

ANNUAL REVIEW

***GROWTH
THROUGH
CHANGE***



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SKILL-UP





BRIAN WARREN
CHAIR

BOARD CHAIR'S REPORT

CONEXIS

BOARD MEMBERS
2020

BRIAN WARREN
(CHAIR)

SUSAN HURIA

GAVAN JACKSON

DON PRYDE

ROGER MCRAE

2020 **A R**

WHILST 2020 was dominated by COVID, the government-led Reform of Vocational Education (RoVE), continued to gain momentum with the ultimate outcome becoming increasingly clear. As previously signalled, we have continued to work constructively and collaboratively with the Tertiary Education Commission (TEC), together with both BCITO and Competenz, the other two “early mover” Transitional Industry Training Organisations (TITOs). We remain confident this approach will deliver the best outcomes for the Construction and Infrastructure industry, its trainees, employers and our own staff.

We are currently working through our Transition Plan, which will see our Arranging Training functions, which are by far the largest part of our operation, move into Te Pūkenga and Standard Setting functions transition into the Waihangā Ara Rau Construction and Infrastructure Workforce Development Council. The quantum of work, and hence senior staff time, required to work through the detail of this transition cannot be overstated.

COVID was obviously a major disruption to our operations but it was pleasing to see how well our Business Continuity Plan worked, especially given we had not conceived anything nearing the scale of COVID when preparing it. Our staff adapted quickly to working from home and was operating close to normal within a matter of days. Our field team was able to adapt too, working electronically with a number of trainees as well as developing socially distanced workarounds with some of the larger employers.

COVID recovery policies created opportunity for the Infrastructure industry and we saw a significant boost in trainee numbers as a result of the Targeted Training and Apprenticeship Fund (TTAF, aka Free Trades Training) particularly. Our team did a sterling job signing up new trainees and supporting them through their programmes whilst still maintaining their existing workloads. With ongoing confidence in the sector, we are growing our team to ensure we continue to provide quality support to trainees and their employers.

Our financial result, a \$2.5 million surplus, reflects the positive impacts on our business due to the rapid increase in trainee numbers which was driven by TTAF and other government incentives to grow vocational education such as Apprenticeship Boost, as well as the significant funding that has been pumped into Infrastructure projects post-COVID. It is also the result of cost savings as COVID curbed travel and postponed some of our annual activities. We are committed to investing our profits in initiatives to improve our services and benefit the Infrastructure industry. Significant developments in the eLearning space is just one of the ways we are delivering better services into the future.

In October, Toby Beaglehole stood down as Chief Executive to take up the reins at BCITO. I thank Toby for his valuable contribution to Connexis and wish him well for the future. Whilst his departure came during an already challenging period, the calibre of our senior team enabled swift internal promotions, with Kaarin Gaukrodger moving into the Chief Executive role and Andrew Harland replacing her as GM Customer Engagement. This minimised the disruption and I thank Kaarin for stepping up and taking a strong lead to navigate the organisation through what continues to be challenging times. Thanks to my fellow directors for their valued support and guidance.



KAARIN GAUKRODGER
CHIEF EXECUTIVE

CHIEF EXECUTIVE'S REPORT

2020 was a year of challenges and opportunities, some of which we knew going into the year, and others coming seemingly out of the blue.

As a team we pulled together, coming through the year stronger and in a better position to serve our employers, learners and industries. We did this by being flexible, moving quickly to adapt, and by keeping our customers and people informed and consulted along the journey.

Going into the year, the Reform of Vocational Education (RoVE) was front of mind and our strategy was to engender confidence through a low or no-change 2020. Our focus was on growing our people; focusing on our business; and partnering for the future.

With a clear customer mandate, we committed to be an active participant in the reform, working to influence decisions and help shape the new system. From the beginning, we have been part of the conversation, making successful suggested amendments to the Orders in Council for the Workforce Development Councils (WDCs), participating in the WDCs' Interim Establishment Unit and being involved

in the development of the Construction Centre of Vocational Excellence (ConCoVE).

An early win in 2020 saw us secure Ministry of Education (MoE) funding for Girls with Hi-vis® (GWHV). Although this and many other projects we would like to have run in 2020, including Annual Connection, were postponed due to lockdown, we still made pleasing progress. We were able to move the funding to our 2021 GWHV events. We also launched the Ultimit - Women in Infrastructure Ambassador programme, aimed at amplifying the visibility of women in Infrastructure and building an online community for women working in our industries.

Thanks to our business continuity planning, we transitioned seamlessly to meet requirements as the country moved through the lockdown levels. Working off a cloud-based system allowed for easy file sharing, collaboration and continuation of work online from any location.

While in lockdown our focus on the business continued, resulting in a 20% rise in new assessor registrations and an over 50% increase in published (including online) resources. Thanks to our field team, we undertook a full review of the 16 most problematic Unit Standards for trainee progression and were pleased to see a better product released back to market.

Adaptability was key to our success in meeting the challenges of 2020, both in serving our customers and supporting our people. Flexible working is something that has continued for Connexis post-lockdown, progressing our focus on staff wellbeing.

The Economic stimulus from the Government saw a significant investment in Infrastructure and trades training, including a \$42.2 billion commitment to Infrastructure projects to 2025. COVID relief funding helped us partner with industry to initiate projects for workforce strategies across the three waters and electricity supply, and to encourage more women into the trades through Trade Careers.

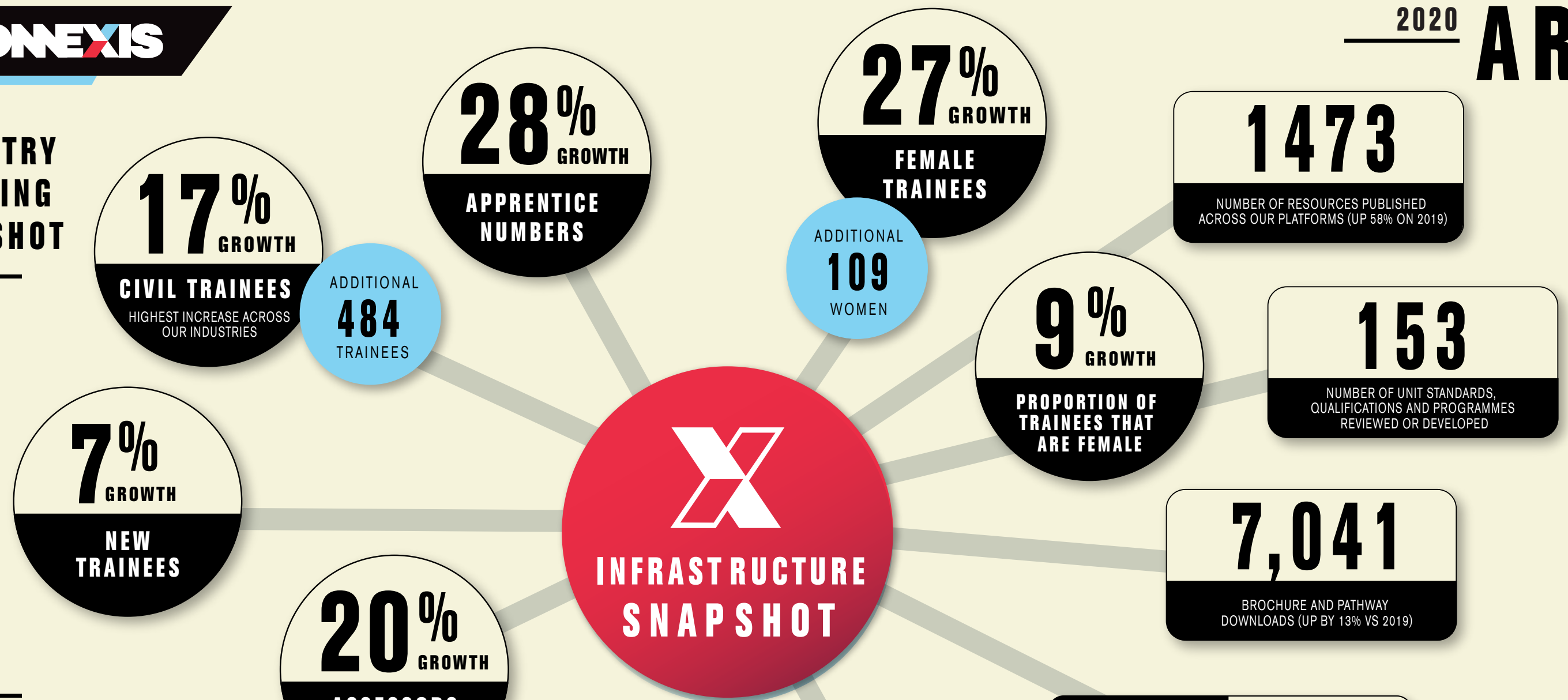
Significant funding for vocational education is helping with workforce supply to meet the increased demand on the Infrastructure industry. The Targeted Training and Apprenticeship Fund (TTAF), aka Free Trades Training, Apprenticeship Boost and Regional Apprenticeships Fund were new initiatives launched in 2020. Together they contributed to a 28% increase in apprentice numbers last year.

The result of these initiatives, along with the savings we made throughout lockdown, especially around travel, have delivered a substantial operating surplus for 2020. This is enabling us to invest in capacity to meet demand and step up our learner offering in areas like eLearning.

As the year drew to a close, we had a change in senior leadership and I was humbled to have the opportunity to step up and lead the committed and hardworking team at Connexis. We are grateful to the Connexis Board who continue to provide clear direction and remain engaged and supportive of the Connexis team as we transition through RoVE.

Most of all, thank you to our people – a committed team of staff, assessors and moderators – who got us through 2020 and continue to ride the wave of change.

INDUSTRY TRAINING SNAPSHOT



2020 TOP QUALS BY INDUSTRY

GENERAL	NZ CERTIFICATE IN BUSINESS (INTRODUCTION TO TEAM LEADERSHIP) L3	414 TRAINEE ENROLMENTS
	NZ CERTIFICATE IN ELECTRICITY SUPPLY (LINE MECHANIC DISTRIBUTION) L4	410 TRAINEE ENROLMENTS
CIVIL	NZ CERTIFICATE IN INFRASTRUCTURE WORKS (PIPELINE CONSTRUCTION AND MAINTENANCE) L4	412 TRAINEE ENROLMENTS
	NZ CERTIFICATE IN DRINKING-WATER TREATMENT L4	115 TRAINEE ENROLMENTS



NEW PRODUCTS RELEASED IN 2020

Keeping our qualifications, programmes and resources up to date, fit for purpose and relevant for industry is a key part of what we do.

We regularly consult with industry to develop and improve our products. Eighteen qualifications were reviewed in 2020 and 8 new ones were developed.

NEW PRODUCTS LAUNCHED FEB 2020



IMPROVED PRODUCTS LAUNCHED FEB 2020



IMPROVED PRODUCTS LAUNCHED NOV-DEC 2020



PROJECTS IN PROGRESS 2020

We received initial funding to kick off three projects in 2020 as part of the Government's COVID recovery plan.

TRADE CAREERS

Trade Careers is a joint initiative between Connexis, BCITO, Skills, and Competenz as part of the Women in Trades Collective (WITC). The focus of the project is to work jointly to significantly increase the number of women entering the trades, specifically those who have lost their jobs or who are underemployed due to COVID19, with special attention being paid to Māori and Pasifika women.

KOHI WHAKAARO THE ELECTRICITY SUPPLY INDUSTRY (ESI)

Workforce Development Strategy Kohi Whakaaro aims to address current and future skills shortages in ESI. It is in Phase 2 after an initial environmental scan was done to understand the current workforce and what will shape skills need going forward.

3 WATERS WORKFORCE DEVELOPMENT STRATEGY

A similar project to Kohi Whakaaro but in the sectors of drinking water, wastewater and stormwater. It is currently in Phase 2 - investigating skills responses.

ULTIMIT - WOMEN IN INFRASTRUCTURE

Planning for the 10-year anniversary in 2021, we began work in 2020 on reviving the Ambassador programme, recruiting nine women from across the Infrastructure industries. Many of the Ambassadors have been profiled on our website, have been publicised on our social media, and some have also taken part in broader initiatives including Trade Careers.

Our GWHV events, which are an Ultimit initiative, were cancelled in 2020 due to COVID. However, we were able to lay the groundwork for a bumper year in 2021, backed by Ministry of Education funding a record of 24 events are to be held, hosted by 14 companies and attended by over 650 high school girls.



CUSTOMER AND TRAINEE FEEDBACK

James Cedar

"Completing my qualification has given me more understanding of the principles behind what I do and the ability to conduct a wider range of jobs."

**NEW ZEALAND CERTIFICATE IN
SURVEYING LEVEL 4**



Huia Rose Anderson

"Completing my qualification means more than words could describe. I've shown my children, if you want something, make it happen."

**NZ CERTIFICATE IN
DRINKING-WATER TREATMENT LEVEL 4
WITH OPTIONAL STRAND IN MULTISTAGE PROCESSES**



Danielle Forman

"I never thought of learning a trade until I was doing it. Now, I wouldn't do anything else."

**POWER SYSTEMS TECHNICIAN ELECTRIX
AND CONNEXIS ULTIMIT:
WOMEN IN INFRASTRUCTURE AMBASSADOR**



Kat Kaiwai

"My qualification in Civil Works Level 4 will open a lot of doors to opportunities for myself and my business. It has made me push to achieve what I want, and I have a real sense of accomplishment. My family is very proud."

**MANAGING DIRECTOR, TAIRĀWHITI CONTRACTORS
AND CONNEXIS ULTIMIT:
WOMEN IN INFRASTRUCTURE AMBASSADOR**



Jacob Stevens

"Every day is different. We have an awesome team working together to high standards while having fun."

**NZ APPRENTICESHIP IN WATER TREATMENT
& NZ CERTIFICATE IN WASTEWATER
TREATMENT LEVEL 4 WITH OPTIONAL STRAND
IN MULTISTAGE PROCESSES**



Shane Heyns

"It's very rewarding to see how proud and inspired people become when they finish their training and qualifications."

**CSL INFRASTRUCTURE LTD
AND CONNEXIS ASSESSOR
15 YEARS**

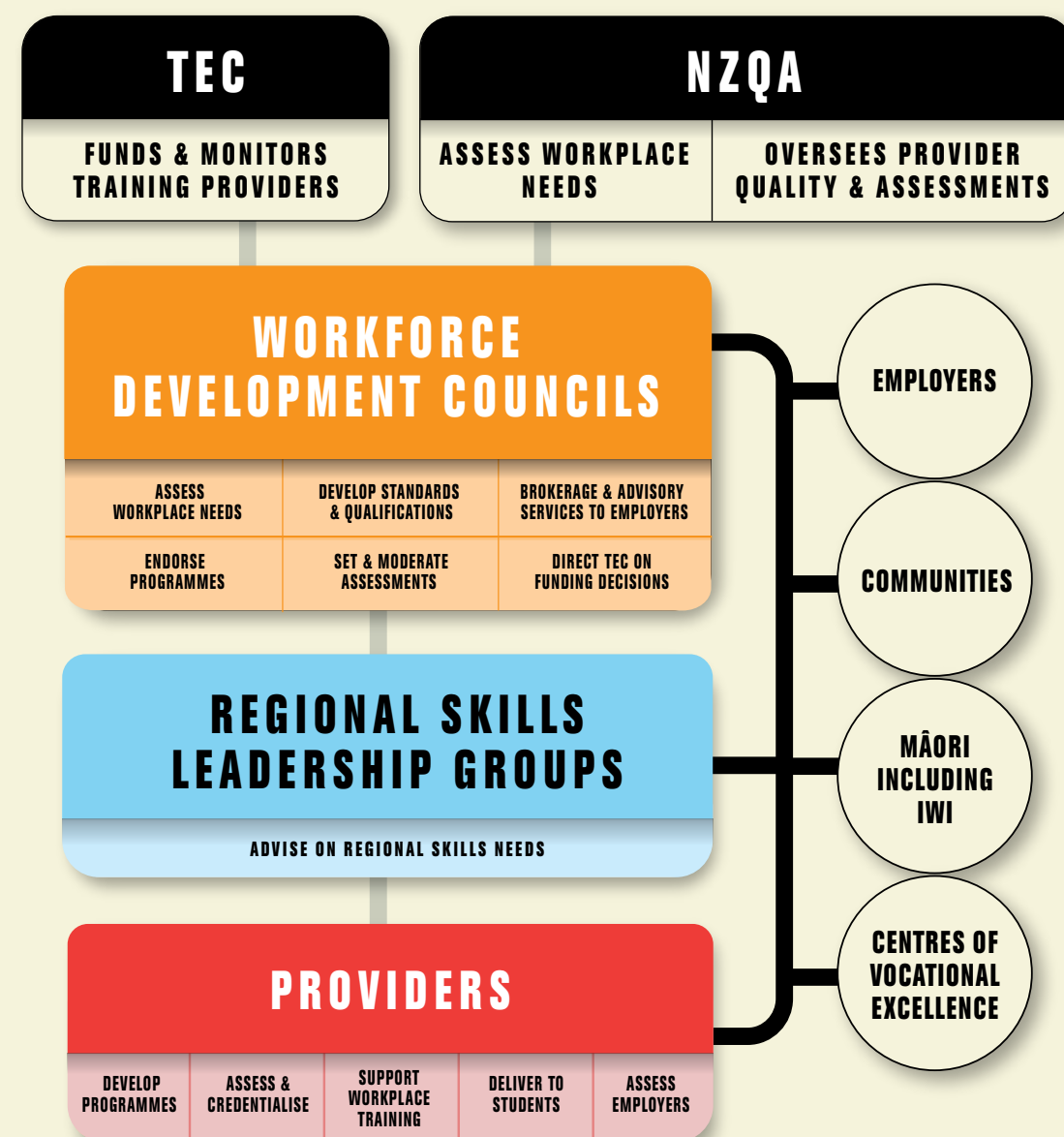


THE REFORM OF VOCATIONAL EDUCATION (RoVE)

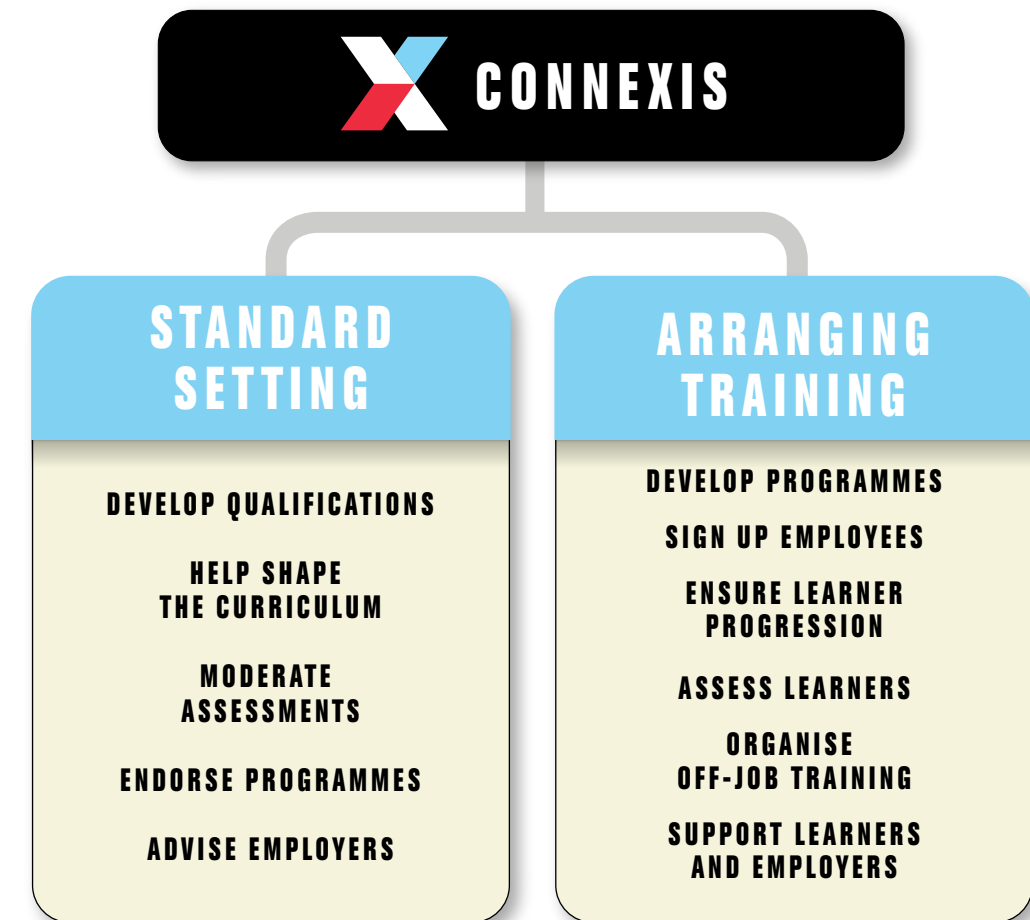
RoVE WAS ANNOUNCED WITH THE AIM OF:

- Addressing workforce skills shortages
- Increasing work-based tertiary qualification training
- Providing youth and those looking to retrain with an easy path into a relevant, skilled career
- Improving regional accessibility
- Increasing access to hard to reach learners

FUTURE STATE – VOCATIONAL EDUCATION SYSTEM



INFRASTRUCTURE AND RoVE



As a Transitional Industry Training Organisation (TITO), the role of Connexis is to set standards and arrange training.

Under RoVE, our Standard Setting functions must transfer to the Construction and Infrastructure WDC (CIWDC) with the exception of some rural sector units going to Primary WDC.

After extensive consultation with industry we developed a Transition Plan that proposes a shift of our Arranging Training functions into Te Pukenga, the new Crown entity that brings together on-job, on campus and online vocational learning through a public, regionally accessible network. This was seen as the best way of achieving the key concerns of industry:

- Making sure industry continues to have a strong voice in how training is delivered
- Minimising disruption for existing employers and learners currently in training
- Providing access to more learning options including on-job, online and off-job provision



INFRASTRUCTURE INDUSTRY TRAINING ORGANISATION INCORPORATED

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 \$000	2019 \$000
REVENUE		
Trainee Management Income	14,035	9,626
Other Revenue	825	1,142
Interest Revenue	118	122
	14,978	10,890
EXPENSES		
Employee Remuneration	5,787	5,329
Operating Expense	5,572	4,729
Depreciation and Amortisation Expense	677	355
	12,036	10,413
TOTAL EXPENSES		
	12,036	10,413
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	2,942	477

SUMMARY STATEMENT OF CHANGES IN NET ASSETS / EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 \$000	2019 \$000
Opening Accumulated Comprehensive Revenue and Expense	4,302	3,825
Total Comprehensive Revenue and Expense	2,942	477
	7,244	4,302
CLOSING ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE	7,244	4,302

INFRASTRUCTURE INDUSTRY TRAINING ORGANISATION INCORPORATED

SUMMARY STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2020

	2020 \$000	2019 \$000
ASSETS		
Cash and Cash Equivalents and Term Deposits	5,294	4,471
Receivables, Prepayments and Stock	5,620	563
Property, Plant and Equipment and Intangibles	353	923
	11,267	5,957
TOTAL ASSETS		
	11,267	5,957
LIABILITIES		
Trade and Other Payables	2,262	1,234
Employee benefits	642	234
Deferred Revenue	1,119	187
	4,023	1,655
CURRENT LIABILITIES		
	4,023	1,655
TOTAL NET ASSETS	7,244	4,302
NET EQUITY	7,244	4,302



BRIAN WARREN
BOARD CHAIR

8 / 6 / 2021



SUSAN HURIA
DIRECTOR

8 / 6 / 2021

INFRASTRUCTURE INDUSTRY TRAINING ORGANISATION INCORPORATED

SUMMARY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 \$000	2019 \$000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Non-Exchange Transactions	10,326	10,696
Interest Received	112	145
GST Paid	(525)	60
Payments to Suppliers	(3,628)	(4,444)
Payments to Employees	(5,354)	(5,252)
NET CASH GENERATED BY OPERATING ACTIVITIES	931	1,205
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(108)	(58)
Purchase of Intangible Assets	-	(285)
Investment in Term Deposits	21	(699)
NET CASH GENERATED BY INVESTING ACTIVITIES	(87)	(1,042)
NET INCREASE IN CASH AND CASH EQUIVALENTS	844	163
Opening Cash and Cash Equivalents	372	209
CLOSING CASH AND CASH EQUIVALENTS	1,216	372

THE ACCOMPANYING SUMMARY NOTES FORM PART OF, AND SHOULD BE READ
IN CONJUNCTION WITH, THESE SUMMARY FINANCIAL STATEMENTS.

INFRASTRUCTURE INDUSTRY TRAINING ORGANISATION INCORPORATED

SUMMARY NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATEMENT OF ACCOUNTING POLICIES

BACKGROUND

These are the financial statements of Infrastructure Industry Training Organisation Incorporated (trading as Connexis). Connexis is domiciled in New Zealand and incorporated in New Zealand under the Incorporated Societies Act 1908. Connexis is also registered under the Charities Act 2005. Its primary purpose is to develop standards and qualifications, and make arrangements for the delivery of training and provide leadership on skills and learning issues for the Infrastructure industry. Connexis receives funding from both the Tertiary Education Commission (TEC) and the Infrastructure industry.

These financial statements are for the year ended 31 December 2020.

For the purpose of complying with generally accepted accounting practice in New Zealand (NZ GAAP), Connexis is a Public Benefit Entity (PBE).

REPORTING ENTITY

Connexis is domiciled in New Zealand and incorporated in New Zealand under the Incorporated Societies Act 1908. Connexis is registered under the Charities Act 2005.

The Summary Financial Statements were authorised for issue on the 8th June 2021 by the Directors of Connexis. The information has been extracted from the full financial statements approved by the Directors on the same day.

STATEMENT OF COMPLIANCE

The summary financial statements cannot be expected to provide an as complete understanding as provided by the full financial statements.

2. RELATED PARTIES

The Directors are associated with organisations which transacted with Connexis on normal commercial terms to a value of \$91,584.

3. SUBSEQUENT EVENTS

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

significance to Connexis, the amended Act established a new framework for vocational education and training with the creation of The New Zealand Institute of Skills and Technology (Te Pūkenga) and Workforce Development Councils.

Since balance date, and in line with the aims of the amended Act, the Connexis Board has authorised Connexis management to work collaboratively with the Tertiary Education Commission (TEC), Te Pūkenga, and the establishment teams for the Workforce Development Councils to achieve a seamless transfer of Connexis' Arranging Training and Standard Setting functions. This transfer is expected to occur in September 2021 and thereafter it is intended that, upon agreement from the Industry Group representatives of the organisation's membership, the Infrastructure Industry Training Organisation Inc be wound-up once all outstanding business matters have been settled.

4. GOING CONCERN

Based upon the preference of the infrastructure sector, received through the 2019 RoVE roadshows, the Board of Connexis has approved plans for the transfer of all Connexis' business operations to either Te Pūkenga Work Based Learning Limited or to the Construction and Infrastructure Workforce Development Council (the successor organisations) as required by the Education and Training Act 2020, in September 2021 and as such, Connexis is not considered a going concern for financial accounting purposes at balance date. Connexis has prepared these financial statements on a realisation basis.

However, the Connexis Board, having considered the relevant accounting standards and technical accounting specialists, has chosen to continue to recognise non-current assets in the Statement of Financial Position. The Board notes that these assets have been subject to a depreciation or amortisation regime which will ensure that all non-current asset balances are extinguished at the time of transfer. The Board also notes that all non-current assets at balance date will continue to be productively used by Connexis up to the time of transfer.

5. COMMITMENTS

Connexis had no capital commitments as 31 December 2020 (2019: nil).

6. CONTINGENT LIABILITIES

As at 31 December 2020 Connexis had no contingent liabilities or assets (2019: nil).

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

OF INFRASTRUCTURE INDUSTRY TRAINING ORGANISATION
INCORPORATED ("CONNEXIS")

REPORT ON THE SUMMARY FINANCIAL REPORT

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2020, the summary statement of comprehensive revenue and expenses, summary statement of changes in net assets and summary statement of cashflows for the year then ended, and related notes, are derived from the audited financial statements of Connexis for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in the Notes to the Summary Report.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by the Not-for-profit Public Benefit Entity Accounting Standards Reduced Disclosure Regime. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 8 June 2021.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Directors are responsible on behalf of the entity for the preparation of the summary financial statements on the basis described in the Notes to the Summary Report.

AUDITOR'S RESPONSIBILITY

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

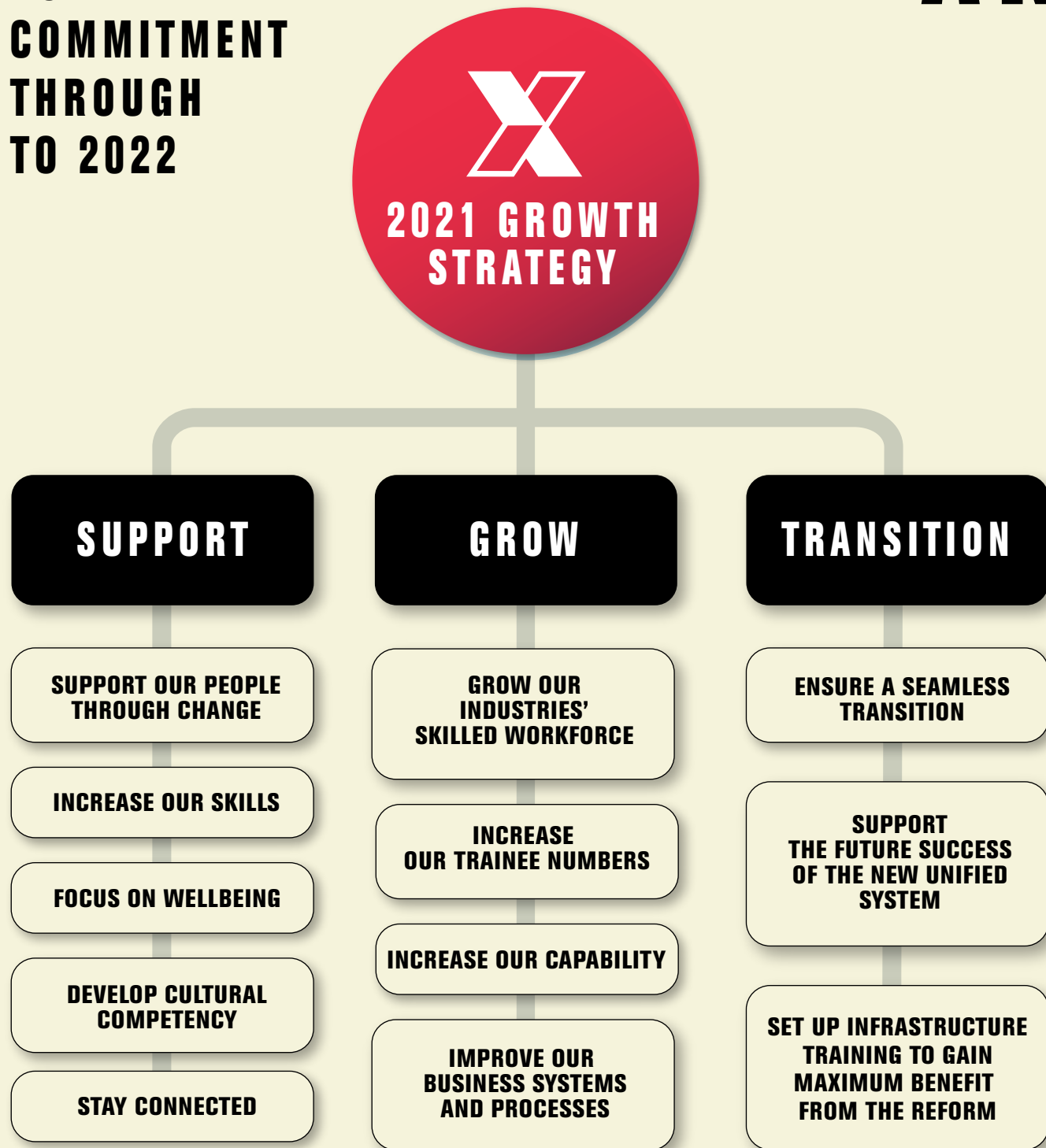
Other than in our capacity as auditor we have no relationship with, or interests in, Connexis.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED
8 JUNE 2021
WELLINGTON
NEW ZEALAND

CONNEXIS BOARD COMMITMENT THROUGH TO 2022

2020 **AR**



GUIDING PRINCIPLES:

- Keep industry knowledge and experience through retaining our people
- Service levels remain constant or improve through transition



CONNEXIS

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