



2019 ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2019



mito

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WHAT WE DO

MITO is an Industry Training Organisation. 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 |  MINING & QUARRYING |
|  COLLISION REPAIR & REFINISHING |  PASSENGER SERVICES |
|  COMMERCIAL ROAD TRANSPORT |  RESOURCE RECOVERY |
|  DRILLING |  STEVEDORING & PORTS |
|  GAS |  WAREHOUSING & LOGISTICS |
|  INDUSTRIAL TEXTILE FABRICATION | |

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.

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.

FOREWORD

2019 was certainly another busy year for MITO. With a focus on growth, innovation and retention, we set ambitious goals.

In order to reach these goals, our organisational structure was realigned as we expanded our team. We increased our network of Industry Training Advisors to drive our growth initiatives and to focus on improving learner retention, added an additional Vocational Careers Advisor to strengthen our relationship with secondary schools, and realigned roles in the Qualifications Group to support our programme development schedule.



“ We have been immensely heartened with the overwhelming amount of feedback we received from our industries during our engagement over the year. ”

REFORM OF VOCATIONAL EDUCATION

In February 2019, the Government proposed the most significant reform of the tertiary education and training system in New Zealand in over 25 years. Under the new system, industry training organisations will be disestablished. Qualification development and quality assurance functions will be transferred to newly formed Workforce Development Councils, while the arranging training functions will be aligned to the provider network. We were immensely heartened and grateful for the enduring loyalty of our partners and stakeholders who dedicated time and energy to making submissions during the seven-week consultation period. We made it clear from the outset that we would unreservedly support and ensure a seamless transition to the new system.

INVESTING IN PROGRAMME DEVELOPMENT

Working closely with industry experts, we released 14 new programmes and 4 micro-credentials in 2019. This included a full suite of programmes for the commercial road transport industry in addition to a variety of new automotive training programmes. With funding from the Government's Low Emission Vehicles Contestable Fund, we developed the New Zealand Certificate in Electric Vehicle Automotive Engineering (Level 5), a specialist programme for qualified automotive technicians. In partnership with Sewells MSX International, we released the New Zealand Diploma in Business (Leadership and Management), customised for departmental managers in the automotive industry. We also released two new strands for the New Zealand Certificate in Port Operations; a Level 3 and 4 drilling programme; a first line supervision programme for the mining and quarrying industry and a Level 3 industrial textile fabrication programme.

ENCOURAGING YOUTH ENGAGEMENT

Throughout 2019 we continued to focus on our engagement with youth – a vital pipeline of emerging talent to steer towards enriching career opportunities. Working closely with the Ministry of Education and other industry training organisations, we co-ordinated 13 SpeedMeets across the country, facilitating six-minute interviews between secondary school students and employers. SpeedMeet allows employers and students to make valuable connections, and many of these brief connections resulted in job offers. We also attended over 70 careers events throughout 2019, building important relationships with students, parents and teachers. We had the first micro-credentials in New Zealand for secondary school students approved by NZQA. Following the success of StartUp®, our automotive school programme, we released ShiftUp®, a school programme aligned to the road transport industry. We continued promotion of our online Job Hub, running two digital marketing campaigns aimed at school leavers and young adults with many creating online jobseeker profiles. MITO employers, at no cost, can view jobseeker profiles in their region and generate direct communication.

EMBRACING TECHNOLOGY

As the technological landscape continues to change, so too does the way we operate. Our online practical assessments enable learners to use their smartphones to submit evidence, eliminating the need to send paper-based evidence for marking. Many of our programmes now feature eLearning, meaning that learners can access their theory work, as well as video-based tools and learning activities from their smartphone, laptop, PC or tablet, at any time and from anywhere. We also commenced delivery of online virtual classrooms, allowing learners and subject matter experts to effectively connect. Embracing technology provides our learners with the additional support and practical tools they need in order to succeed.

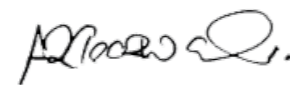
SUPPORTING WORKFORCE DEVELOPMENT

Supporting workforce development strategies and initiatives in partnership with our industries is fundamental to our mission of enhancing workplace productivity, innovation and industry sustainability. Working closely with the respective industry associations, we developed a Workforce Development Strategy for the commercial road transport industry focused on their workforce development priorities for the next 5-10 years. We collaborated with the automotive industry associations on their workforce development action plans. We disseminated the research outcomes from our joint ITO collaboration with Ako Aotearoa's Women in Trades Research project. We also developed a toolkit for our employers, providing guidance on recruitment, training and performance management of their workforce. We expanded our industry mentor scheme with 29 recognised technical practitioners providing additional support to learners across the country. We were also pleased to receive a rating of Excellent in the NZQA ITO National External Moderation Monitoring Report, which aims to monitor the management of their national external moderation systems.

CELEBRATING CUSTOMER SATISFACTION

Our customer satisfaction rates continued to rise in 2019, with 94% of both learners and employers satisfied with the overall level of service from MITO; while 93% of learners and 95% of employers would recommend a MITO training programme to others in their industry – something we are extremely proud of.

We would like to extend our thanks and immense gratitude to the MITO Directors and the entire MITO team for their ongoing commitment and enduring dedication to our aspirational goals and ambitions. Our success is a credit to your combined passion for the work we do and the industries we serve. We are extremely fortunate to have such an enthusiastic and hardworking team.



Andrew Clearwater
BOARD CHAIR



Janet Lane
CHIEF EXECUTIVE



REFORM OF VOCATIONAL EDUCATION

In early 2019, the Government proposed a number of major changes to the vocational education and training sector in New Zealand. These included combining all 16 polytechnics to create one institution, disbanding industry training organisations, and introducing a centralised funding system – changes that would represent the largest shift in New Zealand's education and training system in over 25 years. MITO initiated substantial industry consultation, with our submission on the proposed changes informed by our respective stakeholders.

In early August, the Minister of Education Hon Chris Hipkins announced that the New Zealand Institute of Skills and Technology or NZIST (working title) would be formed combining all 16 polytechnics on 1 April 2020, and that multiple Workforce Development Councils (WDCs) would be established, taking on the standard setting accountability that MITO currently holds. MITO's industry coverage sits within the Manufacturing, Engineering, Logistics and Technology WDC, one of six that were announced in late 2019.

Following the announcement, we have been working collaboratively with our industry partners and representatives, the Tertiary Education Commission, and associated industry training organisations to ensure a seamless transition for our standard-setting function to the Manufacturing, Engineering, Logistics and Technology WDC, which is legislated to occur by 30 June 2021. The transition of our apprentices and learners to the NZIST and other providers may take longer and is legislated to take place no later than 31 December 2022.



ENGAGING WITH THE NEXT GENERATION

In 2019 Got a Trade? Got it Made! SpeedMeets took place in 13 locations around the country - Whangarei, Dargaville, Okaihau, Auckland West, Hamilton, Katikati, Tauranga, Whakatane, Rotorua, Gisborne, Napier/Hastings, Wellington and Christchurch.

A collaboration between the Ministry of Education and industry training organisations, SpeedMeets aim to connect employers and jobseekers, through six-minute mini-interviews. The success rate speaks volumes for personal and practical contact.

During 2019 our Industry Training Advisors attended over 70 careers expos, roadshows, and school presentations. These events gave us the opportunity to connect with students, parents, and teachers up and down the country, promoting work in our industries and developing valuable relationships.

Our online Job Hub continues to grow, with over 490 jobseekers and 170 employers registering in 2019. To further encourage young adults and school-leavers to find employment in the automotive industry, MITO ran two digital marketing campaigns during the year. From February to March we pulsed our digital marketing campaign from late 2018, reinforcing compelling personal messaging from apprentices. Our second digital marketing campaign during October and November targeting 16 to 22-year-olds was designed on a gaming theme and highlighted the "cool technology tools" in the automotive industry. Digital advertisements and street posters directed users to a campaign website, prompting them to fill in their details and create a profile on the MITO Job Hub.

We introduced four micro-credentials into secondary schools, an unprecedented initiative to provide students with "mini qualifications" focused on a specific set of skills and knowledge. Three of these micro-credentials were derived from MITO's StartUp® programme designed to pathway into the automotive industry; while the fourth, ShiftUp®, pathways into the road transport industry. All micro-credentials successfully completed will feature on each student's New Zealand Record of Achievement (NZROA) with NZQA.

MITO continued to sponsor EVelocity, a national programme which encourages secondary school students to design, build and race electric vehicles. Supporting the programme, and the development of electric vehicle engineering skills, is integral to MITO's promotion of new and emerging technology to attract new and emerging talent into the automotive industry.

SPEEDMEET STATISTICS



90
SCHOOLS



161
EMPLOYERS



6,385
INTERVIEWS



1,693
MATCHES



AT THE FOREFRONT OF TECHNOLOGY

Throughout 2019 we expanded our initiatives to ensure that our learners benefited from technological solutions across the education and training domain. We delivered online virtual classrooms to allow learners to actively engage with recognised technical experts, and expanded the integration of online practical assessments into a range of programmes, enabling learners to submit practical evidence using their smartphones. The majority of our programmes now include eLearning, a feature which provides learners with access to video-based tools, course assessments and learning activities. eLearning can be accessed via laptop, smartphone, PC, or tablet, giving learners the opportunity to complete theory work anywhere, anytime.





SUPPORTING OUR INDUSTRIES

In 2019 we disseminated the research outcomes from our three-year Women in Trades Research. This project, jointly commissioned by the Ministry for Women and Ako Aotearoa, sought to ultimately increase the involvement and success of women in trades where, traditionally, they may be under-represented. The research identified five key barriers that may stop women from pursuing trades careers, and also identified several actions that employers can take to attract diversity into their workplaces. A collaboration of five industry training organisations, Auckland Māori and Pasifika Trades Training (MPTT); the Manukau Institute of Technology (MIT); The Southern Initiative Māori and Pasifika Trades Training; Kelston Girls' College; and the National Association of Women in Construction (NAWIC) were involved in the project.

MITO worked closely with industry associations to develop a Workforce Development Strategy for the commercial road transport industry. Presenting a set of goals that aim to attract, adapt, retain, and train, the strategy was developed to assist the industry with planning its workforce development priorities and futureproofing for ongoing success. Having collaborated on the Workforce Development Strategy for the automotive industry the previous year, 2019 was dedicated to designing and implementing action plans for this sector's workforce development priorities.

We developed a toolkit to assist employers with recruitment, training and performance management of their workforce. The toolkit comprehensively guides employers through the process of attracting, recruiting and onboarding new team members and provides them with strategies to support retention through training and performance management initiatives.

In 2019 we were pleased to receive a rating of Excellent in the NZQA ITO National External Moderation Monitoring Report. This monitoring activity aims to answer the key evaluation question 'To what extent does the ITO's national external moderation system provide confidence in the overall quality of assessment against standards for which the ITO is the Standard Setting Body (SSB)?' The report noted that NZQA "considers that MITO's National External Moderation system is 'Excellent' in providing confidence in the quality of assessment against ITO standards".

A FOCUS ON PROGRAMME DEVELOPMENT

MITO released an unprecedented number of new programmes in 2019.

Our successful bid for funding from the Government's Low Emission Vehicles Contestable Fund, administered by the Energy Efficiency and Conservation Authority, supported the development of the qualification framework for the safe inspection, servicing and repair of electric vehicles in New Zealand. The New Zealand Certificate in Electric Vehicle Automotive Engineering (Level 5) launched in 2019, designed for qualified technicians, provides the skills and knowledge required to safely and effectively diagnose and repair faults in electric vehicles – training which is extremely beneficial to businesses as electric vehicles become increasingly common in the automotive industry.

“ Programme development continues to be a top priority for MITO, with a multitude of new programmes developed and released in 2019. ”

We also developed and released a range of new automotive training programmes in 2019, including the New Zealand Certificate in Motorcycle Engineering (Level 3 and 4), the New Zealand Certificate in Automotive Parts and Accessories (Level 3), and the New Zealand Certificate in Automotive Diesel Fuel Technology (Level 4), all of which include eLearning.

We now offer a New Zealand Diploma in Business (Leadership and Management) in partnership with Sewells MSX International. The programme is designed to equip departmental managers with the skills and strategic tools to effectively drive departmental performance.

Our programme development also included a new suite of commercial road transport programmes, including the New Zealand Certificate in Heavy Road Transport Skills (Level 3), the New Zealand Certificate in Commercial Road Transport (Heavy Vehicle Operator) (Level 3), the New Zealand Certificate in Commercial Road Transport (Heavy Haulage Class 1 Pilot) (Level 3), the New Zealand Certificate in Commercial Road Transport (Specialist Driver) – Transportation of Logs (Level 4) and the New Zealand Certificate in Commercial Road Transport (Specialist Driver) – Heavy Haulage Transportation (Level 4). Designed in consultation with industry experts, these new programmes will help to ensure employers are meeting specific training requirements, and significantly improve the training opportunities within the commercial road transport industry.

Two new strands of the New Zealand Certificate in Port Operations (Level 3) were developed and released, complimenting the existing Heavy

Machine Operation strand for this sector. The Port Administration and Cargo Handling strands complete the programme and reiterate MITO's commitment to workforce development within the ports and stevedoring industry.

We also released two new programmes for the extractives industry – the New Zealand Certificate in Non-Hydrocarbon Drilling (Level 3 and 4), and the New Zealand Certificate in Mining and Quarrying (First-line Supervision) – Surface (Level 4) and a new programme for the industrial textile fabrication industry – the New Zealand Certificate in Industrial Textile Fabrication (Level 3).

Staircasing to the automotive and commercial road transport programmes are the four micro-credentials, under StartUp® and ShiftUp®, approved and released during 2019.



PROMOTING EDUCATIONAL EXCELLENCE

MITO's 2019 scholarship programme awarded scholarships to 49 outstanding individuals, to help further their careers in the industries we serve.

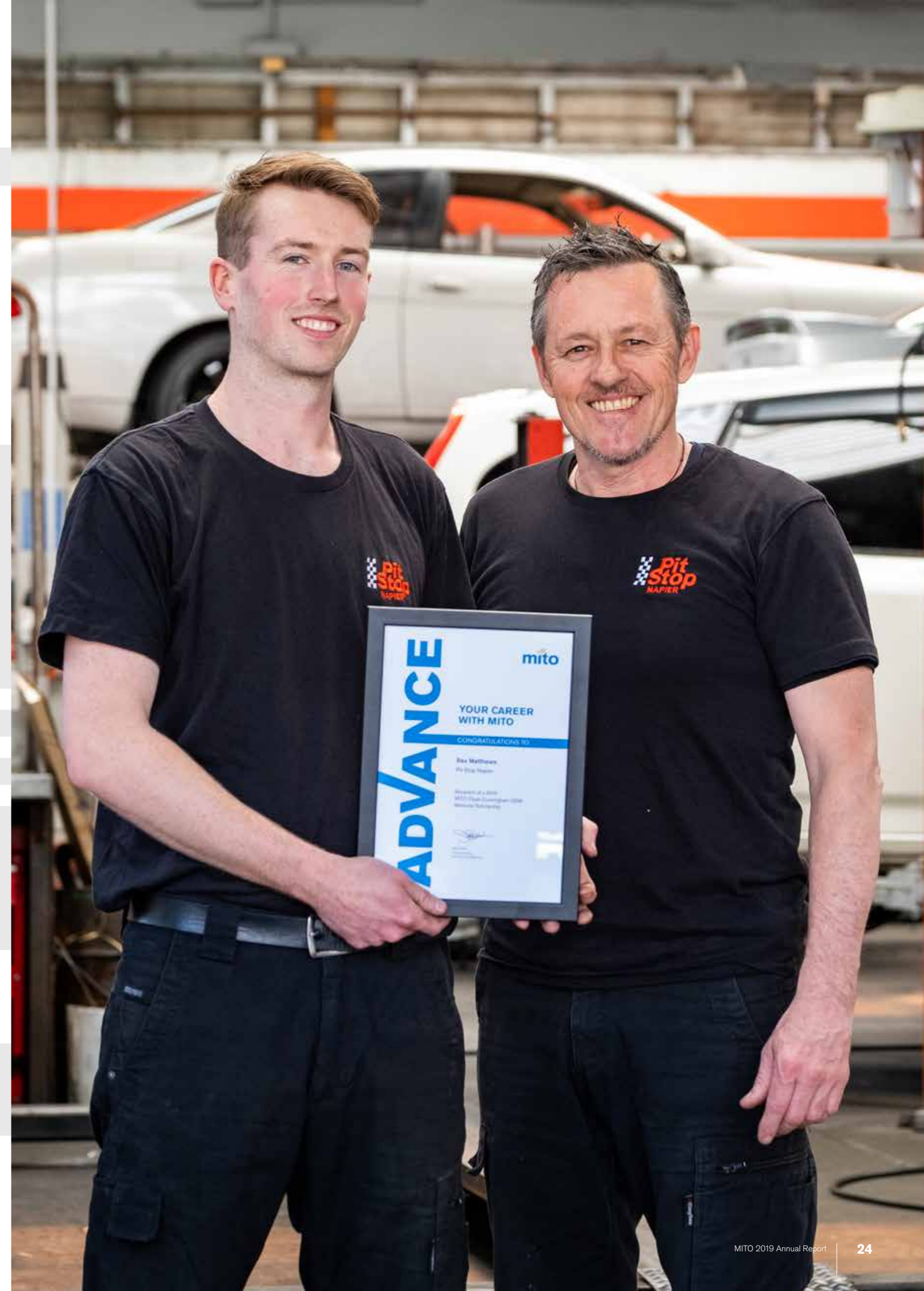
Our scholarship programme commits funding to apprenticeships, traineeships and business skills qualifications, and aims to support and promote educational excellence.

The 49 scholarships totalled over \$60,000 and were awarded over six categories:

- Kick Start Scholarship
- Kick Start Māori and Pasifika Scholarship
- MITO Alumni Scholarship
- Business Skills Scholarship
- Business Skills Māori and Pasifika Scholarship
- Clyde Cunningham QSM Memorial Scholarship (Hawke's Bay region).

We also continued our support of the IAG Trades Scholarship programme, CRA and OFPANZ Apprentices of the Year.

“MITO's 2019 scholarship programme awarded scholarships to 49 outstanding individuals.”





CUSTOMER SATISFACTION SUCCESS

Our 2019 customer satisfaction survey once again showed increased levels of satisfaction from both our learners and employers.



94%

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



93%

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



94%

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



95%

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



INDUSTRY AWARD RECIPIENTS

CRA APPRENTICE OF THE YEAR – GOLDEN GUN

Cassidy Repia, WD Price Panelbeaters, Auckland

CRA APPRENTICE OF THE YEAR – GOLDEN HAMMER

Jordan Lindsay-Smith, Bush Road Panelbeaters, Auckland

OFFPANZ APPRENTICE OF THE YEAR - TIER ONE

Josh West, John Hewinson Canvas, Whangarei

OFFPANZ APPRENTICE OF THE YEAR - TIER TWO

Tom Marriott, Peter May Limited, Ashburton

OFFPANZ OVERALL APPRENTICE OF THE YEAR

Tom Marriott, Peter May Limited, Ashburton

IAG TOP APPRENTICE OF THE YEAR – COLLISION REPAIR

Cameron Fairless, Hart's Body Shop, Palmerston North

IAG TOP APPRENTICE OF THE YEAR – COLLISION REPAIR

Dylan McGinnity, Ashton Panel and Paint, Lower Hutt

SAFEST CAR AWARD AT THE AA NEW ZEALAND CAR OF THE YEAR AWARDS

Mercedes-Benz CLA

THE YEAR IN REVIEW



6,267 ↑

total number of learners engaged in a MITO programme compared to 5,979 learners in 2018



2,642 ↑

learners started a MITO programme compared to 2,168 learners in 2018



1,686 ↑

MITO programmes completed compared to 1,461 completed in 2018

OUR LEARNERS



5%
FEMALE



95%
MALE

28
YEARS

the average age of learners who enrolled in 2019





BOARD OF DIRECTORS

Front row (left to right): Nick Leggett, Janet Lane (Chief Executive), Andrew Clearwater (Board Chair), George Hollinsworth.

Back row (left to right): Iain Haycock (Deputy Board Chair), Sturrock Saunders, Lyndon Leabourn, Bob Boniface.



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
C B Norwood Distributors Limited
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

NZ Trucking Association Inc
Regent Training Centre Ltd
Skills Update Training Institute
Southern Institute of Technology
Tai Poutini Polytechnic
Tasman Toyota
The Colonial Motor Company Limited
The Gough Group
The New Zealand Automobile Association Incorporated
Toi Ohomai Institute of Technology
Truck Stops (NZ) Ltd
Unitec Institute of Technology
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



SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

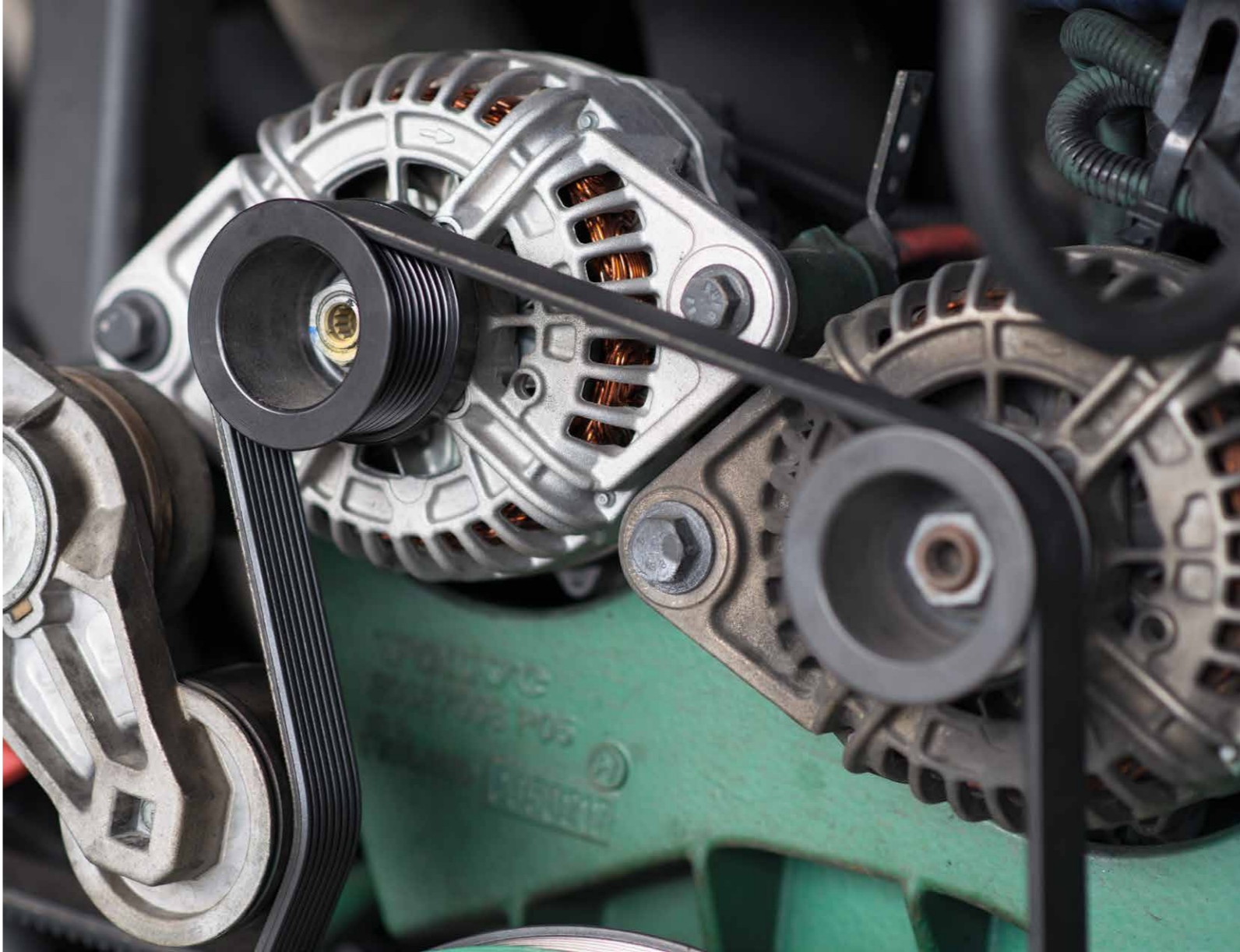
SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

| REVENUE | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| Revenue from non-exchange transactions | 17,561,857 | 16,888,988 |
| Revenue from exchange transactions | 3,347,945 | 3,276,698 |
| TOTAL REVENUE | 20,909,802 | 20,165,686 |
| EXPENSES | | |
| Direct training costs | 5,812,816 | 7,455,652 |
| Employee costs | 7,760,114 | 6,741,104 |
| Operational costs | 3,634,465 | 3,396,491 |
| Board | 254,781 | 260,619 |
| TOTAL EXPENSES | 17,462,176 | 17,853,866 |
| NET SURPLUS FOR THE YEAR | 3,447,626 | 2,311,820 |
| TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR | 3,447,626 | 2,311,820 |



SUMMARY STATEMENT OF CHANGES IN NET ASSETS

| | RETAINED EARNINGS \$ |
|--|-------------------------|
| BALANCE AS AT 1 JANUARY 2018 | 9,308,001 |
| Total comprehensive revenue and expenses | 2,311,820 |
| BALANCE AS AT 31 DECEMBER 2018 | 11,619,821 |
| Total comprehensive revenue and expenses | 3,447,626 |
| BALANCE AS AT 31 DECEMBER 2019 | 15,067,447 |



SUMMARY STATEMENT OF CASH FLOWS

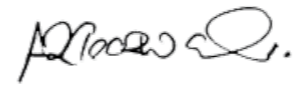
| | 2019 \$ | 2018 \$ |
|---|-------------|-------------|
| Net cash from operating activities | 3,777,290 | 3,252,205 |
| Net cash used on investing activities | (2,956,473) | (3,038,963) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 820,817 | 213,242 |
| Opening cash and cash equivalents | 2,460,836 | 2,247,594 |
| CLOSING CASH AND CASH EQUIVALENTS | 3,281,653 | 2,460,836 |



SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

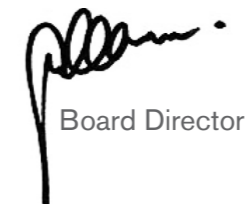
| ASSETS | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 3,281,653 | 2,460,836 |
| Term deposits | 11,556,325 | 9,250,000 |
| Trade and other receivables from non-exchange transactions | 525,752 | 797,145 |
| Trade and other receivables from exchange transactions | 476,317 | 570,672 |
| Inventory | 15,045 | 20,642 |
| TOTAL CURRENT ASSETS | 15,855,092 | 13,099,295 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 871,683 | 736,950 |
| Intangible assets | 1,764,801 | 1,655,358 |
| TOTAL NON-CURRENT ASSETS | 2,636,484 | 2,392,308 |
| TOTAL ASSETS | 18,491,576 | 15,491,603 |

| LIABILITIES | 2019 \$ | 2018 \$ |
|----------------------------------|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Trade and other payables | 3,063,865 | 3,419,547 |
| Provisions | 0 | 173,120 |
| Employee benefits | 360,264 | 279,115 |
| TOTAL CURRENT LIABILITIES | 3,424,129 | 3,871,782 |
| TOTAL NET ASSETS | 15,067,447 | 11,619,821 |
| NET ASSETS | | |
| Retained earnings | 15,067,447 | 11,619,821 |
| TOTAL NET ASSETS | 15,067,447 | 11,619,821 |


 Board Chair

18/05/2020

Date


 Board Director

18/05/2020

Date

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements for MITO New Zealand Incorporated (MITO) have been extracted from the audited financial statements authorised for issue by the Board on 25 March 2020. 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.

MITO'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. MITO 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 Industry Training and Apprenticeships Act 1992 as the 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.

On 1 August 2019, the Government confirmed its proposals to reform vocational education in New Zealand which will significantly impact the industry training sector. Further detail of the reforms can be found at: <https://www.tec.govt.nz/rove/reform-of-vocational-education/>.

The Education (Vocational Education and Training Reform) Amendment Bill (the Bill) was passed into legislation on 18 February 2020 and will come into force on 1 April 2020. The Bill specifies that ITOs will be recognised as transitional ITOs from 1 April 2020 and that as soon as practicable after 1 April 2020 it must develop a transition plan for i) the transfer of responsibilities for developing, setting and maintaining skill standards to a Workforce Development Council and ii) the transfer of responsibilities for developing and maintaining arrangements for work-based training to one or more specified providers for approval by the Tertiary Education Commission.

Consequently, there are material uncertainties arising from the outcome of this legislation that may cast significant doubt on the ability of MITO to continue as a going concern. These include:

- (i) The timing of the approval of the transition plan and the transfer of responsibilities to a Workforce Development Council and one or more specified providers;
- (ii) What value, if any, MITO will receive for all or part of its assets or liabilities upon transfer of its responsibilities; and
- (iii) Whether MITO can identify and execute on opportunities to redefine its business model to continue commercial business operations after the transfer of its responsibilities.

These financial statements have been prepared on a going concern basis due to the expectation by the Directors of MITO that the transition of responsibilities to one or more specified providers will be commercially negotiated to ensure that any assets or liabilities transferred will be at fair value. The Directors have also commenced identifying opportunities for MITO to continue commercial business operations after the transfer of its responsibilities. Consequently, the Board of MITO believes it has the ability, including from existing cash and term deposits, to meet all its expected obligations following the transfer of its responsibilities to one or more specified providers.

However, there exists a material uncertainty that MITO may be required prior to 31 December 2022 to transfer some or all its assets, including existing cash and term deposits, to one or more specified providers at significantly less than the values recorded on the balance sheet at 31 December 2019. In this scenario, and in the absence of successful continuing commercial business operations generating other cash inflows, then this may result in the inability of MITO to realise its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if MITO was unable to continue as a going concern.

The coronavirus "outbreak" (COVID-19) was declared a public health emergency and later declared a pandemic by the World Health Organisation on 30 January 2020 and 11 March 2020, respectively. There is uncertainty around the potential impact of COVID-19 on the educational sector. MITO will continue to monitor the situation closely and will determine the impact on the organisation.

Report of the independent auditor on the summary financial statements

To the Members of MITO New Zealand Incorporated

The summary financial statements comprise:

- the summary statement of financial position as at 31 December 2019;
- 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 financial statements of MITO New Zealand Incorporated ("MITO") for the year ended 31 December 2019.

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

Summary financial statements

The summary financial statements do not contain all the disclosures required by Public Benefit Entity 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 summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 26 March 2020. That report also includes a Material Uncertainty Related to Going Concern that draws attention to the Basis of preparation in the audited financial statements where the Directors have outlined the impact on MITO of the passing of the Education (Vocational Education and Training Reform) Amendment Bill, the actions they are intending to take as a result, and the assumptions underpinning the adoption of the going concern basis of preparation. There are material uncertainties arising regarding the outcome of these events that may cast significant doubt on the ability of MITO to continue as a going concern. These matters are addressed in the Notes to the summary financial statements.

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

The Directors are responsible for the annual report. Our opinion on the 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.

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In connection with our audit of the 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 summary financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 summary financial statements

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

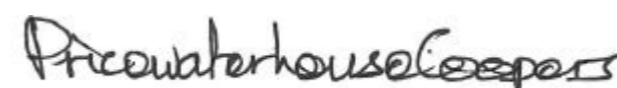
Auditor's responsibility

Our responsibility is to express an opinion on whether the 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) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We are independent of MITO. Other than in our capacity as auditor we have no relationship with, or interests in, MITO.

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 2020

Wellington



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**mito**