



ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2020



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WHAT WE DO

MITO became a transitional Industry Training Organisation in 2020. We collaborate with our industries to develop qualifications and training programmes with clear and measurable standards that lift the performance of their workforces. We support our learners to achieve their qualifications and in turn help grow their careers.

OUR INDUSTRIES



AUTOMOTIVE



COLLISION REPAIR & REFINISHING



COMMERCIAL ROAD TRANSPORT



MINING & QUARRYING



PASSENGER SERVICES



RESOURCE RECOVERY



DRILLING



GAS



INDUSTRIAL TEXTILE FABRICATION



STEVEDORING & PORTS



WAREHOUSING & LOGISTICS

OUR STRATEGIC APPROACH

WHY Our vision is enriching lives and inspiring futures.

WHAT Our mission is enhancing workplace productivity, innovation and industry sustainability.

WHO We do this with current and future employees, employers and workplaces in the industries we serve.

HOW We do this through designing qualifications and training programmes that meet the needs of industry.

OUR VALUES

RESPECT

We trust and support each other and work for the good of our learners, employers and stakeholders.

INTEGRITY

We do what we say we will and do what is right, not merely what is expected.

INGENUITY

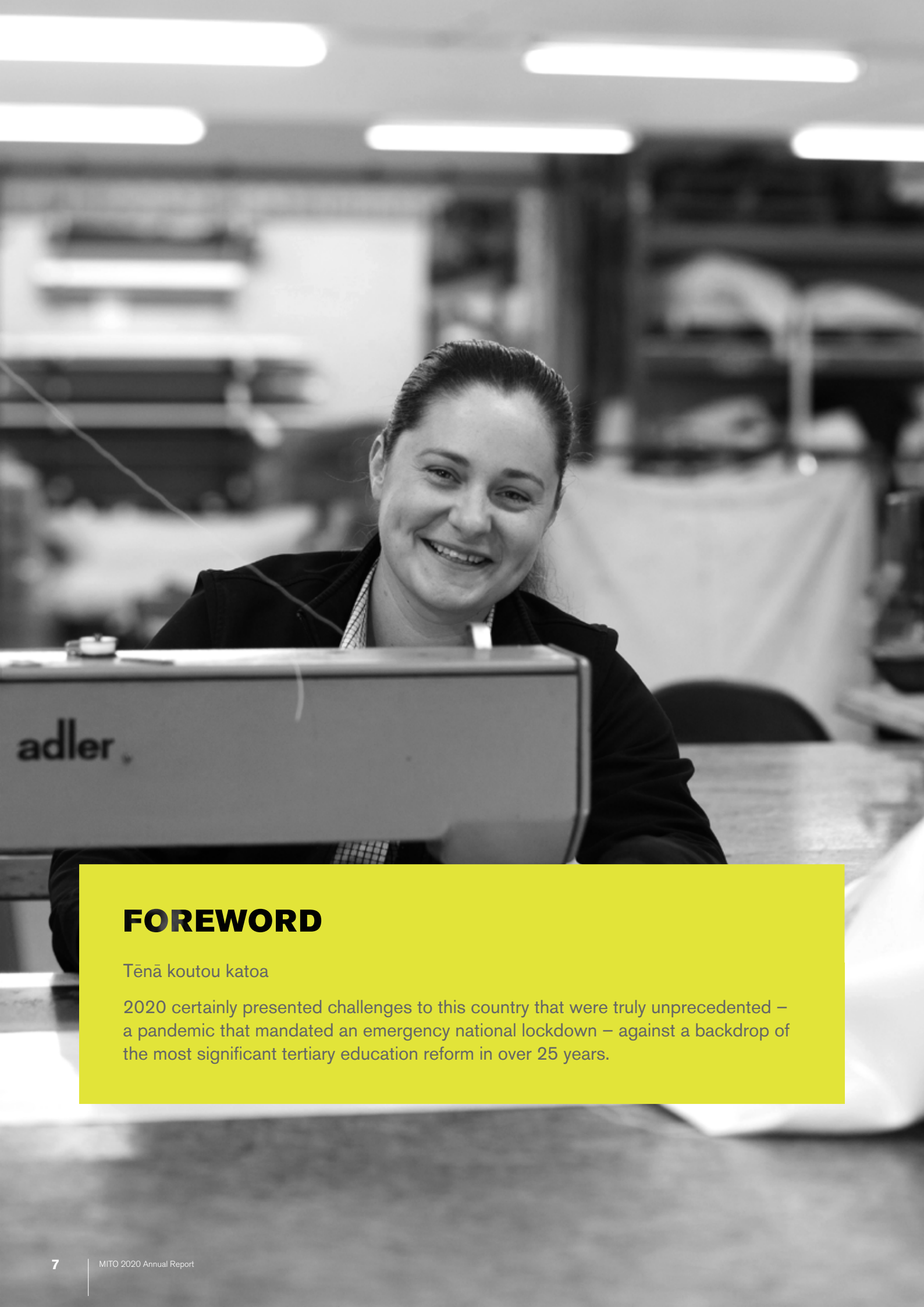
We are clever and resourceful.

COMMUNITY

We work together and get things done.

IGNITION

Together we enrich lives and inspire futures.



FOREWORD

Tēnā koutou katoa

2020 certainly presented challenges to this country that were truly unprecedented – a pandemic that mandated an emergency national lockdown – against a backdrop of the most significant tertiary education reform in over 25 years.

When Aotearoa went into lockdown mid-March 2020, the MITO team seamlessly transitioned to a virtual world of work and together found creative solutions to enhance our business operations and ensure that our customer pledge of outstanding service was achieved. Our learners took lockdown in their stride focusing on completing their theory assessments, with our eLearning completion rates reaching record levels.

While 2020 was certainly not without challenges, we remained focused on the achievement of our business goals, and the refinement of our support systems and service delivery models. We are immensely proud of our accomplishments – fantastic results given the circumstances.

CHANGE

The Reform of Vocational Education formally commenced on 1 April 2020, with the formation of Te Pūkenga, the New Zealand Institute of Skills and Technology, consisting of the 16 polytechnics and institutes of technology across New Zealand, operating as subsidiaries. Work commenced almost immediately on the design of the future operating model with a co-design group and over 60 reference groups consulted on the design architecture.

Also effective from this date, MITO became a transitional industry training organisation – signalling to industry the transformational change to the new vocational education system, enabling us to maintain our current standard setting capability through the establishment of the six Workforce Development Councils and the transition of our responsibility for arranging training to the provider network. MITO Board Chair Andrew Clearwater was appointed to the interim Establishment Board for the Manufacturing, Engineering and Logistics Workforce Development Council, tasked with establishing the future governance arrangements and determining the process for appointing Council members. In December 2020, industry consultation commenced on the Order in Council proposals for each Workforce Development Council, responding to the recommendations around the name, industry coverage and governance arrangements.

MITO remains committed to supporting the reforms, confident that the future will deliver the Government's ambition of creating a strong, unified, and sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive.

GROWTH

We continued our focus on programme development during 2020, releasing nine new training programmes. We launched three automotive New Zealand Certificate programmes - the New Zealand Certificate in Coachbuilding (Level 3), the New Zealand Certificate in Outdoor Power Equipment (Level 3 and 4) and the New Zealand Certificate in Heavy Wheel Alignment (Level 4). We also launched a new programme for the gas industry, the New Zealand Certificate in Reticulated Gas Pipelines (Level 3).

RockUp® and TrimUp® were released and join our suite of secondary school micro-credentials, offering an introduction to the mining and quarrying and industrial textile fabrication industries respectively. Our Working Safely with Electric Vehicles Micro-credential was also launched, giving learners a comprehensive introduction to electric vehicle safety with the skills and knowledge required to work safely and effectively on or around electric vehicles.

In addition, we launched two free micro-credentials that can be completed by anyone, entirely online. The Introduction to Automotive Engineering Micro-credential (Level 3) and the Introduction to Commercial Road Transport Micro-credential (Level 3) give learners the opportunity to gain the foundation knowledge required to begin their career in the automotive or commercial road transport industries.

We are always working to remain at the forefront of technology ensuring that our learners have everything they need to succeed. During the year we developed additional video content for our eLearning programmes, and completed a full upgrade to our learner portal, which includes new features to support learning progression.

SUPPORT

During a year of uncertainty and disruption, providing support to our learners and employers remained our highest priority, including learners that were displaced by the pandemic. A new initiative, in direct response to COVID-19, was our Learner Support Programme, providing CV support, interview coaching and establishing interview opportunities with prospective employers. We augmented our technical mentorship programme with additional industry experts providing one-on-one tuition; and increased the number of study hubs across the country.

In May 2020, the Government launched a \$1.6 billion Trades and Apprenticeships Training Package, which included the Targeted Training and Apprenticeship Fund, underwriting the training fees for all apprenticeships and approved traineeships from 1 July 2020 to 31 December 2022. The package also included Apprenticeship Boost, an apprenticeship support scheme that provides employers with \$1,000 per month for first year apprentices and \$500 per month for second year apprentices. These combined initiatives will have a significant impact on New Zealand's COVID-19 economic recovery.

ENGAGEMENT

We ran four major marketing campaigns during 2020. The campaign targeted at automotive employers highlighted the benefits of hiring a MITO apprentice, reinforcing the Government's apprenticeship support packages. We targeted both career starters and career changers with our Introduction to Automotive Engineering Micro-credential campaign and focused on reaching school leavers with two jobseeker campaigns. Regrettably, due to COVID-19 restrictions, many of the secondary school engagement events we had planned were unable to go ahead. We have always seen huge value in building this pipeline of talent to the industries we serve through innovative marketing and engagement strategies.

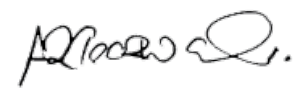
SUCCESS

The results of our 2020 customer satisfaction survey are testament to the dedication of the MITO team, with 91% of learners and 97% of employers satisfied with the overall level of service; while 92% of learners and 98% of employers would recommend a MITO training programme to others in their industry.

We continue to take great delight in celebrating the success of our learners and fostering career progression through our MITO scholarship programme. In 2020 MITO scholarships were awarded to 52 worthy recipients, contributing funding towards advancing their careers in their respective industries.

We would like to extend our sincere thanks to the MITO Directors and the entire MITO team. During an unprecedented year of disruption, they displayed resilience, compassion and steadfast dedication to the work that we do and the industries that we serve. It is a privilege to be able to lead such a passionate and hardworking team of enthusiastic, enterprising and talented people.

Ngā mihi nui



Andrew Clearwater
BOARD CHAIR



Janet Lane
CHIEF EXECUTIVE



BOARD OF DIRECTORS

Top row (left to right): Andrew Clearwater (Board Chair), Iain Haycock (Deputy Board Chair), George Hollinsworth.

Centre row (left to right): Bob Boniface, Nick Leggett, Lyndon Leabourn.

Bottom row (left to right): Sturrock Saunders, Janet Lane (Chief Executive).

CHANGE

“

We will continue to work closely with the Tertiary Education Commission and our industry partners to ensure a seamless transition.

”



REFORM OF VOCATIONAL EDUCATION

The Reform of Vocational Education aims to create a strong, unified, sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive.

In February 2020 it was confirmed that MITO's standard-setting (i.e. qualification and standards development and review; and quality assurance) functions would transfer to the Manufacturing, Engineering and Logistics (MEL) Workforce Development Council (WDC). This includes all industries within MITO's coverage, with the exception of the gas industry which will transfer to the Construction and Infrastructure WDC.

In March 2020, the Education (Vocational Education and Training Reform) Amendment Bill was ratified, signalling the establishment of the New Zealand Institute of Skills and Technology (now Te Pūkenga) and the WDCs from 1 April 2020. From this date, ITOs officially became TITOs – transitional industry training organisations.

MITO Chief Executive Janet Lane was appointed to the WDC Reference Group, tasked with testing and refining the recommendations of the Design Group; while MITO Board Chair Andrew Clearwater was appointed to the interim Establishment Board (iEB) of the MEL WDC, charged with establishing the future governance arrangements and determining the process for appointing the WDC Boards. Working closely with the Tertiary Education Commission (TEC), industry sectors, peak bodies, educators, Māori business and industry, the iEB developed the draft content for the WDC Order in Council proposals with consultation initiated in December.

In March 2021, MITO commenced negotiations with Te Pūkenga to transfer our arranging training functions to a newly formed work-based learning subsidiary, for some or all industries in our coverage, by the end of 2021. Subject to commercial agreement and TEC approval, all employees, assets and liabilities related to MITO's arranging training functions will transition to either the work-based learning subsidiary or a private training establishment. At the time of writing, consultation is underway to confirm support, by industry, for the transition of our arranging training functions either to Te Pūkenga or agreed private training establishments.

Looking forward, we will continue to work closely with the Tertiary Education Commission and our industry partners to ensure a seamless transition for our standard-setting and arranging training functions to the new vocational education system.

GROW WITH

THE YEAR IN REVIEW

7,478

total number of learners engaged in a MITO training programme compared to 6,267 learners in 2019

3,760

learners started a MITO training programme compared to 2,642 learners in 2019

1,790

MITO programmes completed compared to 1,686 in 2019

OUR LEARNERS

7%

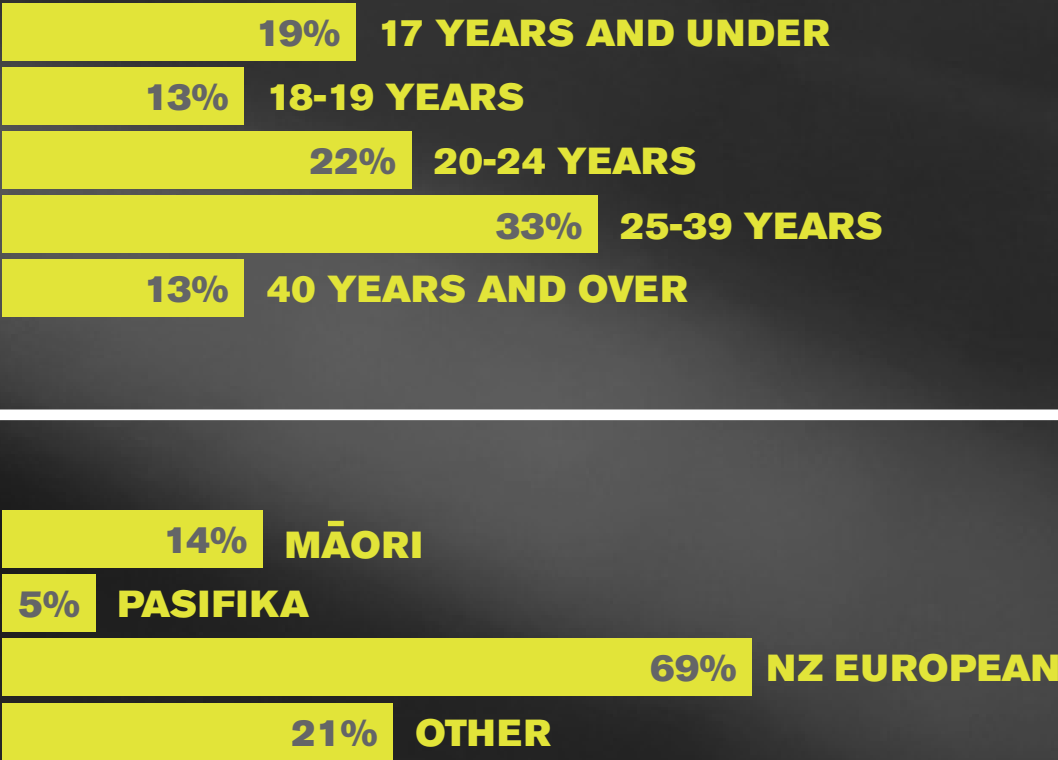
female

93%

male

27 =

the average age of learners who enrolled in 2020



PROGRAMME DEVELOPMENT

Programme development remained a priority in 2020. During the year we launched three specialist automotive training programmes - the New Zealand Certificate in Coachbuilding (Level 3), the New Zealand Certificate in Outdoor Power Equipment (Level 3 and 4) and the New Zealand Certificate in Heavy Wheel Alignment (Level 4).

We applied a huge focus on the development of micro-credentials during 2020. Our Working Safely with Electric Vehicles Micro-credential (Level 4) was released in February in response to the demand for fundamental understanding of the high voltage systems in electric vehicles. This introductory programme requires no pre-requisites from MITO's automotive engineering qualifications.

In September, we launched the Introduction to Automotive Engineering Micro-credential (Level 3). This programme is the first of its kind, open to anyone keen to gain an introduction to the industry and explore a potential career pathway. Topics include tools and equipment through to vehicle systems, components, and safe work practices. A zero-fee proposition until December 2021, the programme is designed to encourage as many people as possible to consider a career in the automotive industry.

The Introduction to Commercial Road Transport Micro-credential (Level 3) replicates this model, providing learners with unit standards that cover vehicle systems and documentation, as well as driver roles and customer service. Also with zero fees until December 2021, the programme provides a great launching pad to build a successful career in the commercial road transport industry.

Working closely in partnership with the gas industry we launched a new gas programme, the New Zealand Certificate in Reticulated Gas Pipelines (Level 3). This qualification equips learners with the skills and knowledge required to work as an assistant technician and provides a solid first step for those pursuing a career in the gas industry.

TECHNOLOGY

We understand the importance of technology in current education and training best practice applications and remain committed to providing our learners and employers with systems that make the training process as straightforward and streamlined as possible. The majority of our training programmes now include eLearning components, allowing learners to complete their theory work from any device, at any time. During 2020 we focused on upgrading our learner portal. This upgrade features a mobile-friendly design, greater access to learner training information and gives learners the ability to submit online practical assessments directly to their supervisor for verification.

“

The majority of our training programmes now include eLearning components, allowing learners to complete their theory work from any device, at any time.

”



SUPPORt



LEARNER SUPPORT PROGRAMME

During a year that was challenging for so many, it was vital that we prioritised our support accordingly. We developed our Learner Support Programme, focusing on learners who had been displaced as a result of COVID-19. The aim was simply ensuring that all MITO learners had the opportunity to continue, and ideally complete, their MITO training programme.

We prioritised employment brokerage and provided displaced learners with CV support and interview coaching, while establishing interview opportunities with prospective employers. We also ensured that affected learners were registered to receive the income relief payment during this time of hardship. We provided loan devices and developed individual learning plans specifically addressing practical training, including off-job training courses. The results are impressive with 59 learners subsequently employed and able to continue their study programme.

In addition, learner-centric support services were enhanced with additional industry experts aligned to our technical mentorship programme, along with an increased number of study hubs across the country.



15 MITO programmes
are eligible for
Apprenticeship Boost

25 MITO programmes
are fees-free

TARGETED TRAINING AND APPRENTICESHIP FUND

In May 2020, the Government unveiled a \$1.6 billion Trades and Apprenticeships Training Package, included in Budget 2020. The Targeted Training and Apprenticeship Fund is designed to encourage people to train in industries where demand is expected to grow during New Zealand's COVID-19 recovery. The Fund provides fees-free training for approved qualifications until 31 December 2022. MITO had waived fees for all new apprenticeship enrolments from June, before the Fund came into effect from July. Currently 25 of our training programmes are fees-free.

APPRENTICESHIP BOOST

Also announced as part of the Trades and Apprenticeships Training Package was Apprenticeship Boost. Administered by the Ministry of Social Development, Apprenticeship Boost provides payment to employers of apprentices in their first or second year of training, available from August 2020 to April 2022 (subsequently extended to August 2022). Employers can receive up to 20 months of support with payments of \$1,000 per month in apprentices' first year and \$500 per month in their second year of training. A total of 15 MITO programmes are eligible for Apprenticeship Boost payments.



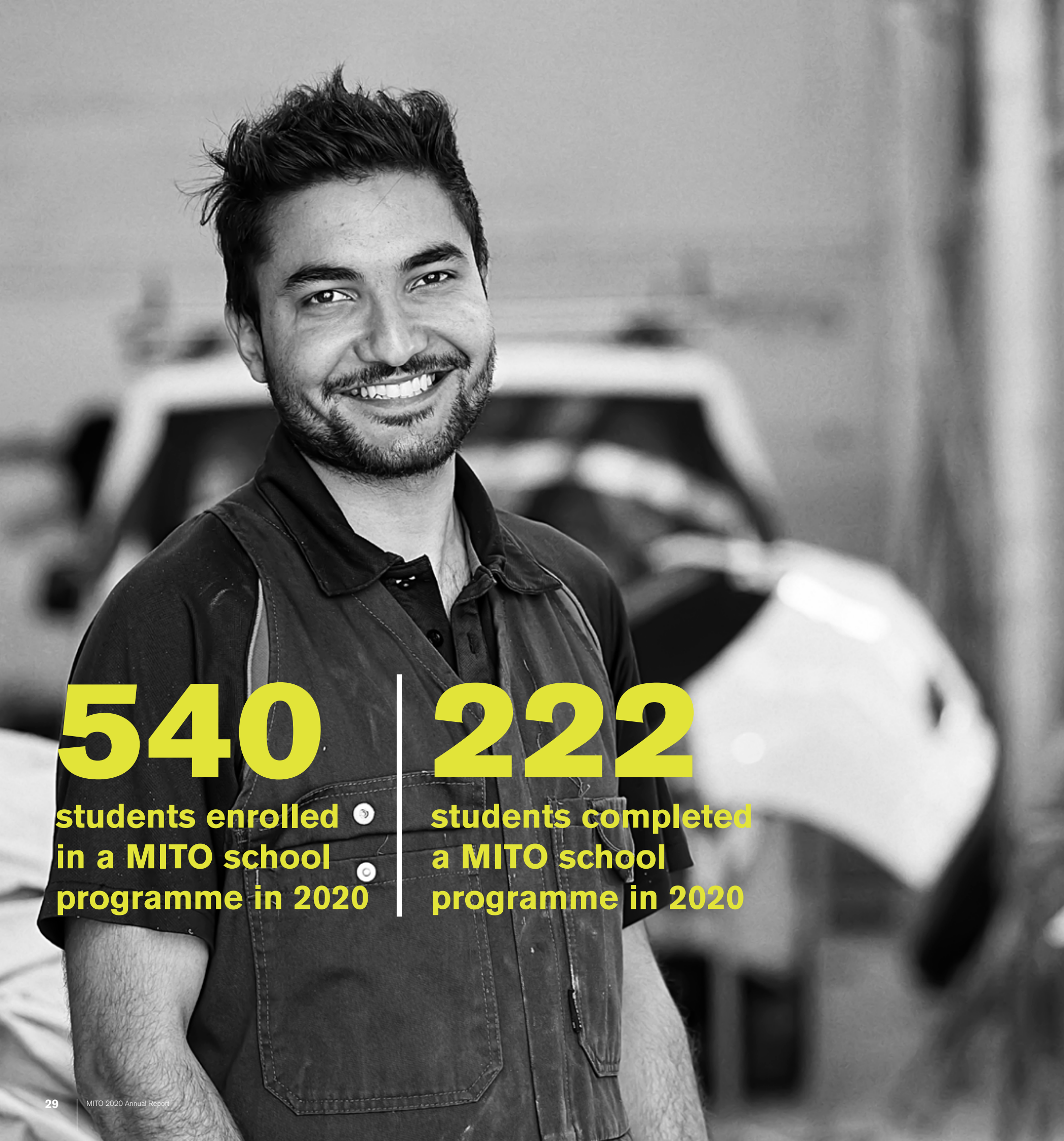
**The Trust will financially
support workforce
development aspirations
for learners and employers.**



MITO CHARITABLE TRUST

In February 2020, the MITO Board established a charitable trust that will ensure the continuation of support for the industries we serve for the long term. The Trust will financially support workforce development aspirations for learners and employers in the industries within MITO's coverage, in the form of study scholarships or bursaries and payments of grants towards research and advocacy for education and training.

ENGAGEMENT



540

**students enrolled
in a MITO school
programme in 2020**

222

**students completed
a MITO school
programme in 2020**

DIGITAL MARKETING CAMPAIGNS

In 2020 MITO took on the ambitious task of running four large-scale digital marketing campaigns.

During January to March we re-ran our 2019 jobseeker campaign. Targeting school leavers, the campaign featured a video game aesthetic, showcasing the 'cool tools' available in the automotive industry. This campaign once again performed well, with a total of 266 jobseeker profiles created on the MITO Job Hub during the campaign period.

From September to November we ran our Introduction to Automotive Engineering Micro-credential campaign. This campaign focused on attracting enrolments to our complimentary Introduction to Automotive Engineering Micro-credential (Level 3). We targeted recent school leavers looking to start their careers and those looking for a change of career, with both audiences benefiting from the acquisition of foundation skills to increase their employment prospects in the automotive industry.

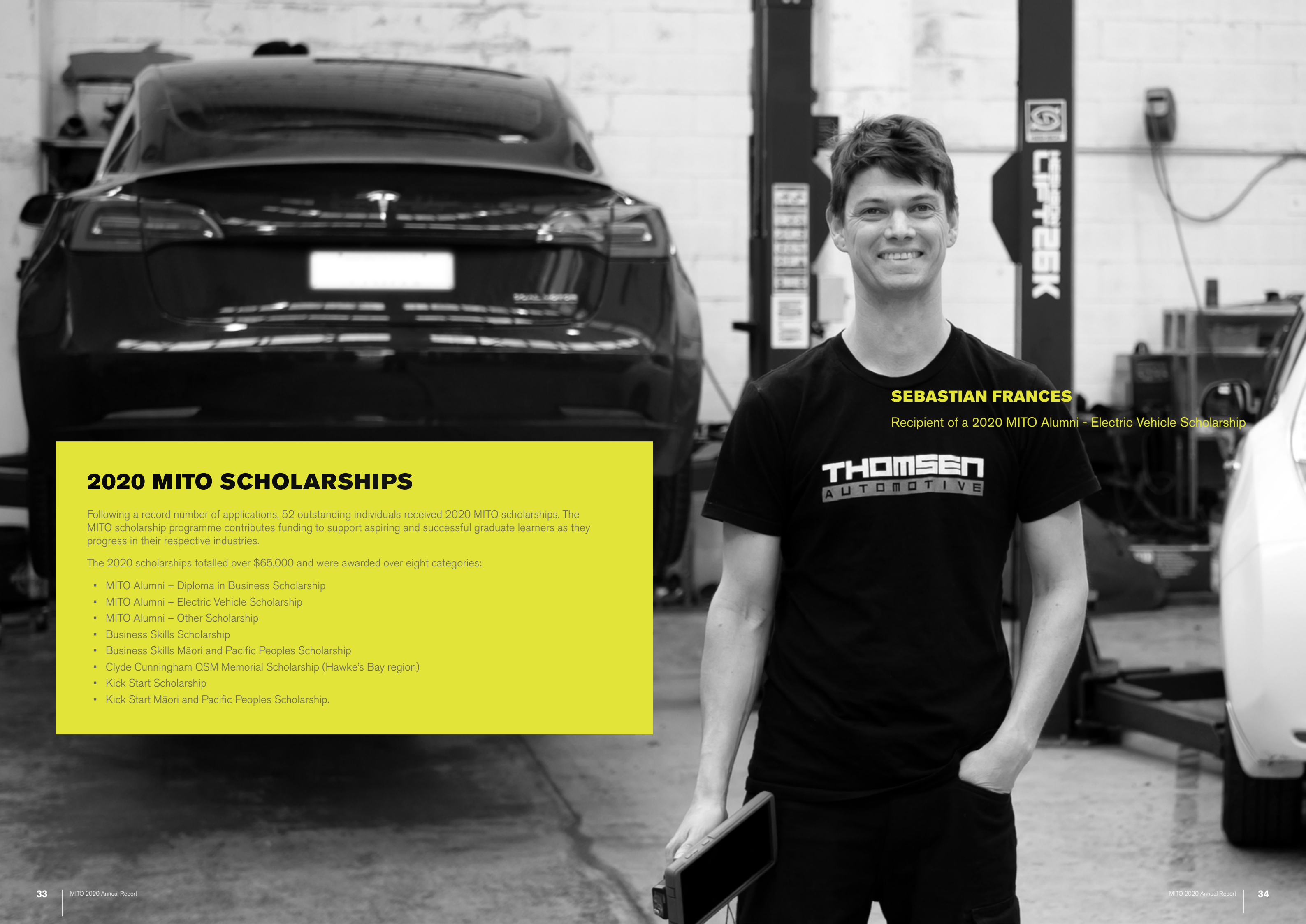
Our annual end-of-year jobseeker campaign targeted school leavers. Using striking imagery of MITO automotive graduates in the workplace, supported by insights into their successful careers, we encouraged school leavers to submit their profile to our Job Hub. The campaign ran through October and November and proved to be our most successful jobseeker campaign, with a total of 370 profiles created on the Job Hub.

At the same time, our automotive employer campaign prompted employers to sign up an apprentice, targeting applicants from our Job Hub and taking advantage of the Government's financial support initiatives.

SECONDARY SCHOOL ENGAGEMENT

While COVID-19 impacted on our school engagement initiatives during 2020, we released two new micro-credentials for secondary school students. Launched in February, RockUp® gives students hands-on experience in the surface mining and quarrying industries; while our school programme providing exposure to the industrial textile fabrication industry, TrimUp®, was launched in July. These micro-credentials increased our suite of secondary school micro-credentials to six, providing students with a realistic and insightful introduction to the industries we serve.

success



SEBASTIAN FRANCES

Recipient of a 2020 MITO Alumni - Electric Vehicle Scholarship

2020 MITO SCHOLARSHIPS

Following a record number of applications, 52 outstanding individuals received 2020 MITO scholarships. The MITO scholarship programme contributes funding to support aspiring and successful graduate learners as they progress in their respective industries.

The 2020 scholarships totalled over \$65,000 and were awarded over eight categories:

- MITO Alumni – Diploma in Business Scholarship
- MITO Alumni – Electric Vehicle Scholarship
- MITO Alumni – Other Scholarship
- Business Skills Scholarship
- Business Skills Māori and Pacific Peoples Scholarship
- Clyde Cunningham QSM Memorial Scholarship (Hawke's Bay region)
- Kick Start Scholarship
- Kick Start Māori and Pacific Peoples Scholarship.

INDUSTRY AWARD RECIPIENTS

CRA APPRENTICE OF THE YEAR – GOLDEN HAMMER

Peter Joseph, New Plymouth Car Painters Panel and Paint, New Plymouth

CRA APPRENTICE OF THE YEAR – GOLDEN GUN

Utah Tane, Rod Wood Collision Repair Centre Ltd, Hamilton

OFFPANZ APPRENTICE OF THE YEAR – TIER ONE

Bobbi-jo Wilkie, Napier Auto Upholstery, Napier

OFFPANZ APPRENTICE OF THE YEAR – TIER TWO

Logan Miller, Hawke's Bay Trim and Canvas, Hastings

OFFPANZ OVERALL APPRENTICE OF THE YEAR

Logan Miller, Hawke's Bay Trim and Canvas, Hastings

MITO/CILT SCHOLARSHIP

Jodi McNamara, HW Richardson Group, Christchurch

“

**Winning the award
is such a good
motivator for me.
I honestly think
about it everyday.**

PETER JOSEPH

”



PETER JOSEPH

CRA Apprentice of the Year - Golden Hammer

CUSTOMER SATISFACTION

Celebrating success motivates the work we do. Our 2020 customer satisfaction survey continued to maintain high levels of satisfaction from our learners and employers.

91%

of our learners are satisfied with the overall level of service from MITO.

92%

of our learners would recommend a MITO training programme to others in their industry.

97%

of our employers are satisfied with the overall level of service from MITO.

98%

of our employers would recommend a MITO training programme to others in their industry.

OUR MEMBERS

FULL MEMBERS

Aggregate and Quarry Association of New Zealand
Association of Australasian Diesel Specialists Inc
Bus and Coach Association New Zealand Inc
E tū
Motor Industry Association of New Zealand Inc
Motor Trade Association Inc
NZ Collision Repair Association Inc
NZ Drillers Federation Inc

NZ Log Transport Safety Council
Outdoor Fabric Products Association of New Zealand
Road Transport Forum New Zealand Inc
Straterra Inc
The Institute of Quarrying New Zealand (Inc)
Vehicle Service Federation Inc

ASSOCIATE MEMBERS

Ara Institute of Canterbury
Auto Super Shoppes Limited
CablePrice (NZ) Ltd
Cummins New Zealand Ltd
Diesel Mechanical Ltd
Eastern Institute of Technology
Ebbett Group
Fairview Motors Limited
Giltrap AgriZone Ltd
Gisborne Development Inc
Higgins Group Holdings Limited
Howick & Eastern Buses Limited
IAG New Zealand Inc
Nelson Technical Institute Limited
New Zealand Federation of Motoring Clubs Inc
NorthTec
Norwood

NZ Trucking Association Inc
Regent Training Centre Ltd
Skills Update Training Institute
Southern Institute of Technology
Tai Poutini Polytechnic
Tasman Toyota
Terra Cat
The Colonial Motor Company Limited
The New Zealand Automobile Association Incorporated
Toi Ohomai Institute of Technology
Truck Stops (NZ) Ltd
Unitec
Vehicle Inspection New Zealand Incorporated
VIA
Western Institute of Technology at Taranaki
Wharehine Group
Wintec

INDIVIDUAL MEMBERS

Cathy Parker
Mark Davies
Mark Morgan
Pamela Oughton
Peter Hancock
Robert Ramshaw
Tom Callinan



A black and white photograph of a port scene. In the background, a large container ship named 'ANL BENALLA' from 'MONROVIA' is docked. In the foreground, two tugboats are visible. The tugboat on the left has '24' on its side. The tugboat on the right has 'MNZ100749' on its side. The ships are reflected in the water. The sky is cloudy.

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

| | CONSOLIDATED 2020 \$ | PARENT 2019 \$ |
|--|----------------------------|----------------------|
| REVENUE | | |
| Revenue from non-exchange transactions | 18,382,051 | 17,561,857 |
| Revenue from exchange transactions | 3,041,553 | 3,347,945 |
| TOTAL REVENUE | 21,423,604 | 20,909,802 |
| EXPENSES | | |
| Direct training costs | 4,639,857 | 5,812,816 |
| Employee costs | 8,648,837 | 7,760,114 |
| Operational costs | 3,963,436 | 3,634,465 |
| Board | 244,527 | 254,781 |
| TOTAL EXPENSES | 17,496,657 | 17,462,176 |
| NET SURPLUS FOR THE YEAR | 3,926,947 | 3,447,626 |
| TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR | 3,926,947 | 3,447,626 |

SUMMARY STATEMENT OF CHANGES IN NET ASSETS

| | CONSOLIDATED 2020 \$ | PARENT 2019 \$ |
|---|----------------------------|----------------------|
| OPENING BALANCE OF RETAINED EARNINGS | 15,067,447 | 11,619,821 |
| Total comprehensive revenue and expenses | 3,926,947 | 3,447,626 |
| CLOSING BALANCE OF RETAINED EARNINGS | 18,994,394 | 15,067,447 |

SUMMARY STATEMENT OF CASH FLOWS

| | CONSOLIDATED 2020 \$ | PARENT 2019 \$ |
|--|----------------------------|----------------------|
| Net cash from operating activities | 3,082,914 | 3,777,290 |
| Net cash from / (used) in investing activities | 2,891,385 | (2,956,473) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,974,299 | 820,817 |
| Opening cash and cash equivalents | 3,281,653 | 2,460,836 |
| CLOSING CASH AND CASH EQUIVALENTS | 9,255,952 | 3,281,653 |

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | CONSOLIDATED 2020 \$ | PARENT 2019 \$ |
|--|----------------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 9,255,951 | 3,281,653 |
| Term deposits | 8,302,558 | 11,556,325 |
| Trade and other receivables from non-exchange transactions | 315,554 | 525,752 |
| Trade and other receivables from exchange transactions | 384,605 | 476,317 |
| Inventory | 448 | 15,045 |
| TOTAL CURRENT ASSETS | 18,259,116 | 15,855,092 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 997,110 | 871,683 |
| Intangible assets | 1,691,291 | 1,764,801 |
| TOTAL NON-CURRENT ASSETS | 2,688,401 | 2,636,484 |
| TOTAL ASSETS | 20,947,517 | 18,491,576 |

| | CONSOLIDATED 2020 \$ | PARENT 2019 \$ |
|----------------------------------|----------------------------|----------------------|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,440,257 | 3,063,865 |
| Employee benefits | 512,866 | 360,264 |
| TOTAL CURRENT LIABILITIES | 1,953,123 | 3,424,129 |
| TOTAL NET ASSETS | 18,994,394 | 15,067,447 |
| NET ASSETS | | |
| Retained earnings | 18,994,394 | 15,067,447 |
| TOTAL NET ASSETS | 18,994,394 | 15,067,447 |


 Board Chair

18/05/2021
 Date


 Board Director

18/05/2021
 Date

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The consolidated financial statements for the Group, have been extracted from the audited financial statements authorised for issue by the MITO Board on 3 March 2021. The summary financial statements have been prepared in accordance with PBE FRS-43 Summary Financial Statements. All values are presented in New Zealand dollars and rounded to the nearest dollar. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot provide as complete an understanding as the full financial statements can. A copy of the financial statements can be obtained by emailing info@mito.org.nz.

The Group's full financial statements have been prepared in accordance with both the requirements of the Incorporated Societies Act 1908 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards (PBE) Reduced Disclosure Regime. The Group is a public benefit not-for-profit entity and is eligible for and elected to apply Tier 2 PBE Standards Reduced Disclosure Regime on the basis that it does not have public accountability and it is not large as defined. An unmodified audit opinion was issued for the full financial statements.

MITO is an incorporated society established under the Incorporated Societies Act 1908 and is domiciled in New Zealand. It is recognised under the Education and Training Act 2020 as the Transitional Industry Training Organisation for the motor, industrial textile fabrication, transport and logistics and extractives industries. MITO is governed by a Board of Directors who are appointed in accordance with its Rules.

The consolidated financial statements for the year ended 31 December 2020 comprise MITO and its controlled entity, the MITO Charitable Trust (the "Trust") (together referred to as the "Group"). The Trust was formed by Trust Deed dated 20 February 2020 and comprises of Trustees who are all Directors of MITO.

REFORM OF VOCATIONAL EDUCATION

The Education (Vocational Education and Training Reform) Amendment Act (the Act) came into effect on 1 April 2020. The Act specifies that Industry Training Organisations (ITOs) will be recognised as transitional ITOs from 1 April 2020 and that as soon as practicable after 1 April 2020 they must develop a transition plan for approval by the Tertiary Education Commission (TEC). The final transition plan must be submitted to TEC by 30 September 2021, or earlier. The transition plan will include i) the transfer of responsibilities for qualification systems functions to a Workforce Development Council ("WDC") and ii) the transfer of responsibilities for arranging work-based training to one or more specified providers by 31 December 2022 at the latest.

WDC TRANSITION

The six WDCs are scheduled to be approved in statute through Orders in Council in May 2021. MITO's existing industry coverage will transfer to the Manufacturing, Engineering and Logistics WDC ("MEL WDC"), with the exception of the gas industry which will transfer to the Construction and Infrastructure WDC. The transfer of qualifications systems functions to the MEL WDC are targeted to commence from 1 August 2021. There are no material assets related to the qualification systems functions and no impairment is expected on the book value of any fixed and intangible assets which may transition to the MEL WDC. There has been strong emphasis on the retention of the talent, expertise and experience of the transitional ITO staff with the expectation that they will transfer across to the associated WDC. One of the design principles for the transition plan is that it is employee-centric, i.e. it is fair and consistent and provides a level of certainty for transitional ITO employees; with the approval criteria specifying that the industry relevant skills and expertise is retained in the vocational education system. Any financial impacts of redundancy would therefore be expected to be very limited.

ARRANGING WORK-BASED TRAINING TRANSITION

Subsequent to balance date, MITO has commenced negotiating with Te Pūkenga, the New Zealand Institute of Skills and Technology ("Te Pūkenga"), to transfer the responsibilities for MITO's arranging work-based training as soon as it is practical to do so. The transfer is expected to be completed within the next twelve months, subject to commercial agreement with Te Pūkenga, and approval of the transition plan by TEC. Consequently, the MITO Board expects that all employees, assets and liabilities related to arranging work-based training will transition to Te Pūkenga. A small proportion of MITO's arranging work-based training activities may transfer to one or more specified providers.

OTHER TRANSITION ACTIVITIES

MITO is evaluating options for the transfer of other activities not contained in the legislation, which comprise the sale of training support materials and the supply of services to independent training providers. The MITO Board expect that the transfer of other activities will coincide with the transfer of arranging training activities to Te Pūkenga.

POTENTIAL IMPACT ON MITO

All assets related to MITO's arranging training activities including motor vehicles, furniture, fitout, and IT equipment currently used by MITO staff and intangible assets (i.e. software, programmes and arranging training resources) are expected to transition to Te Pūkenga purchased as an ongoing operation at book value. All MITO liabilities and leases, including the national office lease, are expected to be assigned to Te Pūkenga from the effective transition date. MITO employees transitioning to Te Pūkenga are expected to retain the same terms and conditions of employment with no redundancies as at the transition date.

The MITO Board expect that the transition of all operational activities to Te Pūkenga, and potentially one or more other providers, will be commercially negotiated to ensure that any assets or liabilities transferred will be at least at net book value and no losses on transfer of assets or liabilities will occur. Consequently, the MITO Board believes it has the ability, including from existing cash and term deposits of \$12.5m at 31 December 2020, to meet all obligations following the transfer of its responsibilities to the WDCs and one or more specified providers. Residual cash and term deposits retained by MITO following the completion of the transfer of all operational activities will be dealt with in accordance with MITO's Rules.

Due to the matters outlined above, the consolidated financial statements of MITO have been prepared on a realisation basis for the year ended 31 December 2020. As all assets and liabilities of MITO (excluding cash and term deposits) are assumed to be transferred at least at net book value, and all leases assigned to the acquirer, there have been no adjustments to the carrying values of assets or liabilities as measured under MITO's existing accounting policies.

Should any of the assumptions outlined in the "Reform of Vocational Education" section above prove incorrect, then the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, might require further adjustment to reflect their realisable values.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Cash and cash equivalents of \$5m held by the MITO Charitable Trust as at 31 December 2020 and included in MITO's consolidated financial statements were transferred to an investment fund managed by Forsyth Barr on 5 January 2021.

Report of the independent auditor on the summary financial statements

To the Members of MITO New Zealand Incorporated

The consolidated summary financial statements comprise:

- the summary statement of financial position as at 31 December 2020;
- the summary statement of comprehensive revenue and expenses for the year then ended;
- the summary statement of changes in net assets for the year then ended;
- the summary statement of cash flows for the year then ended; and
- notes to the summary financial statements.

Our opinion

The summary financial statements are derived from the audited consolidated financial statements of MITO New Zealand Incorporated ("MITO"), including its subsidiary (the Group) for the year ended 31 December 2020.

In our opinion, the accompanying consolidated summary financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with PBE FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Consolidated summary financial statements

The consolidated summary financial statements do not contain all the disclosures required by Public Benefit Entity Standards Reduced Disclosure Regime. Reading the consolidated summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The consolidated summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 3 March 2021. That report also includes an Emphasis of Matter related to the Reform of Vocational Education that draws attention to the basis of preparation in the consolidated audited financial statements where the Directors have outlined the facts and circumstances leading to the adoption of a realisation basis of accounting in the preparation of the financial statements. These matters are addressed in the notes to the consolidated summary financial statements.

Information other than the consolidated summary financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated summary financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated summary financial statements

The Directors are responsible, on behalf of MITO, for the preparation of the consolidated summary financial statements in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

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

Our firm carried out other services for the Group in the area of unusual transaction analysis. The provision of this other service has not impaired our independence as auditor of the Group.

Who we report to

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



Chartered Accountants
18 May 2021

Wellington

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