

ANNUAL REPORT 2016

Service IQ

SMARTER PEOPLE FOR
SMARTER BUSINESSES

CONNECT *Café*

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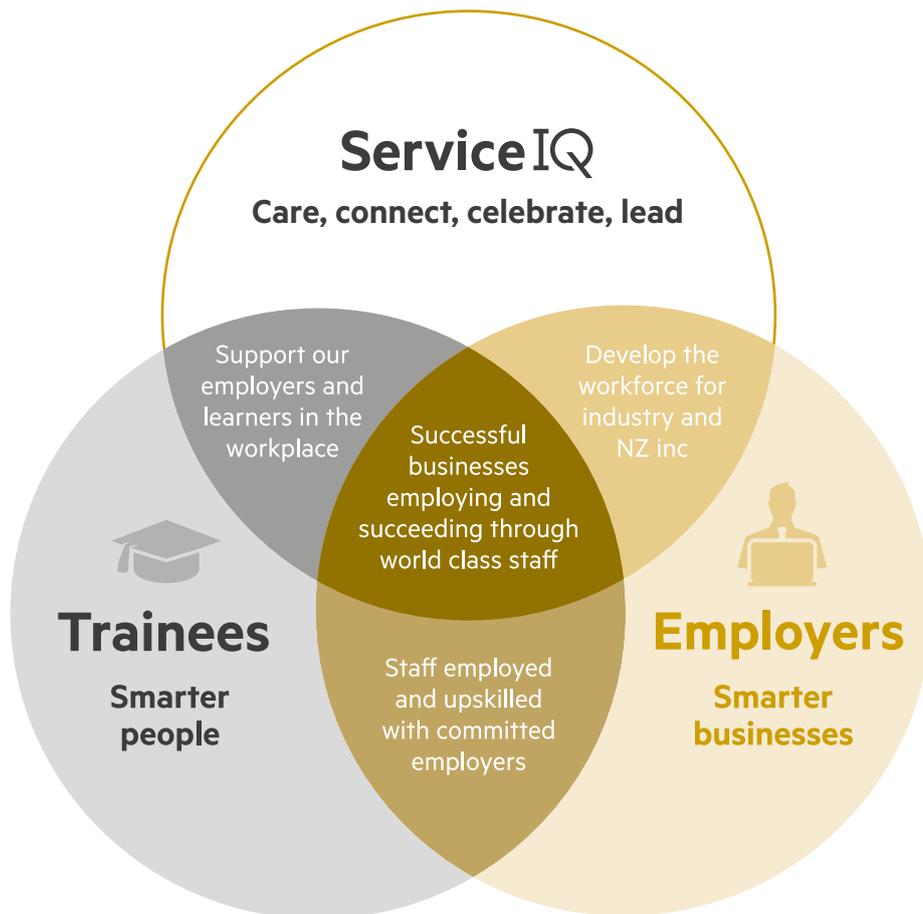


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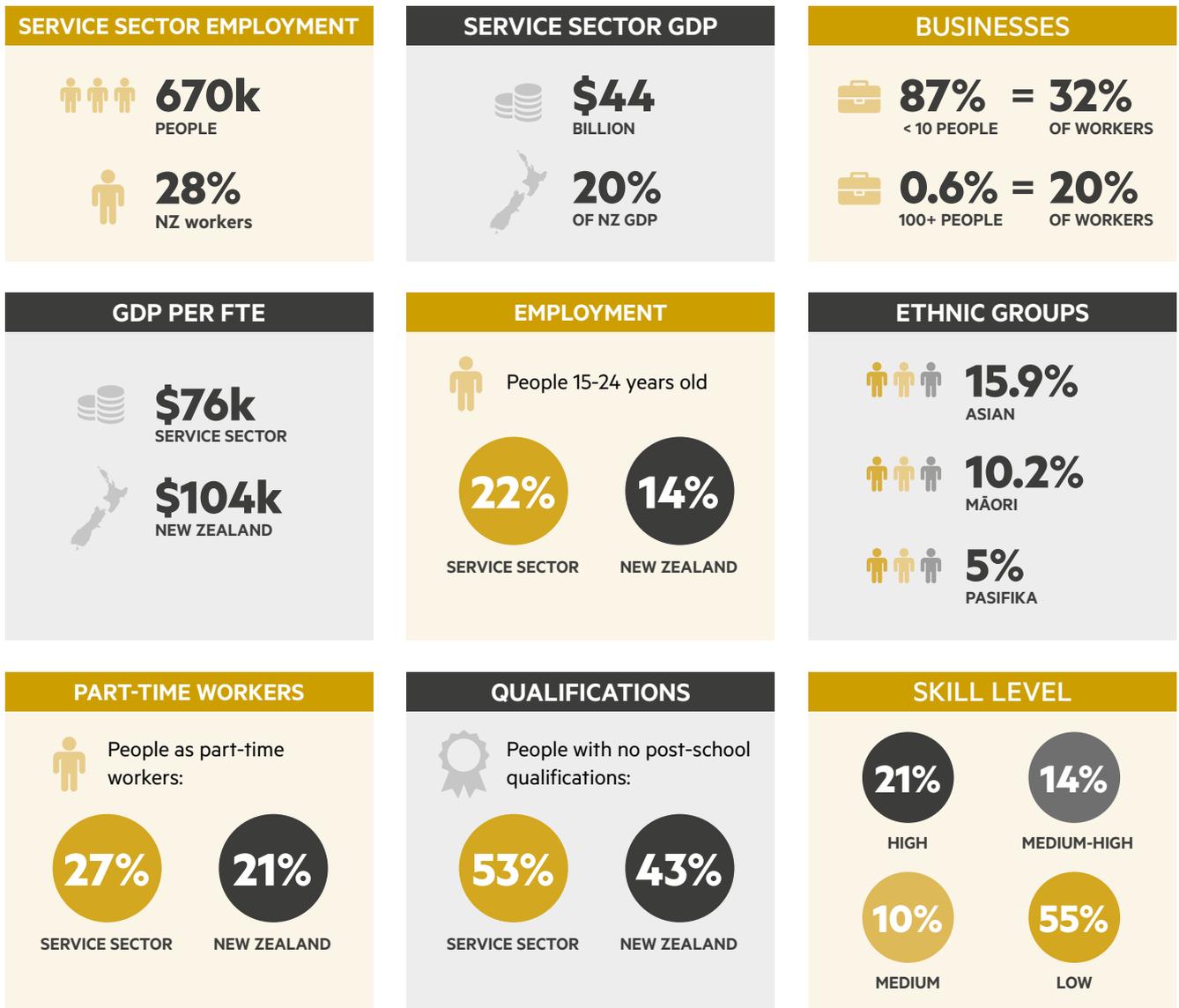
OUR VISION

Our vision is for New Zealand to have a world class service sector through qualified people



AVIATION ■ TOURISM ■ TRAVEL ■ MUSEUMS ■ FOOD SERVICES ■ CLUBS ■ ACCOMMODATION
CAFES, BARS, RESTAURANTS ■ QUICK SERVICE RESTAURANTS ■ RETAIL & RETAIL SUPPLY CHAIN

SNAPSHOT OF THE SERVICE SECTOR 2016



CHAIRMAN'S REPORT

RICK CHRISTIE, CHAIR

When I look back over the past year, I'm excited about ServiceIQ's performance here in New Zealand but also internationally. I can sum it up with a simple phrase: we've got the best of both worlds. And I'd like to take a few moments to take a closer look at our successes at home, and abroad.

Local opportunity

Firstly, in New Zealand, where, in terms of the KPIs we use to measure our performance, we have had our best year ever.

One of the key industries ServiceIQ supports is tourism. The tourism industry is one of the major driving forces behind New Zealand's economy, and it continues to enjoy boom times with record numbers of visitors choosing to spend time discovering everything that our country has on offer. Stunning scenery, rich culture and thrilling adventures are at the heart of that offer, but the quintessence of a great visitor experience is excellent service. To remain competitive with the rest of the world and from one season to the next, tourism operators must ensure their staff have the skills and knowledge to be able to provide their guests with a top-notch service. From front of house, tour guides, restaurant and café service to a satisfying tourism retail experience. This means a consistently high quality level of delivery today's visitors expect, and that leads to positive and persuasive

reviews and recommendations that bring in more visitors.

To help this happen, more and more tourism businesses are using ServiceIQ's training programmes to upskill their people to an international standard. They include Hobbiton, Ngāi Tahu Tourism's Hukajet and Agrodome attractions, award-winning Skyline Enterprises in Queenstown and Rotorua, and the highly popular Taupō Bungy, to name but a few.

However, the responsibility for establishing a national reputation for quality service, is not just up to tourism operators.

In addition, the massive surge in tourism flows boosts the growth and development of other vitally important sectors that ServiceIQ serves. These sectors include: accommodation, aviation, restaurants, cafés and bars, museums and of course, retail. For instance, to accommodate more visitors in the next few years we are seeing the construction of many new hotels around the country. While hotels are traditionally used as venues for business conferences and exhibitions, airports are now being

developed to perform as function centres and destinations in themselves, complete with high quality accommodation, conference venues, retail, restaurants, cafés and meeting places.

For all this exciting development to succeed, it takes talented people behind the scenes and out front who know how to take excellent care of customers across the industry. From respectful flight attendants, reliable tour operators, attentive wait staff, first-rate chefs, and more.

This is a huge opportunity not only for New Zealanders seeking jobs or wanting to develop a career, it also helps develop high standards of skill in service across the industry by educating on the job.

Future focus

Double digit growth across our sectors needs a skilled workforce. And that takes planning. Though businesses might want to be able to hire skilled people to meet demand, the truth is that they are in short supply, particularly in tourism hotspots, where we have been traditionally reliant on short stay

“For all this exciting development to succeed, it takes talented people behind the scenes and out front who know how to take excellent care of customers across the industry.”



expatriate workers to supplement our Kiwi workforce over the busiest periods of the year. Another absolute priority is the need to develop and train future managers for our hospitality, retail and tourism businesses.

ServiceIQ has continued with our vitally important workforce planning research to define the training demand levels and labour force supply for our sectors during 2016. At the time of writing, we are in the process of completing Workforce Roadmaps for the country's sixteen regions.

The published findings will be launched in 2017/2018 and will play a significant role in helping our sectors and businesses increase quality and maximise productivity between now and 2020.

International opportunities

Our focus offshore to date has centred on Hong Kong and Dubai as the first leg of our strategic plan for international business.

We've always wanted to set up to do ITO-like activity offshore with our core offer being the way in which we connect skills and knowledge training with the workplace, specifically the way evidence of skill is gathered in the workplace, the way it's assessed, and the way we can integrate with a customer's existing training programmes.

In addition, export education is a major contributor to New Zealand's economy.

According to a 2016 report for Education New Zealand: "in 2014 international education exports, including offshore activities, were estimated to contribute \$2.85 billion to GDP or 1.2% of total GDP and close to 6% of exports."

Yes, there's revenue to be had but the benefits of gaining access to the international markets are much more. By forging international partnerships we can leverage that capability offshore for the benefit of New Zealand Inc.

In the UAE, ServiceIQ established an office in Dubai in 2016. With an initial focus on the region's aviation industry, we have now secured a contract to arrange on the job training and assessment leading to qualifications for employees of Emirates Flight Catering in Dubai. This is close to being followed by a similar pilot with Etihad Airways, based in Abu Dhabi.

These pilot projects are a prime opportunity for New Zealand's Industry Training Organisations and providers to work together to strengthen the New Zealand export education proposition.

We are also building connections in Hong Kong. The city's Vocational Training College (VTC) is an organisation with 4,500 staff, 50,000 trainees, 34 locations and its own 30-room training hotel. Following discussions in 2016, VTC flew our product managers up to Hong Kong to talk to them about how we do

workplace learning. They are now looking at purchasing our systems, and they have some extremely advanced VR and augmented reality technology that would benefit our offer to industry in New Zealand.

This echoes the concept of connections that our CEO Dean Minchington discusses in his introduction to this report. That's because we're making many important and beneficial connections locally and beyond our shores to build an even stronger service industry for New Zealand.

Finally, I would like to thank Dean and his team for the excellent work that they have done over this last year which has made a major contribution to our successful result.

I would also like to acknowledge the great work by our Board. Their support, insights and experience have helped ServiceIQ to achieve its goals for 2016 and position it for an even more productive future. I would single out for special thanks our Deputy Chairman Grant Lilly, whose term finishes in 2017, and who has been a huge part of the Board's effort over the last four years.

A handwritten signature in black ink that reads "Rick Christie". The signature is written in a cursive, slightly slanted style.

Rick Christie
Board Chair

CEO REPORT

DEAN MINCHINGTON, CEO

In terms of numbers, 2016 has given us hands-down our best results ever. The team and I here at ServiceIQ are extremely proud of this but we are also acutely aware that this result could not have been achieved without the support and backing of the industries we serve. This partnership all boils down to one word: “connections”, a key strategic focus that has underpinned our initiatives and activity for even better success in 2016.

Today, our connections with industry are stronger than they have ever been. Our training programme products are connecting with employers and their employees. And our connections with various agencies, including other Industry Training Organisations, and local and central government go from strength to strength.

ServiceIQ Connect

So where did it all begin? Just over a year ago, we asked our Industry Advisory Groups (IAGs), which represent

the museum, aviation, travel, tourism, retail, retail supply chain and hospitality sectors, whether there was any particular area in which they would like to see us innovate.

We got some great responses and the message that came through loud and clear was “build stronger connections”, virtually or physically, with schools, industry, employers, employees, indeed with anyone engaged with the service industries. This is what ServiceIQ Connect is all about.

This need for stronger connections to build capability is vitally important because between now and 2020, there’s a looming labour shortage in the service sector that’s exacerbated by phenomenal growth. By way of example, booming tourism also drives huge growth in hospitality, travel, aviation and retail. With this upward trend set to continue, our combined service sectors will need to find and upskill around 200,000 people by 2020 just to satisfy demand.

At the same time, we are seeing a trend where employers are considering

“We got some great responses and the message that came through loud and clear was “build better connections” with schools, industry, virtually or physically.”



the overt issuing of qualifications as a key part of the employment brand value proposition, to help them attract and retain good staff in a competitive market.

Add to this the government’s focus on the importance of improving productivity across New Zealand businesses of which the service industry is a major player. In fact, it is outperforming the average for the overall economy.

To build connectivity, we have put in place a multi-channel model where industry can get what they need effortlessly either online and in person or both. It’s a bit like the “click and collect” shopping model that drives so much of today’s fast growing retail industry.

Launched incrementally over 2016, ServiceIQ Connect encompasses a range of initiatives both physical and virtual. Every part of the offer is designed to make it easy for employers and their

employees, schools and students to engage and benefit from enhanced skills, knowledge, improved pathways and better productivity.

- Our digital platform, launched in 2015, has been built on in 2016 to provide a system that enables faster and easier online sign-up for industry businesses and their employees. In addition, our unique new Assessment Management System (AMS) allows for easy workplace assessment capture and reporting of credits.
- For students and job seekers, we’ve created a series of innovative 360 degree videos that engage viewers in a virtual tour of our sectors, opening their minds to the great range of roles and on-job training opportunities that exist in tourism, aviation, hospitality, retail and retail supply chain and more.
- In Wellington, we’ve created an exciting new Connect Centre

including meeting space and an innovation hub for use by industry and government agencies. The ServiceIQ Connect Centre is complete with café, state-of-the-art video conferencing technology, a careers information and exhibition space, and a virtual reality video kiosk showcasing our sectors. A similar space is planned for Auckland. The centre was formally opened in April by the Hon. Paul Goldsmith, at a special function attended by industry leaders and government representatives.

Everything we have achieved this last year is about building bridges and creating pathways, and looking for every opportunity to use physical or technical options to connect people.

The way we assess, the way we engage, our IT systems and everything we do is all about making it easier for our sectors and their businesses to engage and get the many benefits on offer.

First NZ ITO to get ISO 9001:2015 Accreditation

This year, we worked towards achieving a significant milestone that in early 2017 led to us being awarded the globally-recognised international standard ISO 9001:2015. I'm proud of the fact ServiceIQ is the first ITO to gain certification to this standard.

From day one, we had in our Strategic Plan that we'd like to get ISO accreditation. The first couple of years we were finding our feet and putting business practices in place. Then in 2016, we took the opportunity to measure and align the organisation with best practice international standards.

Certification was the key milestone that marked the maturing of our systems. The external assessment by Telarc, an independent agency, confirms the presence of robust internal systems that align with internationally recognised standards: ServiceIQ conforms to ISO 9001:2015 for the provision of workforce development, skills standard

setting, qualification development, and arranging training across the service sector; as per Tertiary Education Commission Gazetted Coverage.

Knowing that we offer international quality standards to match world-class training is vital for our sectors and for our international standing as an awarding body. The recognition substantiates the quality of our products and gives employers and their employees confidence in our systems and expertise.

While attaining ISO 9001 is the culmination of a lot of work across ServiceIQ, it is only the start of a continuous improvement process that will see us continue to be a high performing organisation.

Onwards and upwards

Across the board, the feedback from our stakeholders and the businesses we work with has been very positive.

And when someone tells us something isn't working it gives us a valuable

opportunity to evolve and improve.

The service sector is huge and employs 28% of the workforce so if we've done everything we can think of and we still have people who are not engaged, then we ask ourselves what else can we do to change that? By continuing to work closely with industry and focused on creating even better engagement, I think that is how real innovations come about.

In the beginning, we went out and listened to what the industry wanted and we built our business models around that. The moment we stop doing that is the moment we can expect our market to decay. That's why we will always keep listening and keep making the right connections to benefit the service industry and New Zealand.



Dean Minchington
Chief Executive

Board members



Rick Christie

Mr Christie is a Director and company Chairman with appointments in the private and public sectors. He is Chairman of NeSI, (the NZ Supercomputer Network), ikeGPS, and ServicelQ; a Director of Southport Ltd, Powerhouse Ventures Ltd, Solnet Solutions Ltd, and a Trustee of the Victoria University Foundation. Recently he was Chairman of EBOS Group Ltd, and previously Chairman of AgResearch Ltd. He was also a Director of Acurity Health Ltd, Tourism Holdings Ltd, the NZ Pork Industry Board, Deputy Chairman of the Foundation for Research Science & Technology, and Chairman of the Victoria University Foundation Board of Trustees. He has held a number of CEO roles including Rangatira Ltd and Tradenz. He is a Chartered Fellow of the NZ Institute of Directors, a Hunter Fellow of Victoria University of Wellington, and a Companion of the Royal Society of NZ.



Bruce Robertson

Bruce is one of New Zealand's most experienced advocates having first engaged with politicians in his early twenties while working for Federated Farmers. He has spent the last twenty years as Chief Executive of Hospitality NZ. During his tenure the organisation grew from 700 members to 3200. Bruce is now a consultant working across the Hospitality, Tourism, Gambling and Industry training sectors.



Trevor Douthett

After nearly 35 years at LV Martin & Son, including 10 years as CEO, Trevor led the acquisition of the Baby City chain in 2012, where he is Managing Director. Trevor is a Finance graduate (BCA) from Victoria University and has become a career retailer with a strong interest in training.



Maryann Geddes

Since 1994 Maryann has held senior management positions with Skyline Enterprises based in Queenstown, where she is Group Manager Training Development and Risk. Maryann is responsible for training and development of approximately 1000 staff within the 11 operating companies, and the management of business risk and compliance. Over the past 25 years Maryann has held a number of director roles within industry organisations and has had a close involvement in tourism and hospitality issues, both at national and international level.



Jill Hatchwell

Jill has over 30 years' experience in financial and corporate management. She is a formation director of NZX-listed Aorere Resources Limited and a director of NZX-listed Chatham Rock Phosphate Limited. Jill is an executive director of financial advisory consultancy company Nevay Holdings.



John Selby

John has had an extensive career in PricewaterhouseCoopers where, for 25 years, he was a partner working in the New Zealand, Australian and Asian markets, providing advisory, audit and risk management services to a wide range of organisations and private company Boards, including Shell New Zealand, Sky Television, L&M Group, Downer EDI, and Tenix. John is Chairman of Grosvenor Assurance, a director of VicLink and chairs the ServicelQ Audit & Risk Committee. He is also a member of the governance advisory group for the Ministry of Business, Innovation and Employment.



John Albertson

John has over 20 years in the retail sector. His experience includes a number of years as an Associate Director (Marketing) at R Hannah and Co, and as the Chief Executive of the New Zealand Retailers Association (now Retail New Zealand), a position he held for 17 years. In addition, John has extensive governance experience from roles for GS1 NZ, NZ Wine Company, Standards Council of NZ (Deputy Chair) and the Food Safety Authority Advisory Board. He has also been involved in retail training for many years – as a board member of ServicelQ since it began, and its retail predecessor, the Retail Institute.



Maxine Gay

Maxine was a director on the Retail Institute Board. She is currently the Sector Secretary – Retail with FIRST UNION, where she has worked since 2007. FIRST UNION is a trade union representing more than 27,000 workers in the Finance, Industrial, Retail, Stores, and Transport sectors.



Grant Lilly

Grant Lilly is a professional director with varied governance appointments including central Government (Civil Aviation Authority, Aviation Security Service), local Government (Chairman Hanmer Springs Thermal Pools and Spa, Auckland Regional Amenities Funding Board), corporate (New Zealand Experience (NZX listed), Queenstown Airport Corporation), and industry organisations (Chair of Tourism Industry Association).

STATISTICS

SUMMARY: STM DELIVERY AND EDUCATIONAL PERFORMANCE TRACKING

	2013	2014	2015	2016
TEC: STMs (Gross ITF and Apprentice)	5,177	4,598	5,118	5,313
TEC: Total Offsets	-160	-217	-224	-141
	5,017	4,381	4,894	5,172
10 Credit Underachievement Ratio	NA	59.1%	81.2%	80.5%
Credit Completion Ratio	68.0%	60.2%	77.7%	88.0%
Programme Completion Ratio	65.0%	51.3%	69.3%	70.8%

2016 TEC REGISTERED-FUNDED TRAINEES BY:

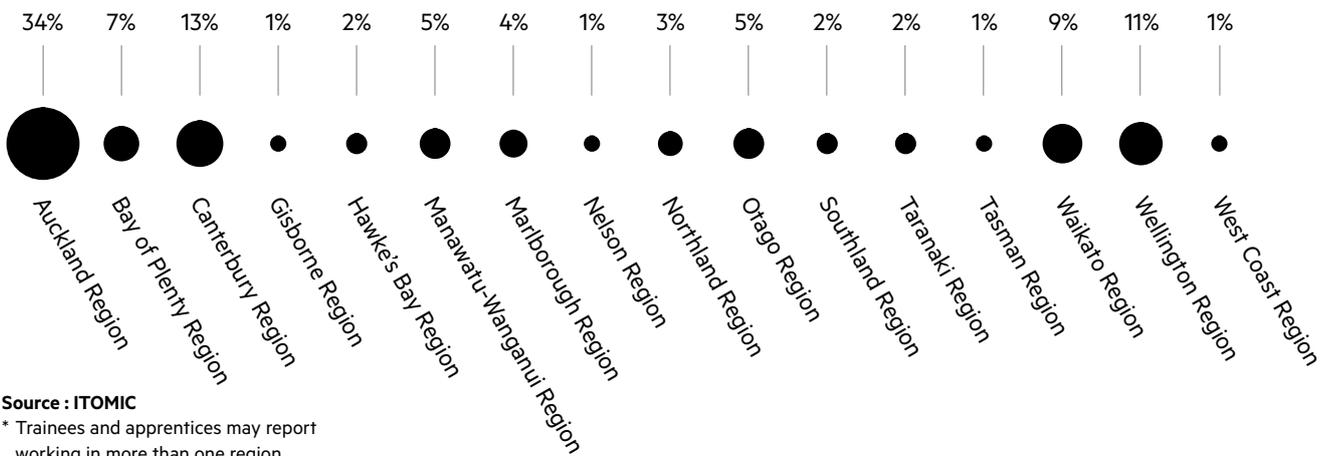
ITO sector and fund type

SECTOR	APPRENTICES	TRAINEES	GRAND TOTAL	%
Accommodation	64	943	1,007	5%
Aviation	357	2,256	2,613	12%
Cafés, Bars, Restaurants	214	645	859	4%
Clubs	10	28	38	0%
Food Services	244	574	818	4%
Museums	0	135	135	1%
Quick Service Restaurants	0	4,313	4,313	20%
Retail & Retail Supply Chain	26	10,697	10,723	49%
Tourism	25	765	790	4%
Travel	0	598	598	3%
Grand Total	940	20,954	21,894	100%

Source : CRM | *Percentages may not add up to 100% due to rounding

TEC REGISTERED-FUNDED TRAINEES BY:

Region

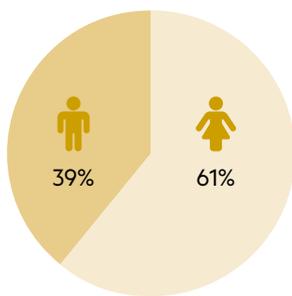


Source : ITOMIC

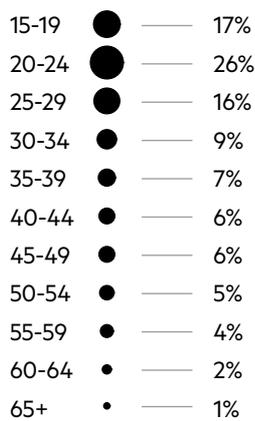
* Trainees and apprentices may report working in more than one region

TEC REGISTERED-FUNDED TRAINEES BY:

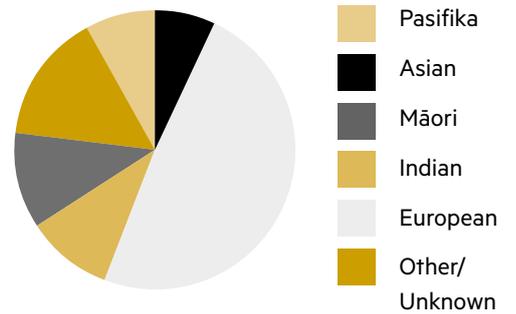
Gender



Age group



Ethnicity





**CONNECTING
SKILL WITH
SUCCESS**

SECRETS AT THE MUSEUM

MUSEUMS

A framed photograph on display at Taupō Museum shows a Māori woman standing in front of the town's first post office circa 1910. In the Tūwharetoa gallery is an old whalebone kotiate with a faded fabric handwritten note.

Stories of these precious treasures and many others were a mystery to Bernise Williams, but she would soon discover a deep personal connection after taking on the role as the Museum's Collection Curator Māori.

Bernise arrived at the museum three years ago. She already had a Bachelor in Māori Visual Arts, but to support her new role, she went on to complete a ServiceIQ New Zealand Certificate in Museum Practice and attended workshops arranged by National Services Te Paerangi. The combined

training has given her the skills her job demands, including a knowledge of conservation, plus extensive detective work.

"It was necessary for my role and gave me a good understanding of how museums work. You can do it on the job, and by taking part in the workshops you can ask questions and find out a lot from people in the museum sector," says Bernise. "I was able to choose unit standards and gain relevant skills that related closely to what I would be working on during the year."

Bernise takes care of the museum's collection and Taonga Māori. She accessions and catalogues artefacts, but a lot of her work involves researching.

"I love finding out the provenance of artefacts, and tracking down the families of the people who gave things to the museum," says Bernise. "I get huge satisfaction from sorting and putting things in the right place."

Over the course of her work, there have been surprising and emotional moments when Bernise has caught a brilliant glimpse of her own family history.



“It was necessary for my role and gave me a good understanding of how museums work. You can do it on the job, and by taking part in the workshops you can ask questions and find out a lot from people in the museum sector.”

Born in Taupō, Bernise belongs to the region’s Ngāti Tūwharetoa iwi. Her mother and father also grew up here.

“I was always drawn to the photo on the wall of the old post office, and while I was researching a work project I discovered that the woman in the picture was my great, great, great grandmother Te Whata Reweti born circa 1849. That was really awesome,” says Bernise.

“I had been to the museum years ago, saw the kotiate and immediately identified with the Tupuna names written on the cotton cloth which accompanied it. I heard these names over and over from my nannies when I was growing up.

“I’ve come across some very interesting things about my whanau in our collection of historic photographs, newspaper articles etc.

“I’m humbled because these things are part of my whakapapa and I feel privileged to be able to help care for them,” says Bernise. “I’m not here to find out about my family, but sometimes they just jump out at me when I’m researching other things. It’s like a confirmation that I am heading in the right direction.”

ServiceIQ’s New Zealand Certificate in Museum Practice (Level 4) qualification is specially designed to help curators, conservators, collections managers and archivists gain a solid appreciation of the roles and responsibilities it takes to care for collections and create exhibitions that enrich, educate and entertain visitors. This popular programme leads to a nationally recognised qualification and is easily delivered on the job, at a pace that works for the business.

JUMPING AHEAD!

TOURISM

Jesse Roys made the jump from one career to another because he preferred to work in a team and in tourism. At the same time Taupo Bungy has made the leap to become an even more customer focused business by training talented people like Jesse in the fine art of great visitor experience.

Life got interesting for Jesse when he moved from plastic to rubber. The 20 year-old was largely working on his own as a plastics engineer when he took a trainee role at New Zealand's highest water touch bungy just over a year ago, and since then he's been on the up and up.

"I've always been interested in dealing with customers one on one and Taupo Bungy was a good place to start out," says Jesse. "It's not your average retail experience because it has the extreme factor which makes it really exceptional."

Jesse is getting to grips with every aspect of the booming business.

He's upskilled in frontline office crew, office supervisor, and training on the boat – where customers must be safely lowered after leaping into the water.

"I want to continue moving up the ranks and become jump master," says Jesse.

Taupo Bungy attracts visitors from all over the world and an average of 66 customers per day take the plunge.



“I’ve learned how to make the process easier and still fun for these customers. It takes more time, but basically you want to make sure it’s both a safe and enjoyable experience.”

One of the biggest challenges of the job is helping non-English speaking customers understand what is involved and how to prepare to take the leap.

To enhance customer service skills, Jesse and other members of the front office team are completing the ServiceIQ New Zealand Certificate in Tourism (Visitor Experience) Level 3 qualification.

Clear communications are one of the benefits of the on-job programme. “I need to know from customers whether they really want to go ahead with it, and their medical history in case they have an injury or condition that prevents them from jumping,” says Jesse.

“I’ve learned how to make the process easier and still fun for these customers.

It takes more time, but basically you want to make sure it’s both a safe and enjoyable experience,” he says. “Paying attention to the details is vital. Every little thing can potentially make a huge difference to how you do your job, your customer’s enjoyment and can lead to a great review for the business.”

With two bad knees, jumping isn’t where Jesse gets his kicks. For him, the thrill is being put through his paces to learn more for a satisfying career: “I think I will stick with tourism for a long time because I love helping to make the adventure fun for people. The bungy is amazing, but by treating people really well the whole time they are here, you can make it the best experience possible.”



UP, UP AND AWAY! PLOTTING A TRAVEL CAREER ON-JOB

TRAVEL

Flight Centre is a market leader in offering top quality personal service to create excellent travel experiences for customers. With a flair for service, a lust for travel and a preference for learning on job, 20 year-old Amanda Nelson has landed on her feet with a challenging career in customer service at Flight Centre.



“I’ve always been keen on hands-on learning rather than sitting in a lecture theatre. “I’m not great with study, but being prompted by my peers and managers to learn by doing works really well for me.”

“It combines everything I’m passionate about,” says Amanda.

To ensure a high level of customer service, the business trains staff in house using a robust set of procedures and standards.

At the same time, using ServicelQ Qual-Link, Flight Centre training is linked to NZQA standards, which gives staff the opportunity to gain national qualifications based on the professional skills they master on the job.

After almost two years in the role, Amanda is rapt to be broadening her knowledge and know-how.

She has also achieved a significant ServicelQ industry qualification, the New Zealand Certificate in Travel (Level 4) which is a huge confidence boost.

“I’ve always been keen on hands-on learning rather than sitting in a lecture

theatre,” says Amanda. “I’m not great with study, but being prompted by my peers and managers to learn by doing works really well for me.”

Another bonus of earning while she learns is having the ability to save money and advance a career all without having to worry about paying off a massive student loan she says: “I hate having debt so this way of building a future is perfect for me.”

She relishes having the skills to make plans that make life easier for all kinds of customers in all kinds of situations. For instance, someone might be travelling to attend a funeral while someone else might be going on their dream holiday.

Whatever the set of demands, Flight Centre travel experts are trained to help take care of their customers from whoa to go and back again: from planning the logistics for a quality journey, arranging

and confirming bookings, piecing together complex itineraries in faraway places, through to welcoming customers home.

Amanda says the more she learns the more her skills benefit both her customers and the business.

“I’ve learned how to better upsell and offer the special kinds of tailor made experiences that my customers expect,” says Amanda.

It’s all about problem solving and designing a customer’s trip no matter how intricate the details or difficult the destination. She gets some real brain teasers which require thought, patience and strict processes to make a plan that works for her travellers: “That’s what we are here for, to offer our clients a positive experience that they will never forget. It’s exciting and humbling to be part of someone’s big dream.”

SKYCITY'S ALL STAR APPRENTICE CHEF IN OZ

HOSPITALITY

Getting the chance to prep for renowned international chef Pierre Koffmann during Melbourne's Food & Wine Festival 2016, was a serious highlight for talented apprentice chef Harrison McIntyre from Auckland's SKYCITY.

Harrison was one of three promising young Kiwis chosen to experience the legendary culinary event as part of the ServiceIQ Hospitality All Stars team. Funded by the Hospitality Training Trust (HTT), the All Stars trip provided Harrison and his mates with a rare opportunity to see some of the world's most celebrated chefs create their signature dishes, witness behind-the-scenes masterclass mayhem, sample an exotic array of flavours, make useful industry contacts and pick up tips and tricks to take home.

"Just working backstage for Pierre was awesome," says Harrison. "I also really enjoyed seeing the whole food culture. It was great to be able to surround myself

in a different place, trying out lots of different restaurants and cafés and meeting people."

Harrison was fortunate enough to get a seat at the table of several of Melbourne's highly rated restaurants.

The food was really good, he says. But the great news was that he came away with the feeling that top Kiwi restaurants fare well and are on par with some of the best served up in Aussie – New Zealand's long-time friendly rival.

"What was surprising is that you can have this perception that it's going to be absolutely wonderful. Compared to Auckland, there are a whole lot more



“Make sure you take the initiative and push for work experience in the restaurants. I had a relaxing time but given the trip again, I would be proactive and knock down kitchen doors to learn more.”

places to eat and there’s a really vibrant and active food culture, but I think that our best places in Auckland and Queenstown are right up there. It made me feel really proud to be a Kiwi. Especially working at SKYCITY. I think that New Zealand has a lot better food than what we give ourselves credit for,” he says.

On a personal level, the All Stars trip gave Harrison his first chance to travel overseas without his parents, and he enjoyed navigating his way around the city, attending gourmet events like a Middle Eastern festival, and checking out the impressive range of glistening fresh produce from land and sea such as Australia’s famous giant prawns and squid at the abundant Victoria Market.

Looking back on his latest adventure, Harrison says the real trick is to persuade a reigning restaurant or two to serve up some good old Aussie hard yakka: “Make sure you take the initiative and push for work experience in the restaurants. I had a relaxing time but given the trip again, I would be proactive and knock down kitchen doors to learn more.”

Meanwhile, back home, Harrison is once again flavour of the moment; this time he’s one of five trainee chefs selected for the Ora King Next Generation mentoring programme.

With not long to go before completing his ServcelQ Cookery Apprenticeship to become a qualified chef, Harrison

is looking forward to his final stints perfecting his skills; he’ll be mixing it up under the expert guidance of some of the best in the business at The Sugar Club and Depot Restaurants at SKYCITY.

The experience of becoming a skilled chef, who at only 20, has already gained a mature appreciation for humble luxuries such as slow-cooked food, the journey has been anything but a slog.

“I’ve loved it. SKYCITY Executive Chef Martin Harrap, and Fiona Ruane, Executive Chef of Production, have both given me so much. They were over and above what I expected, and one of the coolest things about it is that they treat you like a chef,” says Harrison.

MAID IN NZ

HOSPITALITY

While many consider it a chore, the art of daily spring-cleaning, dusting and polishing is something of a passion for Patricia Morris, meticulous and cheerful housekeeping expert at Hilton Lake Taupo.



The most satisfying and uplifting part of Patricia's job reveals itself just as she is about to close the door of each room; when all the hard work of washing and buffing the bathroom to a soft gleam, vacuuming the carpet, making up a pristine bed, laying out fresh towels, face cloths, and carefully putting in place the finishing touches is complete and ready to welcome guests.

"I love a perfectly presented room," says Patricia who scrutinises every detail. "It's the moment when you stop and stand back to see that everything looks good and is exactly as it should be."

Patricia has honed her skill, expertise and well-trained eye for the pleasing room over decades in housekeeping. Prior to Hilton Lake Taupo, where she has been employed for seven years, she set the scene for a comfortable stay for guests at Waiheke Island Resort.

A guest spends more time in their room than any other area in the hotel, so making sure the room is as clean and impressive as it should be at the Hilton Lake Taupo, all comes down to a skilled team of committed housekeepers.

Each housekeeper trains according to the famous luxury hotel chain's brand service standards – learning formal skills and know-how with online courses provided by Hilton University.

"In most of my previous roles, you just learned as you did the job," says Patricia. "It's great to have the Hilton knowledge."

This year, Patricia was one of four in the housekeeping team to complete a ServiceIQ on-job hospitality training programme. This led to her gaining a national qualification that recognises high level expertise.

It's nice to get the kudos, says Patricia, and "it's also helpful to refresh important health and safety skills, including working with chemicals".

Not that it's all work and no play. What makes her work so enjoyable is being part of a tight knit team who are not shy about a bit of friendly competition.

"You can work in a really nice environment but it's the people who make it special," says Patricia. "We have a lot of fun. Especially the bed making competition during our special housekeeping week in September when we race each other to make the tidiest, most perfect bed in the fastest time."

Making guests happy is good for business and satisfying for Patricia. She says: "The fact that visitors have an enjoyable stay is very rewarding."

SWITCHED ON CAREER CHOICE

RETAIL

When she first started out in retail, Jessica Keiller used to love selling televisions – she reckons every room in the house needs one. But these days, as an assistant manager with 30 staff, she’s tuned into new challenges.



Not bad for someone who only three years ago swapped caring for animals at the SPCA for top quality customer care at Noel Leeming in Whangarei.

At age 19, Jessica enjoyed looking after homeless animals in her first full-time job that she started as a volunteer when she left school. But after a year, she was feeling the emotional toll.

With CV in hand, she knocked on the door of Noel Leeming’s bright shiny store in the local mall where she was offered a full time job as a sales assistant.

Fresh to the role, she upskilled with a ServiceIQ on-job training programme and gained her *New Zealand Certificate in Retail (Level 2)*. The achievement proved a big confidence boost for the soon-to-be sales star.

“Being new to the industry, it was pretty cool to gain skills and a free qualification,” says Jess.

A few months later, she was hired across town at Noel Leeming’s far bigger and busier store. It was in this fast-paced, buzzing environment that Jess began her ascent in what has become her dream industry.

“There’s always a lot going on and you have to stay one step ahead,” she says. “If you think that retail is a non-intellectual career, you’re wrong because you’ve really got to be onto it.”

It wasn’t long before she started to clean up the friendly competition between her peers by consistently meeting or exceeding targets, and winning sales person of the month.

“I decided to go all guns blazing and discover if I could be any good in this industry,” she says. “Until then, the guys were usually at the top of the score board, but when I came along I showed them who was boss,” she laughs.

Jess has also completed the equivalent of the New Zealand Certificate in Retail Level 4 qualification, and her desire to learn and get ahead helped her to be selected as one of 25 participants in Noel Leeming’s ‘Women in Leadership’ programme.

Her ultimate goal? CEO or a role on the leadership team would be fantastic.

As she says: “I certainly don’t want this to sound arrogant, but I want to get to the top. I’m hungry to be better and to take on more. At school, I didn’t know what I wanted to do, and others may have had the impression that I wouldn’t go far because I lacked confidence. But now I know what I want and I’m heading in that direction.”

High-definition vision indeed.

TALENTED YOUNG WOMEN TAKE WING

AVIATION

Seven years ago, at just 15 years-old, Bayleigh McGuire was the youngest student to learn to fly on ServiceIQ's School Gateway Aviation programme. The training that takes place one day a week over six weeks, has proved the perfect take off to an exciting career.

No longer a fledgling, today Bayleigh has a dream job in Wanaka, where she flies visitors from all over the world across the beautiful Southern Alps to Milford Sound and back again.

"It's an awesome flight and meeting new people and sharing our great country with visitors is hard to beat. Knowing you've helped them have an enjoyable experience is rewarding," says Bayleigh.

It's been a steady career climb. Completing the Gateway Aviation programme in her last year at school helped her gain entry to the Southern Wings Flying Academy in Invercargill. After two years, she graduated with a New Zealand Diploma in Aviation, Private Pilot Licence (PPL), and Commercial Pilot Licence (CPL).

In November 2015, Bayleigh landed her first job in the aviation industry with a flight coordinator role at scenic flight company Air Milford in Queenstown. Then less than a year later, and just a couple of weeks before blowing out the candles on



Bayleigh McGuire



Ellie McIlraith

her 22nd birthday cake, she got her first pilot position with Southern Alps Air.

“If you’ve got the passion to be a pilot, you will make it happen,” says Bayleigh.

“You just have to be patient and prepared to do the other work that is also an important part of the industry. While you’re doing that you’re learning heaps. At Air Milford, everyone has to help out with customer service and general duties, which meant I learned lots of skills such as loading aircraft and marketing that I can bring to my new position.

“You graduate from pilot school, but the learning really starts when you get your first job.”

Bayleigh is accompanied by another pilot for several months while she gets used to flying her passengers in a six-seater Cessna over the mountainous route to Milford. Then she’ll be free to navigate the skies alone.

In her slipstream is Ellie McIlraith who,

like Bayleigh, graduated from ServiceIQ Gateway Aviation to go on to train as a professional pilot at Southern Wings Flying Academy.

In 2016, her first year at the Academy, Ellie passed her PPL, CPL and Instrument Flight Rating (IFR) theory exams with flying colours, and she aims to get her Private Pilot’s Licence before Christmas.

Flying solo has been the biggest challenge, says Ellie: “I need to make sure I get back again safely. If anything goes wrong, it’s up to me.”

Once she has qualified with a CPL, the next step is to complete the AIC (Airline Integration Course), which is part of Air New Zealand’s requirement of Southern Wings as a Flight Training Organisation (FTR).

This includes getting to grips with crew resource management in a commercial aircraft cockpit, and threat and error management – being able to recognise

that something is about to go wrong and managing and mitigating the danger.

Her second and final year involves nine months’ intensive training plus exams to qualify for her Diploma in Aviation.

Then, like Bayleigh, it will be time to get that career off the ground with a job where she can build up her experience and flying hours.

As the recipient of the ServiceIQ Gateway Aviation Scholarship, Ellie’s strategy for getting hired is to use the dollars she has left to learn how to fly aircraft that are used for scenic flights, sky diving and towing glider planes.

“It’s going to be good to get the professional training out of the way early on. Some of my friends at University still have four to five years to go. Hopefully I’ll be well established by then,” she says.

“My target is still to be an airline pilot by 25 or 26 years-old. Hopefully a Dash 8 or an ATR.”

FULL THROTTLE TOURISM

TOURISM

Her mother is head of tourism at Taupo-nui-a-Tia College. She studied Tourism Level 2 in her last year at school. But what persuaded Alice Orr to dive headlong into the vibrant industry was earning and learning on the job at the exhilarating adventure tourism magnet Hukafalls Jet.



“It was a real inspiration to be hands-on in the industry,” says Alice. “The more you do and the more you learn, the more your confidence grows.”

Alice started out working at Hukafalls Jet as a part-time casual when she was just 14 years-old.

Three years later and fresh out of college, the 17 year-old has now scored

a full time customer services role with the business and is excited about her ambitious plans for the future.

“Ultimately, I want to own and operate my own adventure tourism company and spend half my time outdoors and the other half on office work,” says Alice.

To get to grips with the management side of the industry, Alice has won a

place at the Queenstown Resort College in 2017.

Right now though, she’s gaining as much hands-on knowledge about what it takes to provide a first class service to visitors.

Along with three others in her tight knit team, Alice is quickly working towards gaining a ServiceIQ New Zealand Certificate in Retail (Level 2) qualification.

“Adventure tourism is not a walk in the park. It’s both scary and thrilling. I put myself in our customers’ shoes and think of how I would like to be served.”

The training programme is completed on-job where she can immediately apply new skills and know-how.

One important lesson she has learned is that first impressions really do count, says Alice. Especially when you need to gain trust and help calm nervous customers who travel thousands of miles to experience the thrilling ride.

“I now make the effort to have a tidy uniform, a smile on my face and that I greet customers warmly. It’s become an automatic part of my job,” says Alice.

“Adventure tourism is not a walk in the park. It’s both scary and thrilling. I put myself in our customers’ shoes and think of how I would like to be served. Our jet boat ride can seem overwhelming when you haven’t done it before, so we need

to be able to look customers in the eye, and be positive and reassuring to help put them at ease.”

The customer services role at Hukafalls Jet involves a wide range of responsibilities; from organising tour groups, managing the cash register, prepping the boats, kitting out customers with lifejackets, taking photographs, and taking care of all kinds of visitors from around the world.

“It’s very interesting. You really learn a lot about different cultures and their different expectations of the service we provide,” says Alice. “Sometimes it’s a challenge, but I’m learning all the time.

“I love everything about the job at Hukafalls Jet. There’s not one day I’ve not wanted to go to work.”



FROM EXHIBITION TO EXCITING VISITOR EXPERIENCE

VISITOR EXPERIENCE

“Increasingly, museums around the world are bringing hospitality and retail expertise into the visitor experience offer,” says Matthew McCarthy, front of house manager at Auckland’s Maritime Museum.

He’s a curious hybrid (that may or may not be related to the fact that his mother works in hospitality as a culinary chef and his father trains police dogs). But that’s exactly the point. Matthew’s extensive background in hospitality and expertise in management training make him a modern captain of the innovative museum’s customer service crew.

It also helps that he is an anthropology and archaeology graduate, completing a Masters in Museum Studies. Though that’s not why the 32 year-old Aussie got the gig, he says.

“My studies are very focused on collections, but there is a big shift towards visitor experience. While collections and exhibitions are excellent, the focus also has to be on visitors.

When someone comes into the museum and is bombarded by the different options, we’re here to find out what they’re interested in and match this with the best exhibitions we have to offer.”

Matthew started as the museum’s duty manager eight months ago.

He had just arrived in New Zealand from Australia, where he was front of house manager at Amora Hotels in Melbourne, and state training manager of popular fashion chain Tarocash.

“I love training and doing staff reviews. For me it’s really positive and fun,” he says.

Matthew had barely dipped his oars at the museum, when he scored his in-house assessor ticket and enrolled his talented team aboard the

“For employers, it will help you understand your staff and how they connect with other parts of your business. For employees, you get a qualification for doing what you do day to day in the museum and it helps strengthen your career prospects.”



ServiceIQ's training programme – New Zealand Certificate in Tourism (Visitor Experience) Level 3.

Like retail and hospitality, it's important his team knows the details of the show – the work by curators and conservators behind the scenes at the museum, the exhibitions and artefacts, and how to provide excellent service and great salesmanship.

This involves being able to talk intelligently and in detail about the exhibitions and events, and having the confidence to easily engage with people with wide ranging interests, and from all walks of life, says Matthew.

Hundreds of thousands of visitors discover the fascinating museum's ocean secrets each year.

But to stay in front of the competition for people's time and attention – which includes shopping, the internet, movies, sports events and many other pass times – you need to commit to ongoing improvement.

Hence the inspiration to upskill the team in with fresh knowledge and a national qualification.

“Our front of house team need to know the exhibitions almost as well as the back of house team who curated the show,” says Matthew.

“A knowledgeable and helpful team helps build the vibe in the museum. We want to establish a consistently high standard of visitor service and experience. We also wanted to check against national standards that what we are doing is heading in the right direction.”

His team of nine have different levels of experience and range in age from 19 up. To make sure everyone is in the same boat, training is done as a team. And it comes with prizes.

“I've added incentives and a sales challenge with a bit of a competition to make it more engaging,” says Matthew. “This way, I'm able to make sure they get into and gain value for the benefit of the museum and for their own development.”

The New Zealand Certificate in Tourism (Visitor Experience) is focused on reinforcing the unique culture and character of the experience that a museum or tourism attraction offers visitors.

Skills include recognising and satisfying the needs of international visitors, satisfying visitors' interest in New Zealand's unique culture by gaining an understanding in Māori customs, language and tourism practices, adding value to sales through conversation, keeping visitors safe by knowing how to use health, safety and security practices, knowing how to deal with visitor complaints, and more.

Along with the team's individual goals, the Tourism qualification is included as a team objective making it measurable with positive outcomes for the business and staff, says Matthew.

“For employers, it will help you understand your staff and how they connect with other parts of your business. For employees, you get a qualification for doing what you do day to day in the museum and it helps strengthen your career prospects.”

Six months down the track and Matthew and his team are close to successfully completing the programme.

In true hospitality style, he's planning the finer details of the graduation ceremony, complete with trophies and hats.

SCHOOL TO CAREER – SERVICEIQ GATEWAY TRAINING

ServiceIQ offers a wide range of great Gateway training options that help students gain the skills and experience to kick-start a job and/or career in the exciting services industry when they leave school. They also gain unit standards and make professional contacts that can help open doors to a wide range of fantastic opportunities in the growing aviation, tourism, hospitality and retail service sectors.

A student's ultimate role could be a chef, retail supervisor, store manager, tour guide, travel consultant, restaurant food and beverage manager, pilot, aeronautical engineer, airport operations manager, air traffic controller, hotel manager, warehouse or retail distribution manager, tourism operator, and many more.

Gateway training takes place in the classroom and/or an industry workplace.

Schools choose from two options: 'Readymade Gateway', a choice of off-the-shelf programmes, or 'DIY Gateway' where the school's Gateway Coordinators select the best ServiceIQ products to create tailor-made learning programmes to suit their students' needs.

DIY Gateway is a hit with students who aspire to be cooks, chefs, or build a career in New Zealand's booming tourism industry. The Readymade Gateway training is also hugely popular with students looking for job and/or career opportunities. It has been created by ServiceIQ in partnership with industry businesses and organisations and includes full training resources.



The Warehouse Red Shirts in Schools Gateway training

ServiceIQ and The Warehouse partner to help students gain experience, unit standards and the opportunity to kick-start a career in the exciting retail industry



Warehouse Stationery Blue Shirts in Schools Gateway training

ServiceIQ and Warehouse Stationery introduce students to the world of retail, where they discover the many roles and opportunities the industry offers job and career seekers.



McDonald's OASIS Gateway training

ServiceIQ and McDonalds partner to give students real experience of what it is like to work in hospitality and discover out the many different career opportunities available in the industry.



The Rock Shop & KBB Music in partnership with ServiceIQ

ServiceIQ and The Rock Shop & KBB Music gives students a glimpse of what it is like to work in the vibrant music retail industry.



ServiceIQ Cultural Camp Gateway training

Held at beautiful maraes around the country, including Waiheke Island, the cultural camps give students a comprehensive introduction to a career in Māori Tourism, a stand-out attraction for millions of visitors to New Zealand.



ServiceIQ Aviation Gateway training

ServiceIQ Aviation Gateway training gives students a feel for what it's like to be a pilot, aviation engineer, air traffic controller and many other uplifting roles in this exciting industry.

More ServiceIQ Gateway programmes are in planning for 2017.

ADVANCE AUSTRALIA FARE

HOSPITALITY

Melissa Lacascade is a talented and highly skilled supervisor at Delaware North's buzzing multi café and bar operation at Wellington Airport; she holds a New Zealand Certificate in Food & Beverage, a National Certificate in Business, and is the recipient of a Future Leader's Scholarship to complete a New Zealand Diploma in Hospitality.



On a recent trip to the exotic Melbourne Food & Wine Festival 2016, she was as much interested in the service as the gourmet fare on offer.

The food was fantastic, but the 10-day adventure across the ditch gave Melissa the chance to compare and contrast the business of great service.

Having grown up in France where waiters are highly-skilled career professionals, she knows exactly what it

takes to impress customers. The Aussies did not disappoint.

"Australian service is not casual – it's polite, friendly and professional," says Melissa. "It may be just a part-time job while studying for greater things at university, but they are still happy to be there and provide that extra five percent of magic that helps customers relax and enjoy themselves. They have a really positive attitude and there's no problem that they can't solve, whereas

New Zealanders doing the same job can get defensive."

Melissa was one the ServiceIQ All Stars team of three to attend the famous festival. Funded by the Hospitality Training Trust (HTT), the purpose of the trip was to give the up-and-coming hospitality professionals the opportunity to gain insights, inspiration, skills and experience at one of the world's most exciting culinary events.

“It taught me to generally be more assertive, direct and to give staff more feedback on the fly. It’s much better to tackle an issue straight away than the Kiwi she’ll be right attitude.”



At the popular Masterclasses, Melissa was lucky enough to get the chance to join her Aussie hospitality counterparts in waiting tables and serving the audience with elaborate dishes created by celebrity chefs from Denmark, Barbados, Hong Kong and Australia.

She also got a feel for making gin with a lot more flavour than the ubiquitous juniper berry, instead she discovered the use of lemons, rosemary, limes and fresh ginger at the extra special masterclass run by top Australian boutique gin brand Four Pillars.

But above all, she said she leapt at the opportunity to gain hands-on experience working at some of Delaware North’s huge food and beverage outlets in Melbourne; including the Botanical Gardens, and Melbourne’s Olympic Park, on the night that Madonna was due to perform.

The sheer scale of the bustling operations showed her how to satisfy customers quickly.

“When you have that many queuing up, it becomes more about being good at

serving as many people as possible,” says Melissa.

“It taught me to generally be more assertive, direct and to give staff more feedback on the fly. It’s much better to tackle an issue straight away than the Kiwi she’ll be right attitude.”

After the inspiring journey, she’s back on duty with award winning Delaware North in Wellington, continuing to learn, gain more qualifications on job, and take her career even further. She’s also busy coaching her team, helping them to increase their expertise and gain national qualifications.

“Melbourne was a fantastic experience,” says Melissa. “I’ve taken every opportunity that Delaware North has given to me over the last four years and that’s got me to where I am today. Now I want to raise my standards for myself and work even harder. And after dining with chefs in Australia, I want to keep up a new routine of trying different types of food.”

“Melbourne was a fantastic experience,” says Melissa.

“I’ve taken every opportunity that Delaware North has given to me over the last four years and that’s got me to where I am today.”

SERVICE SECTORS SERVE UP OVER A THIRD OF ALL KIWI CAREERS

Not only do the tourism, retail, hospitality, aviation and travel sectors provide vital services to New Zealanders and our visitors, combined, they also serve up some of the biggest opportunities for jobs and careers.

In fact, 35 per cent of all job openings in New Zealand between 2017 and 2020 will be in these sectors.

This equates to 89,286 retail jobs, 49,786 hospitality jobs, 43,211 tourism jobs, 3,889 aviation jobs, 1,755 travel jobs, and 626 jobs in museums.

ServiceIQ CEO Dean Minchington says: “The industry that is critical to daily life and the economy is a fundamental driver of employment on a huge scale.”

“These are growing sectors that in addition to providing towns, cities and smaller communities with essential services, offer talented people jobs and real opportunities to upskill, qualify and advance an exciting and rewarding career,” says Dean.

He says the service industry is ideal for people who learn better on the job rather than in a lecture theatre: “By training on the job and learning from experts, people gain real practical skills, knowledge and qualifications for life and career. They also earn as they learn without being hampered by a student loan.”

The direct approach of developing skills relevant to the workplace also works well for employers.

ServiceIQ provides on-job training programmes to Accor, Air New Zealand, BP, Flight Centre, McDonald’s, Novotel, Skyline New Zealand, The Warehouse Group, Z Energy and many more.

“They’re all household names. They are iconic brands. They are market leaders. They have achieved sustained success.

And they are all one hundred per cent committed to on-job training that gives staff important skills, qualifications and customers great service,” says Dean.

Every year, thousands of Kiwis upskill using ServiceIQ workplace training programmes and apprenticeships in the retail, hospitality, tourism, travel, aviation and museum sectors.

This wide variety of exciting roles includes: chefs, caterers, baristas, travel agents, tour guides and operators, museum front of house, hotel managers, aircraft engineers, flight attendants, airline customer service staff and ramp operators, retail supervisors, merchandisers and managers, restaurant maître d’s, food and beverage café bar and restaurant managers, and more.

35% OF ALL NEW ZEALAND JOBS BETWEEN 2017 AND 2020 ARE IN SERVICE SECTORS



2016 Data: Infometrics

TOP AVIATION & HOSPITALITY “ATHLETES” WIN GOLD AT NATIONAL SKILLS OLYMPICS

Move over sports stars. On a Sunday in October 2016, New Zealand’s top trainees in aviation engineering, cookery and hospitality management battled national rivals to win the chance to compete against the best in the world at next year’s international WorldSkills championships, sometimes referred to as the skills Olympics.

Up-coming aircraft engineer Jarrod Wood from Air New Zealand, and the New Zealand Defence Force’s apprentice chef Nicholas Todd and trainee food and beverage manager Kimberley De Schot each won gold in their respective fields of expertise at the 2016 national WorldSkills competition, held at the Waikato Institute of Technology in Hamilton, on the weekend.

The top performers all upskill on-job to high standards with training

“It’s gratifying to have so many excellent competitors from a diverse range of employers and training providers. They are skilled athletes in their trades and will provide our country with essential, valuable services,” says Michael.



programmes designed by industry experts and ServiceIQ. The triumphant trio will now go forward for selection to represent New Zealand on the world stage at the 2017 WorldSkills International Competition in Abu Dhabi.

Other medal winners who upskill according to ServiceIQ standards and training programmes were: ServiceIQ Aircraft Maintenance – Daniel Cornwall from New Zealand Defence Force (Silver), and Damon Barakat from Air New Zealand (Bronze). Cooking – Danielle Swart, apprentice chef from New Zealand Defence Force (Bronze).

WorldSkills NZ Aircraft Maintenance Skill Manager and Contest Organiser Michael Naus, says the competitors are a great inspiration for young New Zealanders considering a useful career in the trades

and service industries that are vital for the country.

“It’s gratifying to have so many excellent competitors from a diverse range of employers and training providers. They are skilled athletes in their trades and will provide our country with essential, valuable services,” says Michael.

He says he is particularly impressed with the high level of skill on show in aviation maintenance: “This translates to higher skilled tradespeople in our workplaces and improved productivity and safety for our aviation industry.”

Racing against the clock, the competition involves engineers dismantling and replacing engine components, an aircraft daily inspection, and the construction of an aircraft skin repair.

The various skills are hotly contested, says Michael: “For example the margin between Jarrod and Daniel was a mere 0.75 of a mark!”

New Zealand already has a strong record in this exciting event that recognises the highly technical and complex repertoire of skills needed for a safe aviation industry.

In 2013, Mike West (RNZAF) came second in the world when New Zealand debuted in the category at WorldSkills Leipzig, Germany; while in 2015, Kiwi aviation engineer Chris Robertson (RNZAF) was awarded a medallion of excellence and came sixth in the world in an extremely close-fought competition at WorldSkills Sao Paulo.

YOU'VE GOT IT MADE! AGAIN

On the back of the successful Got a Trade? Got it Made! campaign launched in 2015, ServiceIQ once again joined other ITOs to get behind the 2016 campaign.



Over one week in August, the high-energy nationwide media event raised awareness among young people of the many great career opportunities in New Zealand's dynamic and fast growing service and trade industries.

That's because many of the best careers, and successful people, get started by training on the job – in real workplaces with real customers and real problems to solve. It's a unique experience that can only be gained from doing – working alongside seasoned experts and learning the relevant skills and knowledge through structured training programmes.

Throughout the campaign, ServiceIQ showcased some of the rising stars in retail, hospitality, tourism and aviation who have trained on-job to launch enjoyable and rewarding careers.



Sure to rise: culinary star in her greatest job yet

Tamara Johnson made sure she had the best recipe for a successful chef's career by making the right start, early – when she left school, she trained on job with a ServiceIQ Chef Apprenticeship at Auckland's St Helier's Bay Café and Bistro. Three years after qualifying, and winning national competition title 'ServiceIQ Apprentice Chef of the Year 2013', Tamara had completed a stint cooking in the US, and returned home to become Head Chef at Auckland's acclaimed Madam Woo restaurant.



Selling confidence not cosmetics

Divan Badenhorst, Clinique counter manager and cosmetic team leader at Green Cross Health chain's upscale Life Pharmacy in Newmarket, Auckland, got into retail working part-time at a department store while he was still at school. He started in menswear, moved into visual merchandising, followed by fragrance, then cosmetics. Today he is being groomed for higher management with ServiceIQ on-job training. Like the courage he gives his devoted skincare customers, Divan says training has boosted his confidence, too: "I understand people better and love dealing with staff even more. I also love thinking up new ways to grow the business."

FINANCIALS

Service Skills Institute Incorporated

Financial Report

For the 12 months ended
31 December 2016



BDO WELLINGTON

INDEPENDENT AUDITOR'S REPORT
To the Members of Service Skills Institute Incorporated and Group

Opinion

We have audited the consolidated financial statements of Service Skills Institute Incorporated and Group ("ServiceIQ") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BDO WELLINGTON

Who we Report to

This report is made solely to ServiceIQ's 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 ServiceIQ and ServiceIQ's members, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads 'BDO Wellington'.

BDO Wellington
Wellington
New Zealand
31 May 2017

SERVICE SKILLS INSTITUTE INCORPORATED
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FOR THE 12 MONTHS ENDED 31 DECEMBER 2016

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**SERVICE SKILLS INSTITUTE INCORPORATED
INSTITUTE DIRECTORY
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

Nature of Business	Industry Training Organisation for Aviation, Tourism, Travel, Museums, Cafes, Bars, Restaurants, Accommodation, Catering, Quick Service Restaurants, Clubs and the Retail Supply Chain.
Business Location	Wellington
Registered Office	Plimmer Towers 2-6 Gilmer Terrace Wellington 6011
Board Members	Rick Christie, Board Chair John Albertson Trevor Douthett Maxine Gay Maryann Geddes Jill Hatchwell Grant Lilly Bruce Robertson John Selby
Chief Executive Officer	Dean Minchington
Bankers	Bank of New Zealand Harbour Quays Wellington
Auditor	BDO Wellington 50 Customhouse Quay Wellington

SERVICE SKILLS INSTITUTE INCORPORATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016

		31 Dec 2016	31 Dec 2015
		\$	\$
REVENUE			
Government funding	7a	17,056,400	16,540,475
Industry income		4,426,237	4,727,128
Other income		110,301	178,826
Interest and investment income		292,581	529,208
TOTAL REVENUE		<u>21,885,519</u>	<u>21,975,637</u>
EXPENSES			
Operating expenses	2	20,986,959	19,271,768
Finance costs		171,034	213,379
Depreciation	3	221,850	300,755
Amortisation	4	134,655	200,303
TOTAL EXPENSES		<u>21,514,498</u>	<u>19,986,205</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>371,021</u>	<u>1,989,432</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		<u>371,021</u>	<u>1,989,432</u>

The accompanying notes form part of these financial statements.

**SERVICE SKILLS INSTITUTE INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

	Note	31 Dec 2016 \$	31 Dec 2015 \$
Contributed equity		10,527,015	10,527,015
Opening retained earnings		1,695,903	(293,529)
Total comprehensive income for the period		<u>371,021</u>	<u>1,989,432</u>
Closing retained earnings		2,066,924	1,695,903
Closing balance		<u>12,593,939</u>	<u>12,222,918</u>

The accompanying notes form part of these financial statements.

**SERVICE SKILLS INSTITUTE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 Dec 2016 \$	31 Dec 2015 \$
EQUITY			
Contributed Equity		10,527,015	10,527,015
Retained earnings		<u>2,066,924</u>	<u>1,695,903</u>
		<u>12,593,939</u>	<u>12,222,918</u>
CURRENT ASSETS			
Cash and cash equivalents	5	1,986,187	4,631,205
Short term investments	6	8,577,299	6,137,089
Trade receivables		223,600	220,678
Other receivables	13	794,897	839,749
Inventory		<u>21,645</u>	<u>30,527</u>
		11,603,628	11,859,248
NON-CURRENT ASSETS			
Property, plant and equipment	3	369,400	353,472
Intangibles	4	1,238,838	855,351
Long term investments	6	1,141,256	1,085,622
Investment in Associate Entity - Mediasphere NZ Ltd		215,061	-
Other		<u>20,716</u>	<u>29,923</u>
		2,985,270	2,324,369
TOTAL ASSETS		<u>14,588,898</u>	<u>14,183,617</u>
CURRENT LIABILITIES			
Accounts payable		627,056	787,933
Accruals and other payables	7	<u>1,281,920</u>	<u>1,095,285</u>
		1,908,976	1,883,218
NON CURRENT LIABILITIES			
Provisions	8	85,983	77,481
TOTAL LIABILITIES		1,994,959	1,960,699
NET ASSETS (LIABILITIES)		<u>12,593,939</u>	<u>12,222,918</u>

For and on behalf of the Board

_____ Rick Christie Board Chair Date: 31 May 2017

_____ John Selby Board Member Date: 31 May 2017

The accompanying notes form part of these financial statements.

**SERVICE SKILLS INSTITUTE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

	Note	31 Dec 2016 \$	31 Dec 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Tertiary Education Commission Funding		17,056,400	14,551,428
Interest & Investment Income		427,023	365,014
Sale of Goods & Services		4,542,463	4,935,843
		<u>22,025,886</u>	<u>19,852,285</u>
Cash was disbursed to:			
Payments to suppliers/employees		(21,141,083)	(18,958,882)
Net cash (outflow)/ inflow from operating activities		<u>884,803</u>	<u>893,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was disbursed to:			
Sale/(Purchase) of investments		(2,523,320)	(1,815,480)
Purchase of Fixed Assets		(791,440)	(802,961)
Net cash (outflow)/ inflow from investing activities		<u>(3,314,760)</u>	<u>(2,618,441)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
TEC Reboot Funding		-	(27,950)
Mediasphere NZ Limited funding		(215,061)	-
Net cash (outflow)/ inflow from financing activities		<u>(215,061)</u>	<u>(27,950)</u>
Net cash inflow/ (outflow) from investing and financing activities		<u>(3,529,821)</u>	<u>(2,646,391)</u>
Net increase in Cash		(2,645,018)	(1,752,988)
Opening Cash Balance 1 January 2016		4,631,205	6,384,193
CLOSING CASH BALANCE FOR THE PERIOD ENDING 31 DECEMBER 2016		<u>1,986,187</u>	<u>4,631,205</u>

The accompanying notes form part of these financial statements.

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These financial statements comprise the financial statements of Service Skills Institute Incorporated ("ServiceIQ") and its subsidiary ServiceIQ International Limited for the period beginning 1 January 2016 and ending 31 December 2016. ServiceIQ is an incorporated society, registered and domiciled in New Zealand. ServiceIQ International Limited is a New Zealand limited company fully owned by ServiceIQ. ServiceIQ is an incorporated society under the Incorporated Societies Act 1908 and registered as a charitable entity under the Charities Act 2005.

ServiceIQ is an Industry Training Organisation for the Aviation, Tourism, Travel, Museums, Cafes, Bars, Restaurants, Accommodation, Catering, Quick Service Restaurants, Clubs and the Retail Supply Chain.

The financial statements were authorised for issue by the Board on 31 May 2017.

Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR), as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

ServiceIQ's primary objective is to provide goods and services for industry rather than for financial return. Accordingly, ServiceIQ has designated itself as a public benefit entity for the purposes of financial reporting.

ServiceIQ qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

(b) Basis of Measurement

The financial statements are prepared on the historical cost basis except that certain assets and liabilities are stated at their fair value. The accruals basis of accounting has been used unless otherwise stated.

(c) Use of Estimates and Judgments

The preparation of the financial statements in conformity with PBE Standards RDR requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Presentational Currency

The financial statements are presented in New Zealand dollars (\$) which is ServiceIQ's functional and presentation currency, rounded to the nearest dollar.

(e) Going Concern

These financial statements have been prepared on a going concern basis.

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

Significant Accounting Policies

The accounting policies set out below have been applied consistently in the period of these financial statements.

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are recognised at their cash settlement value.

(b) Trade Debtors and Other Receivables

Trade debtors and other receivables are recognised initially at their fair value, and then subsequently measured at amortised cost using the effective interest method less any impairment losses.

A provision for impairment is established where there is objective evidence that ServiceIQ will not be able to collect all amounts due according to the original terms of the receivable. The measurement of the provision is the difference between the assets carrying value and the present value of discounted estimated future cash flows.

Receivables with a short duration are not discounted.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the weighted average principle and includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

(d) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to ServiceIQ and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

Subsequent Costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to ServiceIQ and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense when incurred.

Depreciation

Depreciation is provided on a straight-line ("SL") basis on all property, plant and equipment over the estimated useful life of the asset. Depreciation is charged to the Statement of Comprehensive Income.

The estimated useful life of each class or property, plant and equipment is as follows:

ICT Hardware	3 years
Office Equipment	3 years
Office Furniture & Fixtures	5 years
Work in Progress	Not Applicable

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining lives of the improvements, whichever is shorter. An asset is only recognised where ServiceIQ has the unencumbered right to the asset.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

(e) Intangible assets

Intangible assets acquired by ServiceIQ, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible asset, from the date that they are available for use. The estimated useful life of each class of intangible assets is as follows:

Acquired computer software	3 years
Internally Developed Software	3-5 years

Computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Cost associated with maintenance of computer software are recognised as an expense when incurred.

(f) Financial Instruments

Financial instruments are recognised in the Statement of Financial Position initially at fair value plus, for instruments not at fair value through the Statement of Comprehensive Income, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when ServiceIQ becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if ServiceIQ's contractual rights to the cash flows from the financial assets expire, or if ServiceIQ transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if ServiceIQ's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in shares, trade and other receivables, cash and cash equivalents (including bank overdrafts), and trade and payables.

ServiceIQ has no off-balance sheet financial instruments.

Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when ServiceIQ becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and bank overdrafts.

Trade and other payables

Trade and other payables are measured at amortised cost, using the effective interest method. Trade payables of a short-term nature are not discounted.

Subsequent Measurement of Financial Assets

The subsequent measurement of financial assets depends on their classification based on the purpose for which financial assets were acquired.

Subsequent Measurement of Financial Liabilities

Trade payables and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Classification of Financial Instruments:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

(ii) Held to Maturity Investments

Held to maturity investments are bank deposits and corporate bonds with fixed or determinable payments and fixed maturities that ServiceIQ has the positive intention and ability to hold to maturity. These are classified as long and short term investments on the statement of financial position. After initial recognition these assets are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired are recognised in the Statement of Comprehensive Income.

(iii) Loans and receivables

Trade and other receivables are measured at amortised cost, using the effective interest method, less impairment losses. Trade receivables of a short-term nature are not discounted. Discounting is omitted where the effect of discounting is immaterial.

(iv) Financial liabilities measured at amortised cost

Accounts payable and other payables are measured at amortised cost, using the effective interest method.

SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016

(g) Impairment

Impairment of Financial Assets

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

All impairment losses are recognised in Statement of Comprehensive Income and reflected in an allowance account against receivables.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivable is impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables.

Impairment of Non-financial Assets

The carrying amounts of ServiceIQ's assets other than inventories are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in Statement of Comprehensive Income.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets. In the case of ServiceIQ the cash generating unit is the entire entity.

(h) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

ServiceIQ recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent ServiceIQ anticipates it will be used by staff to cover those future absences.

Long service leave

The provision for long service leave is calculated using the projected unit credit method, bringing to account the current estimate of future payments in respect of service that employees have accumulated at balance date.

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans (including KiwiSaver) are recognised as an expense in Statement of Comprehensive Income when they are due.

(i) Provisions

A provision is recognised when ServiceIQ has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Reinstatement Provision for Operating Leases

The estimated cost of reinstatement for the Wellington and Auckland leased properties will be provided for over the life of the lease up to the first right of renewal option date based on an estimated current cost based on a square metre rate for a reinstatement in accordance with the Deeds of Lease.

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

(j) Revenue

Revenue is identified as either exchange or non-exchange. A transaction is classified as an exchange transaction if it has all of the following three components otherwise it is classified as non-exchange:

- There are two parties that have agreed to enter into the transaction
- There is a direct exchange of economic benefits or service potential between the parties
- The exchange is of approximately equal value

Government Funding

ServiceIQ receives funding from the Tertiary Education Commission based on Standard Training Measures (STMs). The income is recognised when received in accordance with contracted delivery and when conditions of the agreement are met. Any potential repayment of funding is an end of year clawback adjustment due to over-funding by TEC, and is recognised as a liability in the Balance Sheet. This revenue is considered non-exchange on the basis that TEC does not receive a direct benefit from the funding.

Industry Income

Industry income consists of resource sales and course registration fees, which is considered non exchange revenue, and NZQA Moderation Rebate revenue, which is considered exchange revenue. Resource sales and course registration fee are recognised when the fees are charged, or income is due. This revenue is considered non-exchange on the basis that the fees, and by extension, resources, are significantly subsidised by TEC, so the transaction is not of approximately equal value. NZQA moderation rebate is recognised when received, in the year which the related moderation occurs. This revenue is considered exchange on the basis that this is essentially a full cost recovery subcontracting arrangement with NZQA, who holds ultimate responsibility for moderation of tertiary level qualifications.

Other income

Other income is related to grants received from the Hospitality Training Trust and other sundry income. Revenue is recognised when fees are charged, or income is due. This revenue is considered exchange on the basis that it is made of a number of miscellaneous sales agreements.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(k) Income Tax

ServiceIQ is registered under the Charities Act 2005 and has been granted exemption from income tax under section CW41 and 42 of the Income Tax Act 2007. As such no provision has been made for current or deferred tax.

(l) Goods and Services Tax

With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

(m) Associates

Mediasphere New Zealand Limited is an Associate, as ServiceIQ holds 50% of the shares in Mediasphere New Zealand Limited.

Associates are those entities in which ServiceIQ has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when ServiceIQ holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognised initially at cost, including directly attributable transaction costs.

The consolidated financial statements include ServiceIQ's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted associates and jointly-controlled-entities, after adjustments to align the accounting policies with those of ServiceIQ, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When ServiceIQ's share of losses exceeds its interest in its equity accounted associates and jointly-controlled-entities, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that ServiceIQ has an obligation or has made payments on behalf of the investee.

(n) Leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis. Lease inducements are recognised over the term of the lease. Operating leases are not recognised in the statement of financial position.

(o) Changes in Accounting Policies

There have been no changes in accounting policies other than the change of accounting frameworks to the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

This is the first set of financial statements prepared in accordance with the PBE Standards RDR. No amounts were materially affected by this adoption.

SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016

2. OPERATING EXPENSES

The following are included within operating expenses:

	31 Dec 2016	31 Dec 2015
	\$	\$
Audit fee	26,500	25,500
Premises Rental	823,317	788,160
Operating lease costs	290,617	276,517
Premises fit out amortisation	9,207	9,207
Legal fees	29,271	26,223
Bad debts expense	9,491	
Employee benefit expenses:		
Wages and salaries	9,971,246	8,832,025
Contributions to defined contribution plans	236,987	200,184
Other fees paid to auditor were for:		
Internal Control review	4,813	5,100
Accounting Services	-	1,930

3. PROPERTY, PLANT AND EQUIPMENT

	ICT Hardware	Equip; Furn &Fittings	Office Fit Out	Total
Cost or Valuation				
Balance as at 1 January 2016	663,677	291,614	113,458	1,068,749
Additions	125,824	63,543	81,514	270,882
Disposals	(477,884)	(20,932)	(113,459)	(612,275)
Balance as at 31 December 2016	<u>311,617</u>	<u>334,225</u>	<u>81,513</u>	<u>727,356</u>
Accumulated depreciation and impairment				
Balance as at 1 January 2016	482,757	163,518	69,000	715,275
Depreciation	131,245	69,654	20,950	221,850
Disposals	(472,496)	(20,859)	(85,813)	(579,168)
Balance as at 31 December 2016	<u>141,506</u>	<u>212,313</u>	<u>4,137</u>	<u>357,956</u>
Net Book Value	170,111	121,912	77,376	369,400
2015 Net Book Value	180,916	128,097	44,458	353,472

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

4. INTANGIBLE ASSETS

	Software	Work in Progress	Total
Cost or Valuation			
Balance as at 1 January 2016	927,131	609,469	1,536,600
Additions	682,881	518,598	1,201,479
Disposals	(764,964)	(650,601)	(1,415,565)
Balance as at 31 December 2016	<u>845,048</u>	<u>477,466</u>	<u>1,322,514</u>
Accumulated amortisation			
Balance as at 1 January 2016	681,249	-	681,249
Amortisation	134,655	-	134,655
Disposals	(732,229)	-	(732,229)
Balance as at 31 December 2016	<u>83,675</u>	<u>-</u>	<u>83,675</u>
Net Book Value	761,373	477,466	1,238,838
2015 Net Book Value	245,882	609,469	855,351

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

5. CASH AND CASH EQUIVALENTS

	31 Dec 2016	31 Dec 2015
	\$	\$
Operating Bank accounts and Cash on hand	1,271,296	4,592,050
Bank Deposit Accounts with 90 days or less maturity	-	-
Cash Management Account with Craigs Investments	714,891	39,155
Total Cash and Cash Equivalents	<u>1,986,187</u>	<u>4,631,205</u>

6. SHORT AND LONG TERM INVESTMENTS

	31 Dec 2016	31 Dec 2015
	\$	\$
Short term investments		
Bank Term deposits	7,907,141	5,786,100
Bonds, Notes and Debentures	670,158	350,989
Total current investments	<u>8,577,299</u>	<u>6,137,089</u>
Long term investments		
Bonds, Notes and Debentures	1,141,256	1,085,622
Total non-current investments	<u>1,141,256</u>	<u>1,085,622</u>
Total Short and Long-term investments	<u>9,718,555</u>	<u>7,222,711</u>

NB. Bank Term Deposits are held for Guarantees of \$493,212 (2015: \$493,212) for tenancy lease agreements, and a \$386,100 (2015: \$386,100) letter of credit over the payroll.

7. ACCRUALS AND OTHER PAYABLES

	31 Dec 2016	31 Dec 2015
	\$	\$
Employee Benefits		
Liability for unpaid salary (current)	207,220	145,781
Liability for long-service leave (current & non-current)	49,848	48,493
Liability for annual leave (current)	541,646	388,169
Total Employee Benefits	<u>798,713</u>	<u>582,443</u>
Retail - Modern apprenticeship program - Subsidy Provision	-	12,850
Tertiary Education Commission under delivery provision	-	-
GST payable	210,889	151,439
Other payables	272,318	348,553
Total Accruals and Other Payables	<u>1,281,920</u>	<u>1,095,285</u>

7a. Tertiary Education Commission under delivery provision

	31 Dec 2016	31 Dec 2015
	\$	\$
The TEC funding summary for 2016 was as follows:		
Funding received	17,056,400	16,458,152
Partial refund 2014 underdelivery	-	82,323
Under delivery provision 2016	-	-
	<u>17,056,400</u>	<u>16,540,475</u>

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

8. NON CURRENT LIABILITIES

	31 Dec 2016 \$	31 Dec 2015 \$
(i) PROVISIONS		
Non-current provisions		
Office equipment lease liability	-	4,407
Premises Reinstatement Provision - due 31 March 2019	85,983	73,074
Total Provisions	85,983	77,481

Provision of \$12,909 was made in the year toward the reinstatement of the leased premises in Auckland and Wellington.

9. RELATED PARTY TRANSACTIONS

Key Management Personnel

The following Board members of ServiceIQ worked for companies which entered into training agreements with and purchased resources from ServiceIQ during the year. All transactions are undertaken in the normal course of business on standard terms and conditions.

Board Member	Organisation	Nature of Transaction	Paid to ServiceIQ \$	Paid by ServiceIQ \$	As at 31 Dec 2016 Balance owed to/(by) ServiceIQ \$
Maryann Geddes	Skyline Enterprises	Training Fees & Resources	3,613	-	557
Grant Lilly	Tourism Industry NZ Trust	Professional Development	-	1,855	-
Bruce Robertson	Hospitality Training Trust	Repayment of Grant	-	3,000	-
John Selby	Onslow College	Training Fees & Resources	2,984	-	-

Board Member	Organisation	Nature of Transaction	Paid to ServiceIQ \$	Paid by ServiceIQ \$	As at 31 Dec 2015 Balance owed to/(by) ServiceIQ \$
Trevor Douthett	Baby City Retail	Training Fees	547	-	-
Maryann Geddes	Skyline Enterprises	Training Fees & Resources	1,511	-	92
Bruce Robertson	Hospitality New Zealand	Sponsorship/Expense Recovery	52	30,000	-
Bruce Robertson	Hospitality Training Trust	Provides Grants	55,588	-	-
John Selby	Onslow College	Training Fees & Resources	3,824	-	-

Terms of trade are settlement month following invoice. No guarantees or securities are given and no bad debts or bad debts provision have been recorded during the period.

Key management personnel remuneration

Key management personnel are classified as either:

- ServiceIQ Board
- Executive Team

ServiceIQ board members are paid monthly directors' fees. The executive team are employed as employees of ServiceIQ, on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in 'people' for board members, and 'full-time equivalents' (FTE's) for the executive team) in each class of key management personnel is presented below:

	31 Dec 2016		31 Dec 2015	
	Remuneration	Number of individuals	Remuneration	Number of individuals
ServiceIQ Board	294,500	9	251,000	9
Executive Team	1,126,439	6 FTE's	1,062,878	6 FTE's
	<u>1,420,939</u>		<u>1,313,878</u>	

There were no loans made to key management personnel or close family members during this period.

Other related parties

ServiceIQ does not have any further related party transactions.

**SERVICE SKILLS INSTITUTE INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2016**

10. FINANCIAL INSTRUMENTS

Financial instruments are classified into the following categories:

As at 31 December 2016:	Held to Maturity	Loans and Receivables	Financial Liabilities at Amortised Cost	Total Carrying Amount	Fair Value
	\$	\$	\$	\$	\$
Cash and cash equivalents	-	1,986,187	-	1,986,187	1,986,187
Short term investments	8,577,299	-	-	8,577,299	8,577,299
Trade receivables	-	223,600	-	223,600	223,600
Other receivables	-	454,122	-	454,122	454,122
Trade payables	-	-	627,057	627,057	627,057
Other payables	-	-	242,319	242,319	242,319
Long term investments	1,141,256	-	-	1,141,256	1,141,256
	9,718,555	2,663,909	869,376	13,251,840	13,251,840

There were no financial instruments classified in the 'Fair value through the Statement of Comprehensive Income' or in the 'Available for sale' categories.

As at 31 December 2015:	Held to Maturity	Loans and Receivables	Financial Liabilities at Amortised Cost	Total Carrying Amount	Fair Value
	\$	\$	\$	\$	\$
Cash and cash equivalents	-	4,631,205	-	4,631,205	4,631,205
Short term investments	6,137,089	-	-	6,137,089	6,137,089
Trade receivables	-	220,678	-	220,678	220,678
Other receivables	-	597,411	-	597,411	597,411
Trade payables	-	-	787,933	787,933	787,933
Other payables	-	-	338,614	338,614	338,614
Long term investments	1,085,622	-	-	1,085,622	1,085,622
	7,222,711	5,449,294	1,126,547	13,798,552	13,798,552

There were no financial instruments classified in the 'Fair value through the Statement of Comprehensive Income' or in the 'Available for sale' categories.

11. SERVICEIQ INTERNATIONAL LIMITED

Service Skills Institute Incorporated registered ServiceIQ International Limited on 4 November 2014. Service Skills Institute Incorporated owns 100% of the shares of ServiceIQ International Limited. Other than an initial grant in 2015, from Education New Zealand, ServiceIQ International Limited has not generated trading income.

12. OPERATING LEASES

	31 Dec 2016	31 Dec 2015
	\$	\$
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,160,463	1,219,096
Between one and five years	2,474,866	2,787,171
More than five years	-	-
	3,635,329	4,006,266

Operating leases comprise office rental costs up to the first renewal date and motor vehicle lease contracts.

13. OTHER RECEIVABLES

	31 Dec 2016	31 Dec 2015
	\$	\$
NZQA Moderation income	343,005	353,280
Prepayments	340,775	242,338
Other receivables	111,117	244,131
	794,897	839,749

14. ASSOCIATES

As at 31 December 2016, ServiceIQ's investment in Mediasphere New Zealand Limited was \$215,061 (2015: nil). No profit was received in 2016. There are no contingent liabilities in relation to Mediasphere New Zealand Limited as at 31 December 2016 (2015: nil)

15. COMMITMENTS

ServiceIQ has no major forward commitments as at 31 December 2016 (2015: nil).

16. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2016 (2015: nil).

17. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events subsequent to reporting that would affect the financial statements (2015: nil).

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ServiceIQ
CONNECT
Meetings