



Competenz
SKILLS FOR INDUSTRY

ANNUAL REPORT 2011

FORGE AHEAD

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Chairman's report

"Learning is not a product of schooling but the lifelong attempt to acquire it." — Albert Einstein

Einstein got it right. A country needs people with a passion for lifelong learning at all levels of business and in all businesses. Industry training organisations, including Competenz, have a key role in creating a country of skilled and knowledgeable people.

The challenge is to not only convince people of the need for lifelong learning but also to actually start and keep them on the learning journey – no matter what their job or where it is. And, this is true for all companies regardless of size.

Just over 97% of companies in New Zealand employ 0–20 people: 20% employ 1–5 people and 69% do not employ anyone. The high number of SMEs in New Zealand provides those involved in on-the-job training with a challenge, especially since SMEs also employ large numbers of apprentices.

Do these companies have the skills required to mentor and supervise their largely Gen Y apprentices, and do they have the business continuity that builds a culture of lifelong learning and upskilling – from technical skills to business skills?

Businesses need to look at upskilling all their employees, from the most senior to most junior members, to lift productivity and ultimately contribute to New Zealand's economic growth.

Recent emphasis in the education system has been on the coteries of high achievers in academic fields to the detriment of those more suited to the trades and an early entry to the workplace. A system attuned to academia means too many young people leave the formal education system and enter the workforce with no sense of achievement.

The reasons are many and varied, but there is no doubt that too many leave without the literacy and numeracy skills, the basic qualifications, and the life skills they need to contribute to the nation's growth. The gap between school and work can be wide but the way to get people self-motivated is to give them a taste of success.

Workplace training, be it an apprenticeship or training to improve productivity, can offer this sense of achievement. Once people are engaged in learning, confidence grows and further learning is incentivised.

Our vision is for industry training organisations to extend their engagement with industry to all levels of business, to ensure learning is spread throughout the organisation no matter the size of the business. We will only have strong economic growth if all companies at all levels make learning part of what they do.

Our system is not broken but it does need refining. The amalgamation of Tertiary Education, Skills and Employment into one Ministerial portfolio is a very good start as it will hopefully put equal weight on the practical skills our country needs as well as the theoretical, and the skills that are required to make people employable.

As a nation, New Zealand has always excelled – be it in sport, academia, creativity or practicality. If we do not keep developing the skills of our nation as a whole, we will not be able to keep this up. We will lose our can-do "No. 8 wire" mentality; we will lose our cutting edge. Investing in on-the-job training will protect and grow it and keep us competitive on the world stage.

Finally, I will be stepping down from my role on the Competenz Board at the Competenz AGM in late April, 2012. I would like to thank my fellow Board members, past and present, for their support and commitment to Competenz.

I wish the new Board the very best in your continued efforts to serve the interests of our industries.



Austen Banks
Chairman



CEO's report

2011 was another challenging year. ITOs continued to be under scrutiny from government agencies and government, including a Ministerial Review of Industry Training. The need to continue to lift performance and reduce costs was paramount in all that we did. In a challenging economic and political environment, I am pleased to report that Competenz had a successful year. Our focus in 2011 was on performance excellence, building on the real improvements of 2010 in line with our vision; New Zealand's leader in Industry Training.

A Year of Progress

There were a number of notable achievements in 2011 that as an organisation we are proud of.

Our Trades Team successfully implemented a new apprentice management scheme, Elev8. The change was designed to improve the success rate of people over the four years of their apprenticeship. It is a more hands-on approach by Competenz and one that brings us closer to apprentices and their employers. It is testimony to Fiona Kingsford, General Manager Trades, and her team that such a major change was implemented smoothly, even when it involved a significant increase in annual enrolment fees to industry. The result has been an increase in the number of new apprentices for the first time in three years – an outstanding achievement in difficult times.

In 2011 we completely reviewed the way we organise training for the Food & Beverage and general manufacturing sectors. Our focus was to work with our industries to design a model where employers felt the training added real value to the business, while employees gained important transferable skills.

The team, led by Jim MacBride-Stewart, General Manager Traineeships, completed a major rethink, engaged with industry, and successfully aligned training with business needs ready for implementation in 2012.

Delivering on a Shoe String

The government subsidy has not been reviewed for some time and is no longer inflation adjusted. At the same time, the drive for efficiency within government, which is good, has ironically resulted in increased cost to Competenz in meeting our statutory requirements of sector leadership, standard setting and arranging training. Competenz has and continues to respond to this by finding all possible means of reducing internal costs. We are a much leaner organisation now than ever before and unfortunately we did need to reduce our staffing again in 2011.

The impact on industry has been a significant increase in costs, particularly for apprenticeships where employers or their apprentices are now paying close to 60% of the cost of their training. The government claims it is subsidising 70% of the cost and, while that may be the average across all ITOs, it is time for a rethink of the apprentice subsidy level and we hope the Industry Training Review will address this issue.

A Voice for Industry

At a time of change it is important that Competenz is closely connected to its industry sectors and that their voice is heard in Wellington and has an impact on the Review of Industry Training. In 2011 we gained industry sign off on our two major submissions to the Ministry of Education and Tertiary Education Commission.

The system does need simplifying and the Government subsidy is so low that the system cannot afford the millions of dollars of cost duplication imbedded in the current model through the number of ITOs and the Modern Apprenticeship scheme. The Industry Training Review is an opportunity for the Government to make good on its desire to drive efficiency in its Government agencies and departments, and for industry to gain the benefit of a simplified system with better funding and we look forward to the outcomes of the review in 2011. Thanks to Gendie Somerville-Ryan, General Manager Marketing and Communications, who led this work.

Connecting Young People to the World of Work

Competenz continued to operate and grow its successful schools programme Tools4Work and was fully involved in the new Government initiative 'Sector Pathways' – a programme to connect the school curriculum to the world of work. It is a great concept and employers will hope that a bold idea does not get run over by the education bureaucracy and the teaching profession who measure success in the number of people in university education.

A skilled work force is essential to the economic wellbeing of New Zealand and it is time for industry training to be held in higher esteem by the mandarins of the education system.

The New Face of Bureaucracy

A time of change throws the spotlight on the Government agencies charged with the responsibility of leading and implementing that change.

NZQA was charged with the laudable and highly desirable task of reducing the ridiculous plethora of qualifications that littered the framework. This has developed into a time consuming and expensive process that has significantly increased the cost of engagement to Competenz and has reduced the voice of industry in the process. It is a work in progress and one to be watched closely by industry who should be concerned at their diminished influence.

TEC has also been introducing a range of new policies and procedures related to industry training and the cost of complying with the changes has been significant for Competenz. We support the policy approach of TEC, but believe compliance should be introduced in a manner that does not escalate the cost unreasonably or create uncertainty around the final funding an ITO will receive for the financial year – making it a very difficult environment to manage in.

Innovation

We are continuously looking for new, better and more efficient ways of doing things. In 2011 two major projects were initiated. The first was the redevelopment of our CRM system to streamline our training administration and interaction with apprentices, trainees and the TEC. It is still a work in progress but will provide a genuine reduction in internal costs while improving customer service.

The second was the decision to systematically move our twentieth century training resources into interactive

online resources, available 24/7 to apprentices and trainees. The project also involves the building of a new learning management system that will allow trainees and apprentices to track their progress and know at any time what they have achieved and what remains to be done.

A Dedicated Team

Our team is committed to performance and excellence. It is gratifying to me as CEO that in the last two years our customer satisfaction surveys clearly demonstrate that Competenz employees are valued and respected by employers, trainees and apprentices for the work they do in building the knowledge and skills for a modern economy. I would like to thank them for their continued dedication in 2011.

I would also like to thank the Board for the work it has done in assisting the organisation through challenging times.

In particular I want to acknowledge Austen Banks, our retiring Chair, for his strong support of me as CEO, and for his total commitment to the best interests of Competenz.

I would also like to acknowledge the contribution made by Kevin Kennedy to the Board over a long period of service.

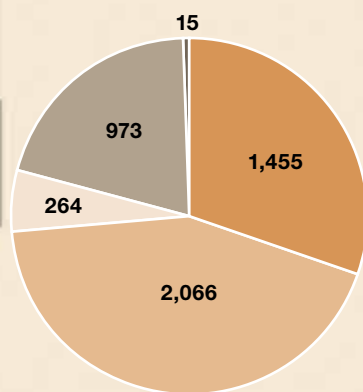
Austen and Kevin will step down from their roles at our 2012 AGM and, along with our remaining Board members and our Competenz team, I wish them both all the very best for the future.



John Blakey
CEO



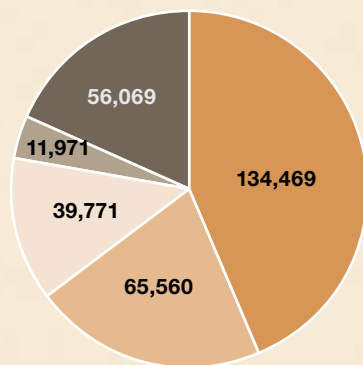
Our Performance



Qualification Completions by Level

- Level 1
- Level 2
- Level 3
- Level 4
- Level 5

Total: 4,773



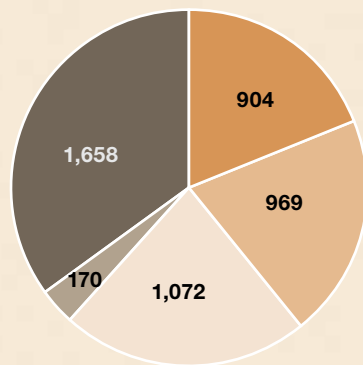
Credit Achievements

- Engineering
- Food and Beverage (inc. Baking)
- Manufacturing
- Transport (Rail / Maritime)
- Other Qualifications

Total: 307,840

Standard Training Measures (STM's)

4,100



Qualification Completions by Sector

- Engineering
- Food and Beverage (inc. Baking)
- Manufacturing
- Transport (Rail / Maritime)
- Other Qualifications

Total: 4,773

A voice for industry

In 2011 we welcomed the government's Review of Industry Training. The review provided a meaningful forum for Competenz to raise a collective, credible and knowledgeable voice for industry – a voice we had already established, and are determined to maintain and protect.

ITOs are owned by industry – we jointly set national standards through the development and review of qualifications, sound assessment and moderation processes, and the arrangement of training. Inherently, ITOs consult broadly with industry and key stakeholders to achieve their mandated responsibilities on behalf of industry.

Competenz had already proposed change before the review was announced. In *Making the system make sense* we highlighted our industries' concerns around the current, complicated industry training system, and the lack of a clear connection between industry training and the school system to feed the pipeline of industry-ready candidates.

This opened the dialogue with our industries, and industry's direct feedback underpinned our formal submissions on the Government's review of industry training.

Some 91 industry representatives and relevant managers from companies Competenz works with responded to the survey

Better value, better outcomes, better lives explored key issues of most concern to industry, including the cost to employers to train, the quality of training and, for some, the number of ITOs they must deal with to meet their full range of skill requirements.

We also know that employers make the greatest investment of all, and skills transfer happens in the workplace – using employers' plant and equipment, and at their cost.

The value of the STM, the funding measure for ITOs, has remained static for a number of years. This is despite year-on-year increases to training delivery costs, such as block courses. Consequently, companies must invest more each year to continue to upskill their people, and they do; this reaffirms the value companies do place on industry training.

Industry associations and individual companies added to the review of industry training debate through the Ministry of Education's survey to employers late in 2011. The respondents were asked a range of questions to gauge their experiences with staff training, the wider vocational educational system, and how they thought the industry training system could be improved.

Competenz encouraged its customers and industry association members to have their say, directing them to the survey through our communication channels. Some 91 industry representatives and relevant managers from companies Competenz works with responded to the survey. A full report on the survey findings is due for release in March, 2012.

Industry is entitled to a voice – through ITOs – just as government is entitled to value for what it purchases. An independent voice for industry has a broader purpose; it can maintain the standard of workplace training, demand the best in terms of methods and delivery of training, make sure training is aligned to business needs, and attract the best possible candidates into the industries an ITO covers.

ITOs should be invited to the table when government departments discuss labour force, tertiary education and social goals, to ensure industry's voice continues to be heard where it matters most.



Knowing our industries

The issues our industries, companies, and learners face around skills training and lifting business productivity are important to Competenz. Strategic research and building of closer industry links helped us to advocate for change to improve the industry training system for all.

We published our first formal paper *Perceptions of productivity – How medium-sized businesses approach productivity* early in 2011. The paper detailed findings from a survey we commissioned, gauging 200 medium-sized firms' perceptions on how to boost productivity, and revealing what actions those companies actually took to improve productivity.

The results were compelling. Thirty seven percent of respondents said, unprompted, that 'better trained people' was critical to improving productivity, yet in practice most went on to invest in changing processes over training their people.

Companies also believe it is harder to train people than it is to change business processes – consequently many opted not to formally upskill staff. Adding to the issue, companies did not know where to turn for definitive guidance on training as part of the productivity improvement mix.

John Blakey, CEO, was invited to present our findings at the 2011 Heavy Engineering Research Association annual general meeting and to delegates at a Manufacturing Skills Australia conference. Copies were also sent to key stakeholders nationwide.

In light of the Canterbury earthquakes, Competenz

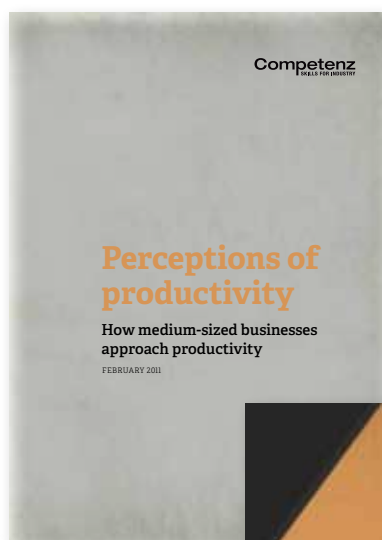
commissioned new research to uncover whether industry will have enough people with the right skills to meet the needs of Christchurch and government's growth strategy target by 2015.

64% of engineering manufacturers and 53% of food manufacturers said they will need more skilled staff by 2013

We surveyed 270 companies from the food and beverage manufacturing and engineering manufacturing sectors, and the results were published in a second paper entitled *Do we have the skills?*, released in September. This research highlighted that the skills shortage is a reality right now, and companies must train both new and existing staff now to meet their skills gaps and build capability for the future.

To illustrate the issue, 64% of engineering manufacturers and 53% of food manufacturers said they will need more skilled staff by 2013. But with these engineering companies experiencing staff turnover of less than 10%, hiring staff with the right level of skills needed will not be a sustainable solution.

Companies across both sectors agreed they faced



training challenges, including downtime for supervisors and learners, finding good trainers, engaging learners, language barriers, and numeracy and literacy issues. Companies also agree that they value training staff to stay competitive.

We have developed stronger links with industry associations and key stakeholders across all sectors we serve. The knowledge shared and direct feedback from industry has helped us deliver on our mandate to develop and review qualifications, and quality-assure standards that each sector demands to build a more highly skilled workforce.

Although we now know that industry values training and believe upskilling staff can help lift their productivity, manufacturing companies are still reluctant to train. It requires a big investment and the right support systems for companies to reap the benefits of an investment in training.

Government needs to revisit how it invests in apprenticeships and other on-job training, and recognise the significant contribution companies do make. A focused effort and strategic approach across training institutions, industry, unions and government is vital to improve New Zealand's competitiveness, and to develop and utilise workplace skills more effectively.

The government's current Review of Industry Training is timely, and should help shape an improved framework for industry-based training that works for all parties – especially learners, companies, and industry.

Pathways for the future

ITOs are a pivotal organisation in a learner's journey. We provide oversight of a vocational pathway from school to lifelong learning, and take the lead in standard-setting for the industries their work will contribute to.

In 2011 Competenz made many significant contributions toward the development of robust vocational pathways – from school to industry, right through to high-level industry-based learning – and this work continues into 2012.

Government escalated the Targeted Review of Qualifications process, or TRoQ, as part of its overall strategy to improve value for its investment in industry training. Through the TRoQ it hopes to simplify the industry training system, reducing the number of industry qualifications on the national framework.

Competenz was well positioned to take a lead role in the TRoQ process on behalf of its industries. We have a history of successful collaboration with providers, and a strong track record of delivering industry-optimised solutions stretching back well before the advent of the TRoQ.

We have representation on the New Zealand Board of Engineering Diplomas, tasked with implementing the National Engineering Education Plan. This collaboration between providers, ITOs and the engineering profession saw the successful joint development of a unified system for advanced level engineering diplomas.

In June 2011 the new diplomas were successfully launched, giving learners and industry both an academic and a vocational training pathway to achieve the diploma. The developments were in direct response to industry's need for more qualified engineering technicians – an urgent skill gap for the sector.

Competenz also stepped up in the development of a unified baking qualification system. The qualifications will cover foundation skills at Level 2 through to Level 4 baking apprenticeships. A new diploma-level baking qualification will also be introduced to meet industry's growing need for people with business and management skills, as well as baking expertise.

To ensure the future success of our industries, we must engage with our youth today. It is vital to establish a clear pathway from school to a vocational career for those who choose it.

To support this effort, Government has created five vocational pathways which will help secondary school students make clear choices about subject and study options.



The interests of our industries will be catered for in the Manufacturing and Technology pathway currently in development. Competenz has a representative on the Manufacturing and Technology Sector Consortium, charged with leading a group of related ITOs, school representatives and providers to communicate issues to the Ministry of Education Advisory Group overseeing the entire project.


Representation will ensure that the pathways reflect the real knowledge and skill requirements of groups of industries and that they are educationally robust, credible and work within NCEA.

Competenz already supports over 230 schools nationwide through its Tools4Work programme, which allows students to learn engineering basics while at school and gain a hands-on taste of what a career in industry entails.

The Tools4Work programme also underpins students' engineering unit standards achievement – learning that counts toward a Competenz-managed apprenticeship once students finish school.

Over 3,500 students nationwide achieved credits through the Tools4Work Level 1 NCMET programme, and over 40,000 credits were recorded towards Level 2 NCME. Furthermore, over 25 schools and 300 machines competed in the Mini Moto Grand Prix, held at Feilding's Manfield Raceway – a project linked to the achievement of engineering units.

All this work bodes well for improving vocational pathways for the future, now. At the heart of it all are our learners – learners who add value to the industries we serve. Without learners, all of this action would be meaningless.



12%

MORE LEVEL 4
OR HIGHER
QUALIFICATIONS
WERE COMPLETED
IN 2011

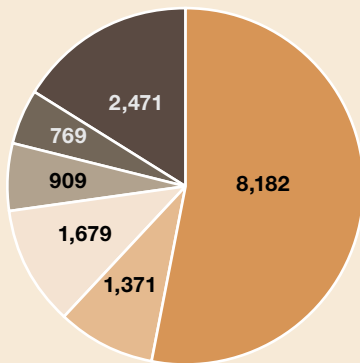
COMPLETION OF
MANUFACTURING
QUALIFICATIONS
INCREASED BY

113%

IN 2011



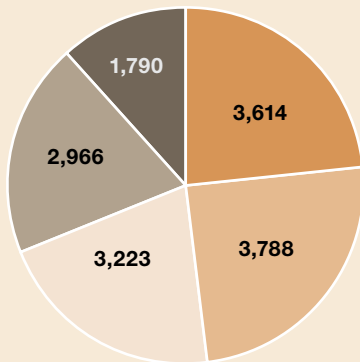
About our learners



Ethnicity

- European
- Maori
- Pacific Islander
- Asian
- Other
- Not stated

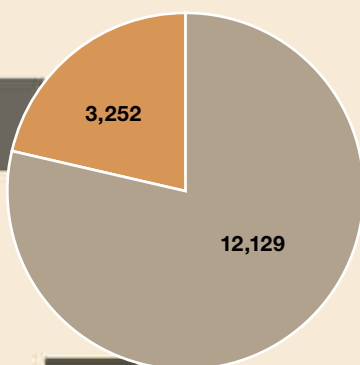
Total: 15,381



Age (years)

- Under 25
- 25-34
- 35-44
- 45-54
- 55 and over

Total: 15,381



Gender

- Female
- Male

Total: 15,381

E-presence reaching future learners



In today's fast paced world we expect to be able to access information at the touch of a button – so a strong e-presence is vital.

Since last year's annual report the Competenz website has received over 33,000 visits. Growth is attributable to an expanding portfolio of 'e' mediums, including a Tools4Work teacher resource centre, e-newsletters and online apprentice testing.

However the most innovative 2011 'e' introduction is 'TIG Welder' – a welding simulation game designed to increase the supply of tradespeople by exposing students, and the public at large, to what a career in welding entails.

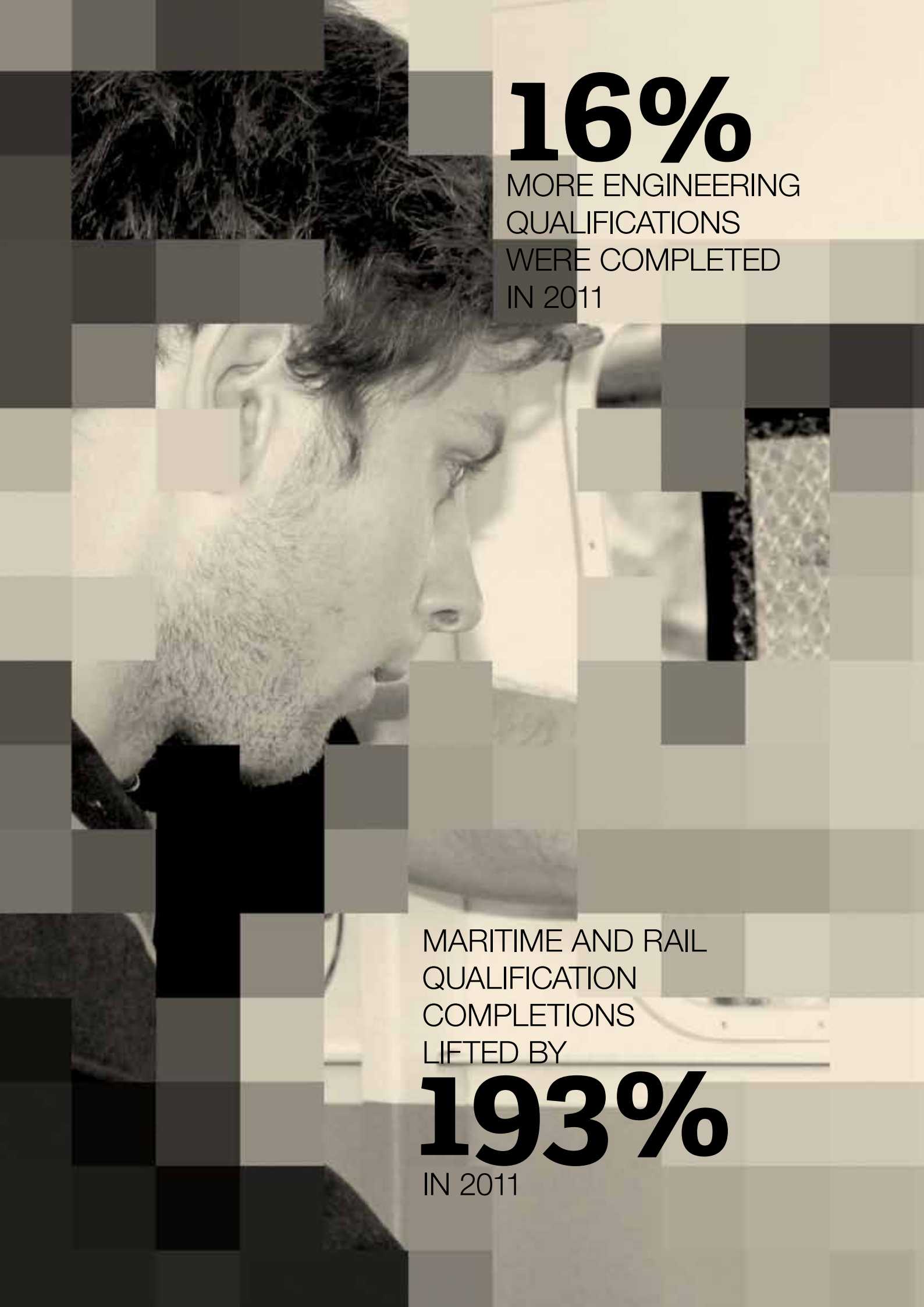
Gaming is increasingly present in schools as the new way to engage and educate, and in the three months after launch, 'TIG Welder' reached over 3,000 downloads on

Apple's iTunes app store and attracted an additional 5,500 visitors to the website.

And with our youth being the biggest users of social media, this provides another ideal platform to connect with them. Our Facebook page has a reach of 20,000 users weekly, and is home to an active community of over 400 current and past trainees who are kept up-to-date with the latest qualification and training information.

The 'CompetenzSkills' YouTube channel, which has achieved over 7,500 views, provides a range of entertaining and educational videos to engage our online audience and stimulate interest in trade careers.

An 'e' presence is the way of the future and the way forward for business – and in the year ahead Competenz will continue to strengthen its online presence.



16%

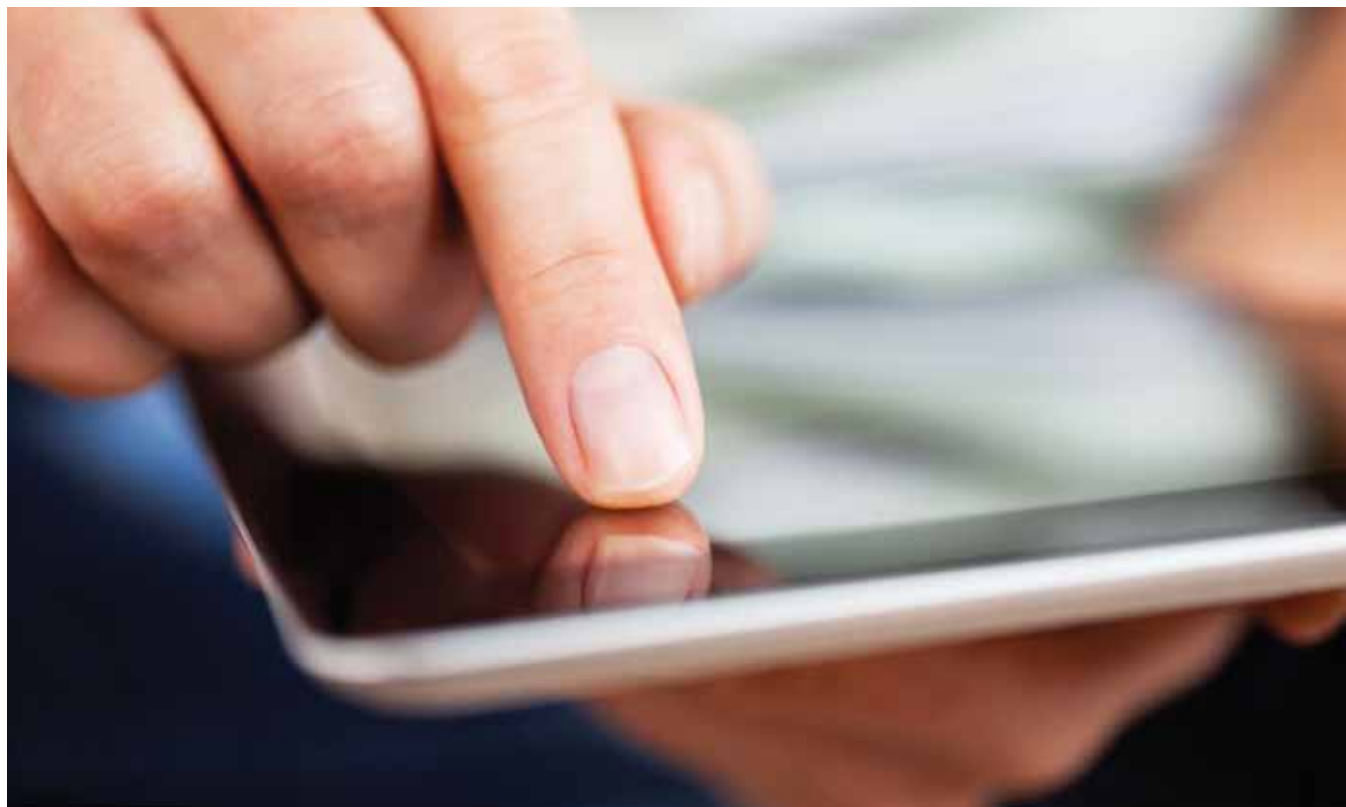
MORE ENGINEERING
QUALIFICATIONS
WERE COMPLETED
IN 2011

MARITIME AND RAIL
QUALIFICATION
COMPLETIONS
LIFTED BY

193%

IN 2011

A future with e-learning



When you think about learning on-the-job, text books do not exactly spring to mind. Yet most on-the-job learners are still required to consult text books, even though this 'sit down and study' style of learning does not necessarily suit those learners.

On-the-job trainees are largely kinesthetic learners – responding better to a hands-on approach – and for this reason Competenz has created an e-learning platform.

Due for launch in mid-2012, the highly visual and user-friendly system will allow learners to complete their course work in their own time and at their own pace, from any computer, tablet or smart phone.

The aim of e-learning is to transfer skills and knowledge in a more convenient and engaging way for the learner, which also saves their employer time and resources that would have otherwise been spent assisting the trainee through their bookwork.

The learner, and Competenz, can track training progress by viewing a built in timeline which clearly shows which modules have been completed and passed. This ensures the trainee completes their qualification within duration

to comply with the Tertiary Education Commission's key performance measures.

A built-in emailing system will allow easy communication with Competenz Account Managers, so the learner can ask questions and seek feedback. And because the system is cloud based, meaning it is run from a Competenz server, there is no need to download and install software.

Of particular importance to quality assurance, the platform will be synchronised with the Competenz Customer Relationship Management system, so that all records achieved through e-learning will be seamlessly transferred to the CRM for reporting to the Tertiary Education Commission.

Because the majority of Competenz trainees and the majority of 'e' users are both Gen Y's, it is hoped e-learning will be a well-matched fit with the end users.

The development is a huge step forward in the right direction for Competenz, the industries it serves, and learners – a step into the future of education and training.

From the frontline



A culture of success

Cedenco Foods Ltd (Gisborne/Hastings)

Nurturing and growing the capability of people to drive productivity is something Cedenco Foods, a leading international agricultural food manufacturing company, knows well. That is why they recently embarked on a five-year continuous improvement plan.

“Business excellence starts with the skills of our people, and we’re committed to meeting skill needs at every level of the business with the right training,” says Debbie Tehau, Cedenco’s manufacturing excellence manager.

“We started with literacy and numeracy linked in to health and safety training and our staff soaked up the learning like sponges. They started turning up early for our sessions and everyone went on to complete their national certificates in OSH.

“Their self-confidence grew significantly, along with their understanding of our operating procedures and their roles.”

Cedenco is now taking further steps to lift the overall skills and capability of its people, with Debbie leading the training programme. Management aims to equip staff with the tools to identify and implement change to maintain an environment of manufacturing excellence.

“Everyone in the Cedenco ‘family’ contributes to manufacturing excellence, and we feel our structured approach to training to grow and recognise our people’s skills is what gives us our competitive edge.”



Baking training on a national scale

Foodstuffs NZ

Standing out from the crowd in the highly competitive grocery market is a big ask. But at Foodstuffs NZ, that’s exactly what they strive for, and baking training forms a key part of their efforts.

Foodstuffs is a proudly Kiwi-owned grocery distributor and one of New Zealand’s largest employers with over 30,000 staff, and brands including the New World and PAK’nSAVE supermarket chains.

Foodstuffs’ northern training coordinator, Bhiren Prasad, is currently on a mission with his fellow regional training coordinators to take the organisation’s baking training commitment to the next level.

Bhiren and team are working with Competenz baking specialist, Peter Rood, to make the most of upskilling opportunities for their employees baking goods instore in their supermarkets nationwide.

In 2011, around 30 of the company’s employees completed baking qualifications and apprenticeships and were awarded their certificates at a graduation ceremony organised by Foodstuffs.

The event, held at Auckland’s SKYCITY, was a prestigious affair for staff and managers to celebrate their collective 2011 training achievements.

Following this success, Foodstuffs now plan for up to 100 of their employees to be involved in industry-based baking training in 2012 – from entry level bakers through to department managers.



Supporting apprentice learning

Chillex Group (Auckland)

"Mike, there's no need to rush, mate – you've got plenty of time to learn and you'll be ready to sit your final electrical component test in a year. Nice job on your assignment. You've done well."

It's Saturday morning and seated around the lunchroom table with Cam Crawford, managing director of Chillex Group in Onehunga, Auckland, are five of his six current apprentices.

Once a month, Cam meets with his apprentices to assess their work and set training targets toward completing their refrigeration or heating, ventilation and air conditioning (HVAC) apprenticeships.

"In my experience it pays to be disciplined in managing your apprentices' progress," explains Cam.

He thumbs through a slightly tattered 1B5 book, and inside are details documenting every Saturday session he's ever had with his apprentices since 2003.

There isn't much he can't tell you about all of his apprentices over the years – from the evidence apprentices collected to support assessments, to which unit standards they were assessed on and when, and skills they need to brush up on.

It's a lot of work, but it's good work that yields benefits for both Cam and the industry that he loves.

"The continued success of Chillex and the credibility of our industry depend on 'competent' meaning competent – so I wouldn't have it any other way."



'Women in Welding' partnership

Longveld Engineering (Hamilton)

Stainless steel specialists Longveld Engineering launched a 'Women in Welding' partnership with Competenz and the Ministry of Social Development in 2010.

Up to five production welder jobs with full training support were on offer to women on the domestic purposes benefit. Applicants had to be keen to gain employment and, more importantly, start on a genuine career pathway in the engineering sector.

Today, four women – Hui Tamati, Mamai Sylva, Lianne Rawiri, and Debbie Mahara-Whakakura – are proud employees at Longveld as a direct result.

Hui, Mamai and Debbie completed their Level 3 National Certificates in Welding this year, and Lianne is on her way to achieving a National Certificate in Manufacturing Core Skills.

"Entering the workforce and being part of a big team was nerve-racking at first. But we felt really welcome and everyone here is happy to help you learn," says Hui.

The future looks bright for our 'Women in Welding' thanks to the forward-thinking of the Longveld team.

Mamai is especially excited – she has just started a heavy fabrication apprenticeship to become a fully qualified tradesperson.

"I'm taking over the world! This is a career and not just a job – I love what I do."

Competenz Board Members



AUSTEN BANKS

Competenz Chairman, Austen Banks, is passionate about industry training and the contribution ITOs can make to vocational learning and productivity in the New Zealand economy.

Austen is involved at Chair and Board level with a number of businesses and charitable organisations, and he has strong and applied interests in governance.

He has a Bachelor of Applied Management degree from Otago Polytechnic and a Postgraduate Certificate in Tertiary Teaching from the University of Otago. Austen also attended the Harvard Business School – Corporate Governance.



JOHN BLAKEY

John Blakey is CEO of Competenz and a member of the Board. He has over 20 years' experience in vocational education and training.

John has played a pivotal role in the evolution of industry training in New Zealand over the years. Prior to joining Competenz he was the CEO of FITEC, the forestry industry training organisation, for nine years.

He was a two-term Tertiary Education Commission commissioner and Board member, and past Chair of the Industry Training Federation. He has led the industry training policy position on the Tertiary Education Advisory Commission and its successor, the Tertiary Education Commission.



PETER HERBERT

Peter Herbert comes from a strong engineering background and has established and sold several successful manufacturing and export companies. He continues as a consultant for Specialised Components – a company he owned and operated for 26 years before its recent sale.

Currently he is Technical Director for Medlands Technologies. Prior to this, Peter shared hands-on leadership of the design and technical areas as General Manager and Managing Director for several other companies.

As a past chairman of New Zealand Engineering Federation (NZEf), Peter led this group to amalgamate with the Canterbury Manufacturers Association (CMA) to form the New Zealand Manufacturers and Exporters Association (NZMEA). He now sits on the NZMEA executive, playing an active role in addressing industry issues.

Peter is Chair of the ATNZ Trust which currently employs over 300 engineering apprentices and seconds them to employers nationwide, and an Executive member of the Heavy Engineering Research Association (HERA).



DIANA HUDSON

Diana Hudson joined the Board of Competenz in January 2007, providing important expertise in the area of employment law.

She is Managing Solicitor at the Otago Southland Employers Association, and is a past member of the Association's Board.

Prior to this, Diana was employed as the Human Resources and Compliance Manager for the Mainland Poultry Group of companies, based in Dunedin. This is a role with significant responsibilities in a food manufacturing and exporting environment, and her experience has been valuable in helping Competenz meet its responsibilities to this sector. Diana is also a past Board member of the Otago Polytechnic Council.

KEVIN KENNEDY

Kevin Kennedy is current Chairman of FRSITO, and a Director for both FRSITO and Competenz. He is on the formation Board of the NZ IQP registration board, and is past President of FPANZ, and also recently retired as Managing Director of Firetech Training Ltd.

Kevin started his career as an electronics tradesman and then as Aircrew in the RNZAF. Following this he spent five years as a Technical Officer with the Insurance Council of New Zealand, joined an international insurance broker as a manager and then Director before accepting a position in Singapore as Manager of Loss Prevention for Asia for an International insurance broker.

On his return from Asia he spent 15 years as Managing Director of a fire protection inspection company before retiring. Throughout that time he was President of the FPANZ with direct responsibility for developing fire protection industry training.

He is a trustee for the ATNZ Trust which currently employs over 300 apprentices and seconds them to employers nationwide.

BILL NEWSON

Bill Newson is the current National Secretary for the Engineering, Printing and Manufacturing Union (EPMU) and was elected to this role in June, 2011. He has extensive experience in the field of employee representation.

Bill has a trade background with an involvement in ITOs and trade training since the introduction of the Industry Training Act. He has played a significant part in the development of engineering apprenticeship training trusts.

Bill is a trustee for the ATNZ Trust which currently employs over 300 engineering apprentices and seconds them to employers nationwide.

Summary financial statements

Statement of Financial Position

As at 31 December 2011

| | Competenz | Consolidated Figures* |
|----------------------------------|----------------|-----------------------|
| | 2011 \$000s | 2011 \$000s |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 6,548 | 7,760 |
| Trade and other receivables | 542 | 1,578 |
| Government grants due | 192 | 192 |
| Prepayments | 136 | 196 |
| Intercompany receivable | 1,140 | - |
| Total current assets | 8,558 | 9,726 |
| Non-current assets | | |
| Property, plant and equipment | 2,185 | 2,185 |
| Intangibles | 1,526 | 1,540 |
| Total non-current assets | 3,711 | 3,725 |
| Total assets | 12,269 | 13,451 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 2,863 | 3,147 |
| Government grants payable | 2,335 | 2,335 |
| Goods and services tax payable | 32 | 333 |
| Income received in advance | 580 | 580 |
| Employee leave benefits | 413 | 833 |
| Lease incentive | 139 | 139 |
| Provisions | 347 | 347 |
| Total current liabilities | 6,709 | 7,714 |
| TOTAL LIABILITIES | 6,709 | 7,714 |
| NET ASSETS | 5,560 | 5,737 |
| ACCUMULATED FUNDS | | |
| Accumulated funds | 5,560 | 5,737 |
| Total accumulated funds | 5,560 | 5,737 |

*Includes ATNZ figures

For and on behalf of the Board who authorise the issue of the financial statements on 26 March, 2012



Peter Herbert
Director



John Blakey
CEO

Statement of Comprehensive Income

For the year ended 31 December 2011

| | Competenz | Consolidated Figures* |
|---|----------------|-----------------------|
| | 2011 \$000s | 2011 \$000s |
| REVENUE | | |
| Government grants | 14,373 | 14,373 |
| Other revenue | 5,987 | 18,671 |
| Total revenue | 20,360 | 33,044 |
| EXPENSES | | |
| Employee entitlements | 7,970 | 20,083 |
| Other expenses from ordinary activities | 12,154 | 12,369 |
| Total expenses | 20,124 | 32,452 |
| Net surplus / (Deficit) | 236 | 592 |
| Other comprehensive income / (loss) | - | - |
| Total comprehensive income / (loss) for the period | 236 | 592 |

*Includes ATNZ figures

Competenz Statement of Changes in Accumulated Funds

For the year ended 31 December 2011

| | Competenz | Consolidated Figures* |
|--|----------------|-----------------------|
| | 2011 \$000s | 2011 \$000s |
| Opening balance | 5,324 | 5,145 |
| Total comprehensive income / (loss) for the period | 236 | 592 |
| Closing balance | 5,560 | 5,737 |

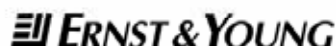
*Includes ATNZ figures

Competenz Cashflow Statement

For the year ended 31 December 2011

| | Competenz | Consolidated Figures* |
|--|----------------|-----------------------|
| | 2011 \$000s | 2011 \$000s |
| Net cash flows from / (used in) operating activities | (4,534) | (5,051) |
| Net cash flows from / (used in) investing activities | (539) | (487) |
| Net cash flows from / (used in) financing activities | 1,000 | - |
| Net increase / (decrease) in cash and cash equivalents | (4,073) | (5,538) |
| Cash and cash equivalents at beginning of period | 10,621 | 13,298 |
| Cash and cash equivalents at end of period | 6,548 | 7,760 |

*Includes ATNZ figures



Chartered Accountants

Independent Auditor's Report

To the Members of New Zealand Food and Manufacturing Industry Training Organisation Incorporated (Competenz) and the Group

The summary financial statements on pages 18 to 19, which comprise the summary statement of financial position as at 31 December 2011, the summary statement of comprehensive income, summary statement of changes in accumulated funds and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Competenz and the Group for the year ended 31 December 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 26 March 2012. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Competenz and the Group.

This report is made solely to Competenz and ATNZ's members, as a body, in accordance with Competenz and ATNZ's constitution. Our engagement has been undertaken so that we might state to Competenz and ATNZ's members those matters we are required to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Competenz and ATNZ and Competenz and ATNZ's members as a body, for our work, for this report, or for the opinions we have formed.

Responsibilities of the Members of the Governing Body

The members of the board are responsible for the preparation of summary financial statements in accordance with generally accepted accounting practice in New Zealand.

Auditor's Responsibilities

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA(NZ)) 810, "Engagements to Report on Summary Financial Statements."

Ernst & Young provides certain consulting and advisory services to Competenz. We have no other relationship, or interest in Competenz or the Group.

Partners and employees of our firm may deal with Competenz or the Group on normal terms within the ordinary course of trading activities of the business of Competenz or the Group.

Opinion

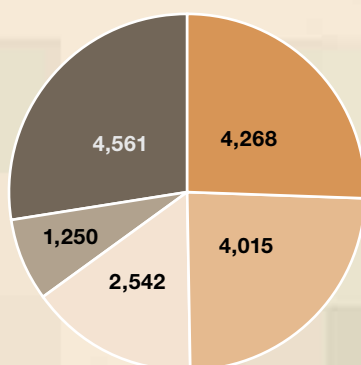
In our opinion, the summary financial statements derived from the audited financial statements of Competenz and the Group for the year ended 31 December 2011 are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

Our audit was completed on 9 March 2012 and our unqualified opinion is expressed as at that date.

A stylized, handwritten-style signature of 'Ernst & Young' in black ink.

26 March 2012
Auckland

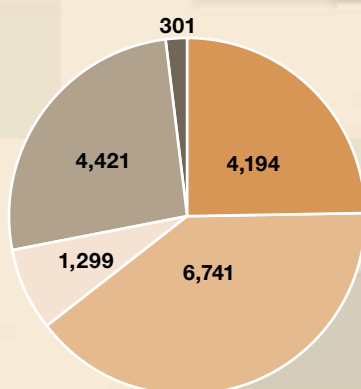
Training Agreements – all learners for 2011



Qualification Sector

- Engineering
- Food and Beverage (inc. Baking)
- Manufacturing
- Transport (Rail / Maritime)
- Other Qualifications

Total: 16,636



Qualification Level

- Level 1
- Level 2
- Level 3
- Level 4
- Level 5

Total: 16,956

NB. Learners can be signed into more than one training agreement within the year period.

