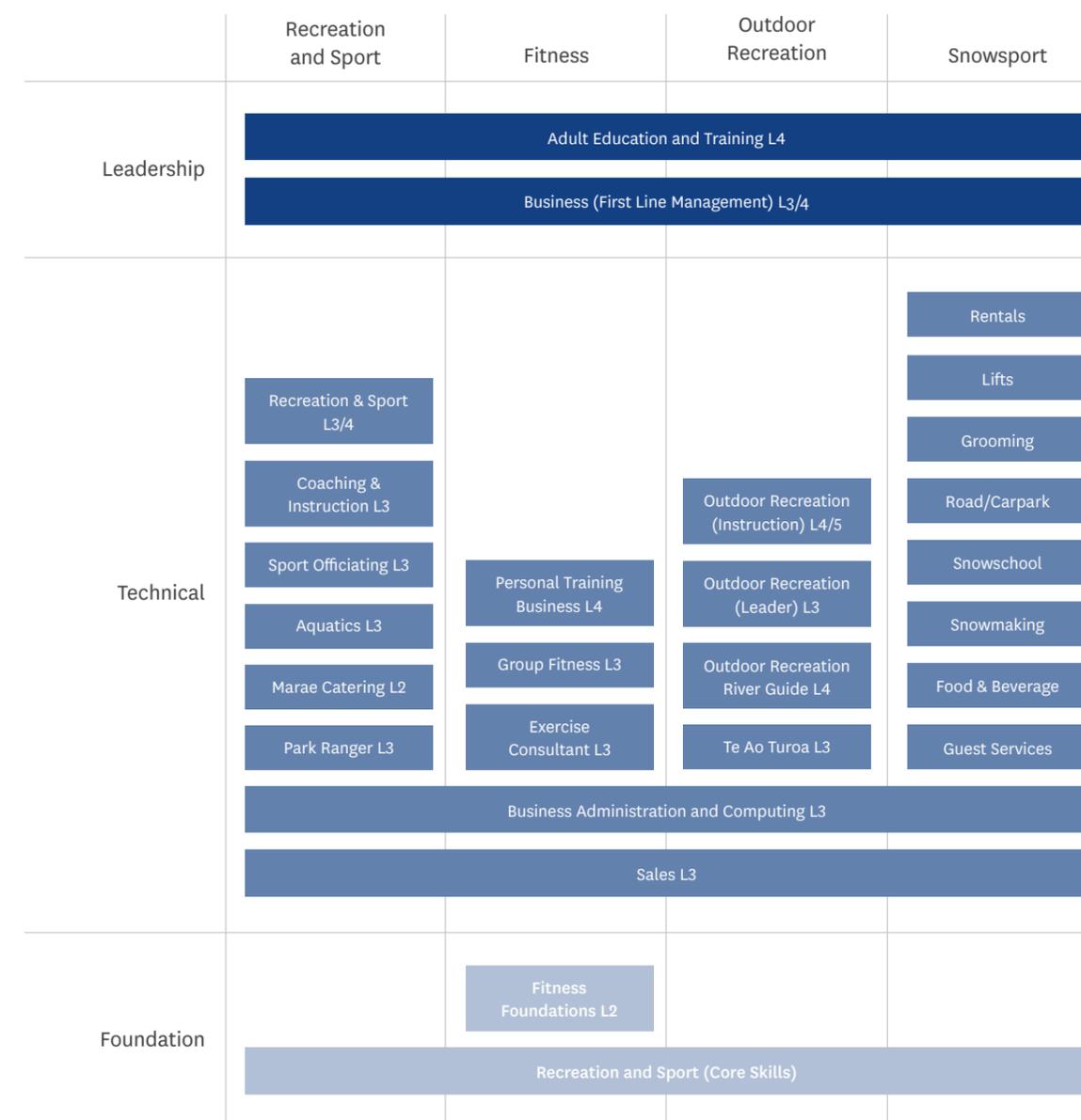


Qualification Development

Skills Active undertook a review of qualifications across Recreation, Sport and Outdoor Recreation through 2010, launching many of these in 2011.

National Certificate in Recreation and Sport (Core Skills) Level 2	This programme develops the core skills and knowledge for anyone working in the recreation and sport industry. It is proving to be very popular as a foundation/induction qualification, stair-casing to higher level qualifications.
National Certificate in Recreation and Sport (Level 3)	This qualification develops the skills and abilities to deliver a wide range of recreation programmes and events. It can be achieved by choosing one of four pathways: <ul style="list-style-type: none"> • Out of School Care • Recreation Coordinator • Sport Coordinator • Education Outside The Classroom
National Certificate in Recreation and Sport (Level 4)	This qualification is for those wanting to further develop their skills in planning, delivering and evaluating recreation/sport events and/or programmes.
National Certificate in Recreation and Sport (Aquatics) Level 3	The qualification provides a pathway for: <ul style="list-style-type: none"> • Pool Lifeguards – incorporating the new Pool Lifeguard Practising Certificate (replaced NPLA) • Swim Teachers/Instructors • Pool Operations – covering all other roles within a swimming pool (e.g. Sales and Administration, Aquafitness instructors, Water Quality)
National Certificate in Recreation and Sport - Coaching and Instruction (Developing Coach) Level 3	This qualification is designed for those wanting to become a sports coach. It aligns with the ‘Developing Coach’ Framework developed by Sport New Zealand.
National Certificate Sport Officiating Level 3	This qualification is for those who officiate at sport competitions. It aligns with the ‘Calling the Game’ Framework developed by Sport New Zealand.

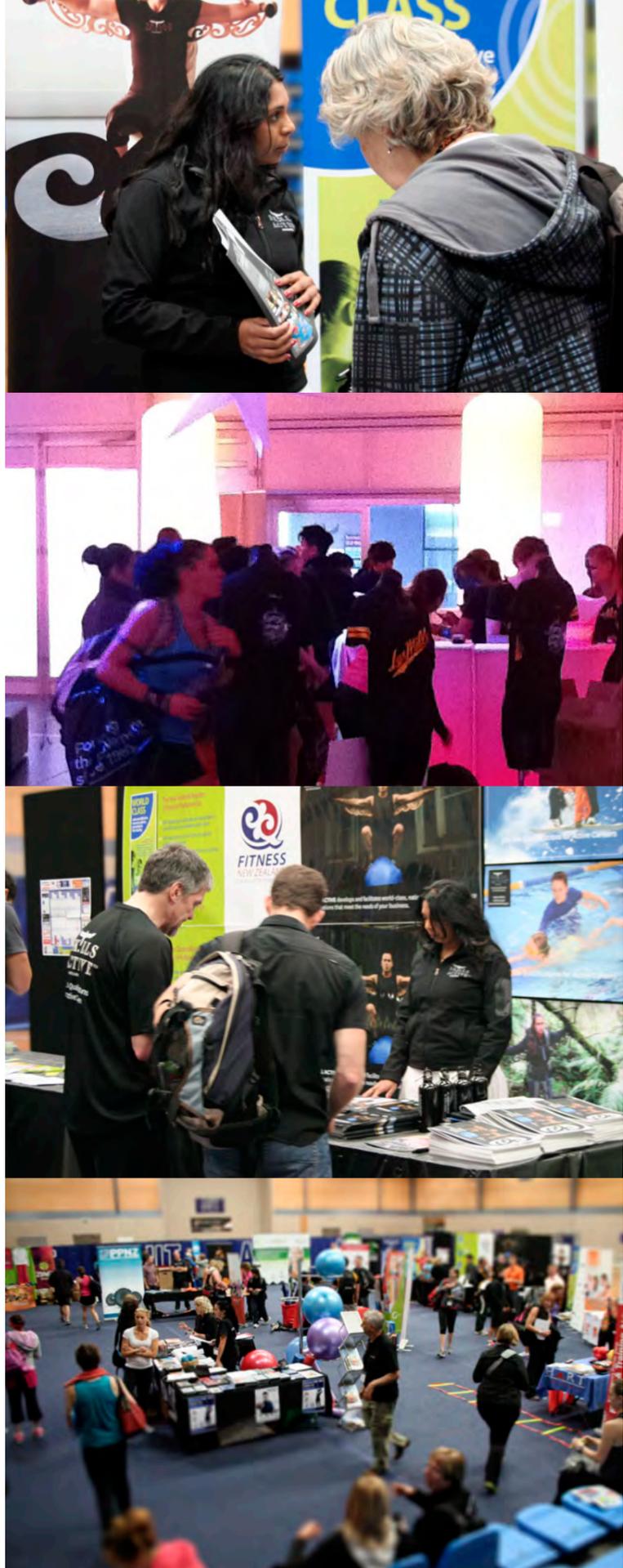
In addition, generic qualifications were resourced to provide more options for staff in administration, support, sales and management roles in the industry. Below is the pathway of Skills Active qualifications:



Supporting Industry Events

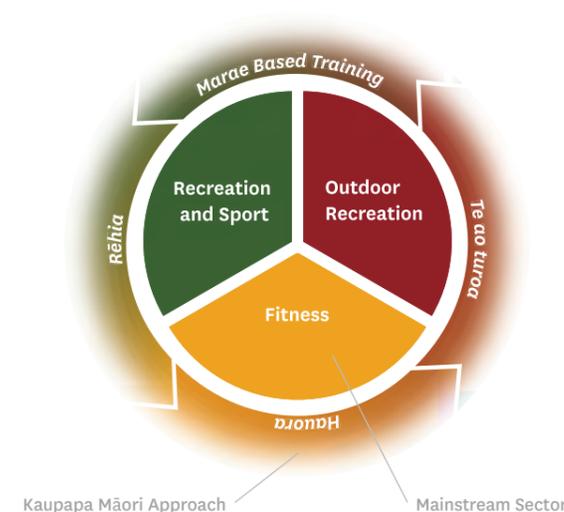
Every year Skills Active supports its industry partners and their associated industries at conferences and events, and this year was no different.

- **Just Add Water (JAWs) conference** – recognised as a major sponsor
- **Thinking Recreation conference** – recognised as a major sponsor
- **NZRA national conference** – recognised for support of the Recreation Young Leaders awards
- **Get NZ Active conference** – the annual conference designed to enhance the knowledge of New Zealand’s exercise and wellness professionals
- **Fitness Industry Awards** – presentation of a Skills Active Award recognising exceptional commitment to on-job training and development of staff. The winner was Helen Chisholm, In Shape Studio, Whangaparaoa, Auckland
- **Physical Education New Zealand (PENZ) conference** – the national conference is PENZ’s premier annual event targeting primary, secondary, and tertiary educators, school principals, sports coordinators, coaches and sport organisations
- **Careers and Transition Education (CATE) conference** – the main focus is on the career education of youth and their transition from school into the wider world of employment, training and/or further education
- **Business Grow** – attendance and support of the premier business event dedicated to the exercise and fitness industry
- **Māori Sports Awards** – this year the scholarship was awarded to Kayla Ellice Imrie (Te Whakatōhea). Kayla excels in two sports: Flatwater kayaking and surf lifesaving, where she has won medals of all colours in New Zealand and Australia
- **NZRA Aquatics forums** – presentations at regional aquatics forums around the country
- **Outdoors Forum** – (Outdoors New Zealand)
- **SPARC Connections conference**



Strategy for Māori Success

Skills Active Sectors/Kaupapa Māori Approach



2011 saw the launch of the ‘Strategy for Māori Success’ outlining our strategy to engage with mainstream and kaupapa Māori sectors. Since the launch, we are now beginning to see the fruits of the strategy through our engagement with mainstream and kaupapa Māori sectors.

Under the theme of ‘Success for Māori and non-Māori in vocational training within our industries’ we said we would ensure that educational outcomes for Māori, Pacific Peoples and non-Māori are all above target thresholds.

- Overall, Māori and Pacific Peoples accounted for 15% and 3% respectively of all trainees enrolled in qualifications.
- Of all trainees, 19.17% Māori were enrolled into Level 4+ qualifications, against the target of 15% set by TEC.
- Pacific Peoples for the same level of qualifications were 1.87% enrolled, against a TEC target of 3%.
- A credit completion rate of 45% was set by TEC for all trainees. By ethnicity the outcome for 2011 resulted in European/Pakeha & other 49%; Māori 46%; Pacific Peoples 29%.

- Against a TEC target of 50%, the programme completion rate for Māori was 30% and for European/Pakeha 38%; for Pacific Peoples the completion rate was 19% set against a lower target of 39%.

Internal strategies implemented in 2011

- The Skills Active Tikanga Guide was developed and launched at our staff conference in 2011. This book is a guide to ‘tikanga’, providing examples of the Māori world and its practices for staff to utilise within their own work and various sector workplaces where appropriate.
- Sixteen members of staff have successfully completed the Māori Foundation Award, ‘He Matapihi ki te Ao Māori’, and a proposal and project plan has been developed for staff to pathway into the National Certificate in Māori Management Level 3 (He Whakangahu ki te Ao Māori)
- The ‘Ako Series’ learning programme commenced. The purpose of this programme is to upskill staff, particularly our LSAs (Learning Support Advisors), by including a series of kaupapa Māori activities including, te reo, tikanga and waiata, into their learning.
- Kaupapa Māori sub-committee of Board members was established by the Skills Active Board.





Kayla Ellice Imrie Māori Sports Scholarship recipient

- Since 1999, Skills Active Aotearoa has been a proud partner of Te Tohu Taakaro o Aotearoa Charitable Trust in providing scholarships for promising and outstanding Māori athletes in support of their sporting and academic careers.
- In 2011, the Skills Active Māori Sports Awards Scholarship went to Kayla Ellice Imrie. The Award was presented to Kayla by the Skills Active Chair, Sam Napia, at the Māori Sports Awards held in Manukau in December 2011.
- Kayla Ellice Imrie is a descendant of Te Whakatōhea Iwi and Ngāti Rua hapū. Her marae is Omarumutu.
- Kayla excels in two sports, Flat water kayaking and Surf lifesaving. She has been involved in kayaking since 2007, competing in her first International in 2009, winning a bronze medal for U19 women's K4 500 at the Australian Youth Olympic Festival. Since then Kayla has won an array of medals of all colours for a mixture of events at the NZ Nationals, including in 2011: Gold in open women's K4 500m; Gold in U23 women's K2 200m; Silver in U23 women's K1 200m; Silver in open women's K4 200m.
- Kayla's other passion is Surf Lifesaving, where at the Nationals held in Mt Maunganui in 2011 she received a silver in the U19 women's Ski Relay and a Silver again for the U19 women's individual Ski Race. Kayla's weekend was capped off when she took out the U19 Ironwoman and returned home with the Gold.
- Kayla is currently studying for a Bachelor of Science, majoring in Biology, at Auckland University.

Kayla Imrie (centre) with Learning Support Advisors Donnalynn Douglas (left) and Kim Willemse (right)



A fresh look at Skills Active

Through 2011, new marketing material was developed along with new photos reflecting the Skills Active brand. The new-look material has been well received by our clients, trainees, staff and industry partners.

WHEN WORK IS FUN

Recreation and Sport Qualification
National Certificate in Recreation and Sport Level 3

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

WELCOME TO SKILLS ACTIVE

FIT RIGHT IN

Fitness Foundation Skills Qualification
National Certificate in Fitness (Foundation Skills) Level 2

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

YOUR COMPETITIVE EDGE

SKILLS ACTIVE PROSPECTUS

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

Skills Active Business Plan 2012

TAKE A WALK ON THE WILD SIDE

Park Ranger Qualification
National Certificate in Parks and Reserves (Park Ranger) Level 2

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

BECOME A HEAVYWEIGHT IN THE FITNESS INDUSTRY

Personal Training Business Qualification
National Certificate in Fitness (Personal Training Business) Level 4

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

PHYSICAL

Group Fitness Qualification
National Certificate in Fitness (Group Fitness) Level 3

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

OUT OF THE ORDINARY EXPERIENCES

Education Outside The Classroom Qualification
National Certificate in Recreation and Sport (EOTC Teacher) Level 2

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

LES MILLS Small Team Training

Anatomy and Stretching

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

PITCH INTO A SALES CAREER

Sales Qualification
National Certificate in Sales Level 3

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

BECOME A SWIM TEACHER

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

PULLING YOUR WEIGHT

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers

Skills Active Aotearoa and EONZ (Education Outdoors New Zealand) have joined forces to launch a new qualification, the National Certificate in Recreation and Sport (Education Outside the Classroom).

OUT OF THE ORDINARY EXPERIENCES

SKILLS ACTIVE AOTEAROA
On-Job Qualifications for Active Careers



Satisfaction Surveys

Workplaces and trainees

For ten years now, Skills Active has undertaken Satisfaction Feedback surveys with workplaces and trainees.

In October 2011, an electronic form was sent via web-based survey solutions Survey Monkey to 349 workplaces and 2573 trainees. There were a total of 464 useable responses (nearly 100 more than in 2010).

Key findings ■ 2011 ■ 2010

The key results from **trainees** are:



The key results from **workplaces** are:



Overall the feedback from workplaces is positive and suggests Skills Active provides good service and support with a satisfaction level of 80%. 71% of workplaces will spread positive word-of-mouth on their industry training to others. Areas that need improvement are LSA support and communication, administration support and learning resources.

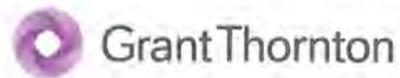


Directors Disclosures 2011

Board Member	Interest	Meetings Attended
Richard Beddie	CEO, Fitness New Zealand Inc Chair, International Federation for Register of Exercises Professional (REPs)	4 of 5 Board Meetings, AGM, Strategic Planning Meeting
Butch Bradley	Te Ara a Maui Regional Tourism Board – Chairman NZ Māori Tourism Council – Councillor Nelson Marlborough West Coast Lottery Grants Committee – Committee Member SPS Ltd – Director K1W1 Ltd – Director Maori Tourism – Director of Operations	3 of 5 Board Meetings, AGM, Strategic Planning Meeting
Matt Cant (Resigned from Board 14 September 2011)	Chief Executive, New Zealand Outdoor Instructors Association	3 of 5 Board Meetings, AGM
Andrew Gunn	Director, Holfar Holdings #14 Ltd Director, Snake Point Lodge Limited Director, Strike Holdings Limited	5 of 5 Board Meetings, AGM, Strategic Planning Meeting
Robb Hogg	Senior Lecturer, AUT University	5 of 5 Board Meetings, AGM, Strategic Planning Meeting
Hinemaua Rikirangi	Co-Chairperson, Sfrito Whakaruruhau Director, KOI Development Director, Indigenous Business Development Whakaruru Hauora, NZQA Part time staff member, Special Education Services Employee of Waiariki Polytechnic, Rotorua	3 of 5 Board Meetings, Strategic Planning Meeting
Sam Napia	Group Manager, Environmental Services, Thames-Coromandel District Council	5 of 5 Board Meetings, AGM, Strategic Planning Meeting



Auditor's Report



Independent Auditor's Report

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To the Shareholders of Skills Active Aotearoa Limited

Report on the Financial Statements

We have audited the financial statements of Skills Active Aotearoa Limited on pages 2 to 15, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities

The Directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

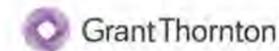
Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

Chartered Accountants
 Member of Grant Thornton International Ltd



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors, we have no relationship with or interests in Skills Active Aotearoa Limited

Opinion

In our opinion, the financial statements on pages 2 to 15:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Skills Active Aotearoa Limited as at 31 December 2011 and its financial performance for the year ended on that date.

Report on Other Legal and Regulatory Matters

Per the Financial Reporting Act 1993:

- we have obtained all the information and explanations that we have required;
- in our opinion, proper accounting records have been kept by Skills Active Aotearoa Limited as far as appears from an examination of those records.

Grant Thornton New Zealand Audit Partnership
 Wellington, New Zealand
 31 May 2012

Chartered Accountants
 Member of Grant Thornton International Ltd



Financial Statements

Statement of Comprehensive Income For the year ended 31 December 2011

	Note	2011 (\$)	2010 (\$)
Revenue			
Tertiary Education Commission	4		
Industry Training Fund (ITF)		4,169,992	4,848,515
Sector Leadership Fund		238,223	396,150
		4,408,215	5,244,665
Industry Contributions			
Workplace fees and registration fees		247,973	134,258
NZQA moderation rebate		149,544	180,321
Other income	5	-	26,048
		397,517	340,627
Total revenue		4,805,732	5,585,292
Expenses			
Employee benefits expense	6	3,007,145	2,990,026
Other operating costs	7	1,260,140	1,165,549
Client servicing and training resources	8	587,887	784,090
Assessor training & registration		120,742	91,174
NZQA credits		160,067	144,678
Total expenses		5,135,981	5,175,517
Surplus/(Deficit) before financing income		(330,249)	409,775
Interest income		131,193	130,177
Net financing income		131,193	130,177
Surplus/(Deficit) for the year		(199,056)	539,952
Other Comprehensive Income		-	-
Total Comprehensive Income		(199,056)	539,952

Statement of Changes in Equity For the year ended 31 December 2011

	Note	2011 (\$)	2010 (\$)
Retained Earnings			
Equity at the beginning of the year		3,127,498	2,587,546
Surplus/(Deficit) for the year		(199,056)	539,952
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		(199,056)	539,952
Equity at the end of the year	9	2,928,442	3,127,498

Balance Sheet For the year ended 31 December 2011

	Note	2011 (\$)	2010 (\$)
Current Assets			
Cash and cash equivalents	10	700,340	2,074,379
Short term deposits	11	2,061,344	1,262,857
Receivables	12	289,262	130,837
Prepayments		60,036	22,571
		3,110,982	3,490,644
Non-Current Assets			
Property, plant and equipment	13	482,376	208,105
Intangible assets	14	147,145	12,485
		629,521	220,590
Total Assets		3,740,503	3,711,234
Current Liabilities			
Trade payables	15	581,528	327,430
Employee benefits payable		151,638	180,892
Goods & services tax payable		11,981	75,414
Funds received in advance		66,914	-
		812,061	583,736
Equity			
Shared capital		-	-
Retained earnings		2,928,442	3,127,498
Total Equity and Liabilities		3,740,503	3,711,234

For and on behalf of the Board


Sam Napia **Chairman**
31 May 2012


Andrew Gunn **Director**
31 May 2012

1. Reporting entity

Skills Active Aotearoa Limited is a Company incorporated in New Zealand, registered under the Companies Act 1993. The Company is the Industry Training Organisation for the Sport, Fitness and Recreation industries of New Zealand. The registered office of the Company is 180-188 Taranaki Street, Wellington. The financial statements of the Company are for the year ended 31 December 2011. The financial statements were authorised for issue by the directors on 25th May 2012.

2. Statement of compliance and basis of presentation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for differential reporting. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993.

The Company qualifies for differential reporting as it has no public accountability and it is not defined as large for financial reporting purposes. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted.

The financial statements are presented in New Zealand Dollars (NZD) which is the Company's functional and presentation currency. The financial statements are prepared on the historical cost basis.

There have been no changes in accounting policy since the previous reporting period.

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 period 2011-2013.

3. Specific accounting policies

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

A) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the TEC is paid on a monthly contractual arrangement with a year-end adjustment. The year-end adjustment for any unearned portion of income is recognised as a liability in the Balance Sheet

B) Property, plant and equipment

Property, plant and equipment are recognised at cost, less aggregate depreciation. The following depreciation rates have been used:

Computer equipment	40% - 60% diminishing value
Office equipment	22% - 50% diminishing value
Office furniture	12% - 15% diminishing value
Motor vehicles	20% diminishing value
Leasehold improvements	15% - 26% diminishing value
Leased computers and office equipment	3-4 years straight line

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 as an expense as incurred. The residual value of assets is reassessed annually.

C) Leases

The Company leases certain office equipment, vehicles and buildings.

Finance leases, which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item are capitalised at the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The leased assets and corresponding liabilities are disclosed, and the leased assets are depreciated over the period for which the Company is expected to benefit from their use.

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 are amortised using the diminishing value method at rates of 40% - 60%. Where an intangible asset can not be recognised, the expenditure is charged to profit or loss in the period in which it is incurred. The Company has no intangible assets with indefinite lives.

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 terms of the receivables. 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) Net financing costs

Net financing costs comprise interest payable on borrowings, and interest receivable on funds invested. Interest income is recognised in the Statement of Comprehensive Income as it accrues. All borrowing costs are expensed.

H) Income tax

The Inland Revenue Department has approved charitable status for the Company. The Company is exempt from income tax (pursuant to Section CW 46 of the Income Tax Act 2007) on its normal operations. The Company was registered with the Charities Commission in 2008 and according to the Charities Act 2005 retains its charitable status for income tax purposes.

I) Goods and services tax

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

J) Cash and cash equivalents

Cash and cash equivalents includes 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.

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.

All the Company's financial instruments are classified as loans and receivables and 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.

4. Tertiary Education Commission Revenue

Approximately 92% of total income is derived from the contract with the Tertiary Education Commission (TEC). The Company has received a gazetted five year re-recognition by TEC as the Industry Training Organisation for the Sport, Fitness and Recreation sectors (expiring on 26th June 2014).

Continued on the following page...



Notes to and forming part of the financial statements
(Continued) For the year ended 31 December 2011

	2011 (\$)	2010 (\$)
Industry Training Fund (ITF)		
TEC Contract	\$4,348,808	\$4,968,515
TEC Offset Provision	\$178,816	\$120,000
Nett TEC Income	\$4,169,992	\$4,848,515

A contract has been established with the TEC for the three year period 2011 to 2013. Funding received within this contract is for three fiscal years negotiated annually. The terms of the contract to provide services does not guarantee any further contracts with the TEC.

The next funding round is for the 2014-2016 period and negotiations for this will commence in 2013.

	2011 (\$)	2010 (\$)
Sector Leadership Fund		
Facilities Management Programme	-	-
Developing a strategy to incorporate e Rautaki Toi (Māori Artists)	79,404	50,000
Strategic Training Plan	115,269	91,000
Literacy & Numeracy	43,550	106,650
ITR	-	10,000
Transfer from Previous Period	-	138,500
	238,223	396,150

5. Other income	2011 (\$)	2010 (\$)
Other income		
Sale of resources & manuals	-	17,451
Resource development contracts	-	6,540
Other	-	2,057
	-	26,048

2011 income is incorporated into the line item, "Workplace fees and registration fees"

6. Employee benefits Expense	2011 (\$)	2010 (\$)
Wages and salaries	2,682,084	2,623,114
Termination Benefits	(1,376)	50,000
Contract Staff	61,725	146,821
Employee Entitlements	2,742,433	2,819,935
Training	55,529	56,980
Other costs	209,183	113,111
	3,007,145	2,990,026

Notes to and forming part of the financial statements
(Continued) For the year ended 31 December 2011

7. Other operating costs	2011 (\$)	2010 (\$)
Bad debts	-	-
Depreciation	68,945	83,746
Amortisation of intangible assets	6,231	8,663
Net loss on disposal of assets	17,536	-
Impairment of trade receivables	13,049	4,509
Rental and operating expenses	408,085	419,622
Auditor fees		
- Audit of financial statements	(11,683)	27,000
- Taxation advice	-	-
- AGM attendance	-	450
Directors Fees	89,458	125,973
Governance expenses	68,742	61,100
Industry Sponsorship	66,130	80,476
Industry Consultation	33,881	38,917
Industry Conference attendance	20,437	26,697
Accreditation	234	126
Other	479,095	288,271
	1,260,140	1,165,550

8. Client Servicing and Training Resources	2011 (\$)	2010 (\$)
Workplace servicing, sector advisory activities, unit & qualification writing & guidelines	379,763	492,111
Quality systems, moderation & review activities	1,585	2,335
General projects - needs Māori	92,853	126,889
Resource development	113,686	162,755
Workplace Payments	-	-
	587,887	784,090

9. Equity and Reserves

The Company has a policy of maintaining equity reserves (retained earnings) at a minimum of three months of the Company's total expenses for the year. At times between four to eight months equity reserves will be retained to allow for such items as future capital expenditure, contingency to allow for the case that the Company ceases operations and the resulting costs and liabilities associated with that event with particular attention to transition trainee agreements to another entity. At 31 December 2011, equity reserves held equate to approximately seven months of total annual expenses.

At 31 December 2011, share capital comprised 1,000 ordinary shares (2010: 1,000) 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.

Notes to and forming part of the financial statements
(Continued) For the year ended 31 December 2011

	2011 (\$)	2010 (\$)
Total Issued & Paid Up Capital	-	-
Retained Earnings		
Balance at the Beginning of the Year	3,127,498	2,587,546
Net Surplus/(Deficit) after financing income	(199,056)	539,952
Retained Earnings at end of the year	2,928,442	3,127,498
Total Equity	2,928,442	3,127,498

10. Cash and Cash Equivalents

	2011 (\$)	2010 (\$)
National Bank - Current account	112,946	36,537
Westpac - Current account	39,304	51,509
National Bank - Short term deposits less than 90 days	14,608	611,733
ASB - Short term deposits less than 90 days	36,068	915,374
Westpac - Short term deposits less than 90 days	496,864	458,676
Cash on Hand	550	550
	700,340	2,074,379

11. Short term deposits

	2011 (\$)	2010 (\$)
ASB - Short term deposit - greater than 90 days	750,000	
Kiwibank - Short term deposit - greater than 90 days	861,344	824,183
National Bank - Short term deposit - greater than 90 days		438,674
Westpac - Short term deposit - greater than 90 days	450,000	
	2,061,344	1,262,857

12. Receivables

	2011 (\$)	2010 (\$)
Accrued revenue	161,811	75,989
Accrued interest	30,097	16,112
Trade receivables (workplace fees)	110,400	38,736
Impairment of trade receivables	(13,047)	-
	289,262	130,837

Notes to and forming part of the financial statements
(Continued) For the year ended 31 December 2011

13. Property, Plant and Equipment

	Cost (\$)	Depreciation Charge (\$)	Accumulated Depreciation (\$)	Book Value(\$)
2010				
Computer Equipment	230,289	39,789	188,242	42,047
Office Furniture	151,831	10,858	92,984	58,847
Office Equipment	90,393	17,055	54,426	35,967
Motor Vehicles	60,889	5,555	51,014	9,875
Leasehold Improvements	131,616	10,489	70,247	61,369
	665,018	83,746	456,913	208,105

2011

Computer Equipment	261,539	34,342	222,521	39,018
Office Furniture	151,831	9,575	102,559	49,272
Office Equipment	94,717	14,660	68,396	26,321
Motor Vehicles	60,889	3,555	54,569	6,320
Sages lane- work in progress	288,698			288,698
Leasehold Improvements	149,835	6,841	77,088	72,747
	1,007,509	68,973	525,133	482,376

14. Intangible Assets

	Cost (\$)	Amortisation Charge (\$)	Accumulated Amortisation (\$)	Book Value (\$)
2010				
Computer Software (purchased)	252,521	8,663	240,036	12,485
2011				
Computer Software (purchased)	392,411	6,231	245,266	147,145

15. Trade payables

	2011 (\$)	2010 (\$)
Trade creditors	358,490	160,668
Accruals	44,222	46,762
Provisions	178,816	120,000
	581,528	327,430

The provisions figure relates to potential amounts due in respect of current and future TEC payments.

16. Operating Lease Commitments

	2011 (\$)	2010 (\$)
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	253,630	290,057
Between one and five years	355,964	157,768
More than five years	-	-
	609,594	447,825

Operating leases undertaken by the Company relate to motor vehicles, office equipment, and property.

Notes to and forming part of the financial statements
(Continued) For the year ended 31 December 2011

17. Capital commitments and contingencies

The company was party to a joint venture agreement with Te Runanga o Ngati Porou and the Agriculture ITO to provide training which was terminated as at 31/12/2011. At that stage a normal annual training agreement relationship replaced the joint venture agreement.

There is a contingent liability with the Tertiary Education Commission around the finalisation of Government Funding for the ITO's 2011 performance. The TEC and ITO agree that any change on the current financial position will be minimal and that the financial statements reflect an accurate estimate based on information presented to-date. There is no detailed estimate of the value of any potential adjustment.

TEC have also indicated that Skills Active did over-deliver in relation to ELN commitments, and that a commitment has been made to reallocate funding to reflect this. At this stage no reflection of this has been reported in the financial statements as the value of any recoveries is undetermined.

18. Related Parties

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

Board Member	Organisation	2011 \$ Paid to the Company	2011 \$ Paid by the Company	2010 \$ Paid to the Company	2010 \$ Paid by the Company	
Richard Beddie	Fitness NZ Inc					
	Preferred Supplier Membership April 2010 - March 2011				300	
	Tony Roddan Accommodation for BusinessGrow				183	
	Support of BusinessGrow		10,000		10,977	
	Travel Costs for Stephen Gacsal to attend AGM				167	
	Database Contribution				1500	
	GetNZActive Conference		10,000		10,000	
	Fitness Industry Awards		10,000		10,000	
	Provider Forum Reimbursement for Stephen Gacsal				67	
	Payment for development of the Sector Strategic Training Plan for Fitness		5,000			
	Manukau Leisure Services Limited (Interest ended 30/10/10)					
	Technical Advisory Group				105	
	Seminar reimbursement for Craig Rouse				409	
	Registration Fees			3,718		
Matt Cant (Resigned from Board 14/9/11)	New Zealand Outdoor Instructors Association					
	Airfares for AGM				267	
	Training & Assessment Coordination				20,000	
	NZOIA Airfare for G Davidson			132		
	Telecom Mobile Charge			127		

Notes to and forming part of the financial statements
(Continued) For the year ended 31 December 2011

Board Member	Organisation	2011 \$ Paid to the Company	2011 \$ Paid by the Company	2010 \$ Paid to the Company	2010 \$ Paid by the Company
Grant Davidson (CE) (Director up to 31 March 2010, Appointed CE 1 April 2010)	The Sir Edmund Hillary Outdoor Pursuits Centre of New Zealand (Interest ended 20/05/10)				
	OAS Resources			889	
	New Zealand Outdoor Instructors Association (Interest ended 20/05/10)				
	Airfares for Shareholders Forum				400
	Waterproof Notebooks x 200				601
Brendon Rope (Ex-Board Member, effective 21 May 2010)	Treasurer, NZRA Midlands Region				
	Regional Aquatic Forums Sponsorship				6,000
	Park Ranger Qualification Development				1,262
	CEO, Pettigrew.Green Arena Hawke's Bay				
	ATC Venue Hire & Courier Charge				504

Richard Beddie is currently the CEO of Fitness New Zealand Inc; and Chair, International Confederation for Register of Exercises Professional (ICREPs). He was a board member of Manukau Leisure Services but his role ended on 30th October 2010

Matt Cant is the CEO of NZOIA. He resigned from the Skills Active Board on 13 September 2011.

Grant Davidson is Chief Executive of Skills Active, a Director of the Outdoor Safety Institute. He is on the research committee for both NZ Safety Council and Water Safety NZ. Before he took up his position as CE with Skills Active he was the Chief Executive of The Sir Edmund Hillary Outdoor Pursuits Centre of New Zealand; Chair of NZOIA and a Director of Outdoors NZ. He resigned from these three positions in 2010.

Brendon Rope is the CEO, Pettigrew Green Arena Hawke's Bay; Treasurer, NZRA Midlands Region; Director Hastings Swimming Charitable Trust; and he is on the EIT Sport and Recreation Programmes Advisory Committee. His term with the Skills Active Board finished on 21 May 2010.

All transactions were carried out at arm's length on normal trading terms. No amounts owed by related parties have been written off or forgiven during the year.

	2011 (\$)	2010 (\$)
Total Compensation of key management personnel including Directors	662,407	650,340

Skills Active Directory

Skills Active Board Members 2010

Richard Beddie

Sam Napia

Grant Davidson

Butch Bradley

Hinemaui Rikirangi

Andrew Gunn (*Re-elected 10 June 2011*)

Matt Cant (*Resigned 14 September 2011*)

Robert Hogg

Registered office

14 Sages Lane

Te Aro

Wellington

Solicitor

Kensington Swan

Banker

National Bank of New Zealand

Wellington

Auditor

Grant Thronton

Contact

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