



Annual Report 2014



Contents

2	Our vision
5	Key Result Statistics
8	Chairman's report
10	Chief Executive's report
12	Primary ITO Board
14	IPGs / Corporate Governance
16	Balanced Scorecard
19	Highlights & Achievements
27	Business Section reports
49	Financial reports



In 2014, Primary ITO helped Kiwis gain the skills and knowledge to grow better careers and better businesses across our land, food and water industries.

We're New Zealand's largest industry training organisation offering nationally recognised, NZQA qualifications to 29 industry sectors. Every month, 14,000 people are engaged in Primary ITO training programmes, working towards gaining one of our qualifications.

Primary ITO works closely with our industries to develop training and qualifications to meet the skill needs of our sectors. We contract

accredited providers to deliver courses on our behalf. Primary ITO monitors the quality of training and assessment, both on and off the job.

A large and vitally important part of our role is the mentorship we offer our trainees and employers. Our support helps people gain the skills and knowledge they need to grow their primary industry careers and businesses.



Primary ITO aim to improve people capability across the primary industries. Our training and qualifications deliver skilled, knowledgeable and confident people.

Purpose

Growing great people for our primary industries.

Vision

Driving the growth of the New Zealand economy through people.



Key Result Statistics

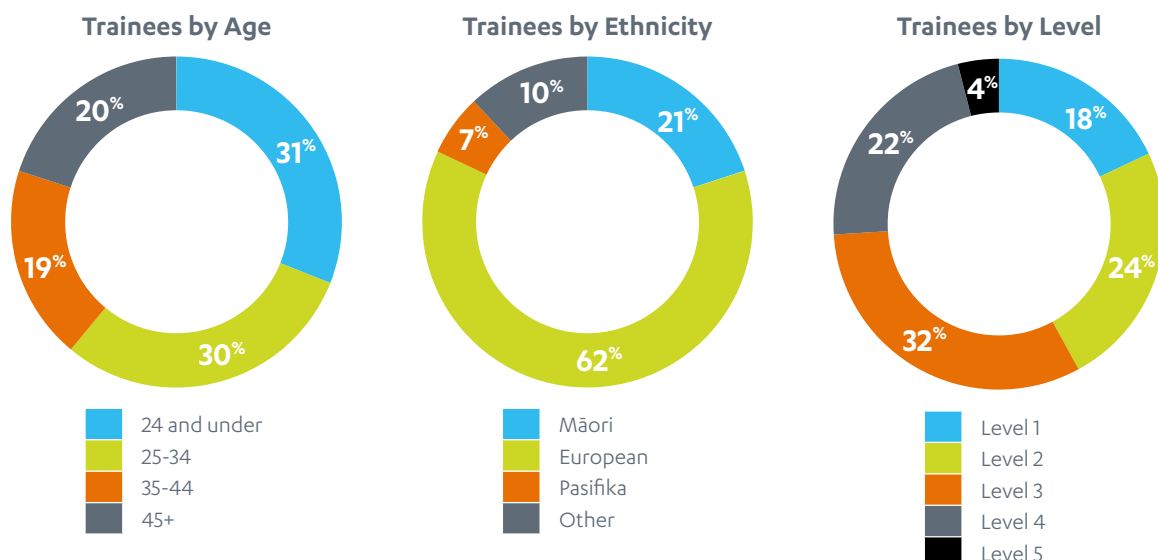
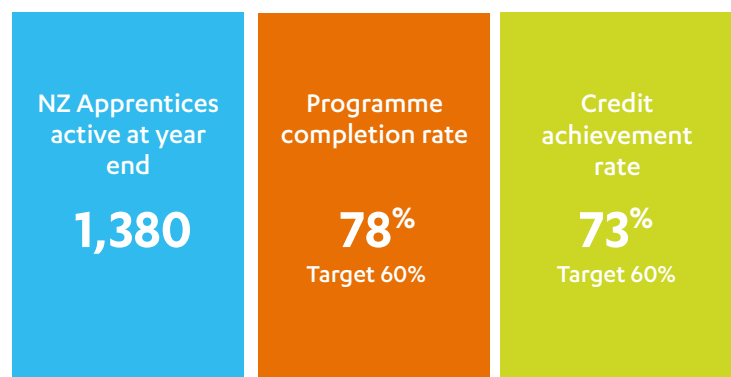
Primary ITO operates under the provisions of the Industry Training Act 1992 to facilitate workplace learning for people employed in our industries. We set the education standards for around 180 qualifications across the agriculture, horticulture, food processing, water, equine and sports turf industries. We also arrange for training to be delivered through accredited providers, monitor training quality and arrange for assessment of trainees.



*National Certificates achieved includes National Certificates and National Diploma

In addition to fulfilling our mandated role, our major funder the Tertiary Education Commission (TEC) and our industry partners set a number of priorities for us for the year:

- Increased educational outcomes through improved credit achievement and programme completion
- Increased activity at Diploma level
- Increased numbers in training.

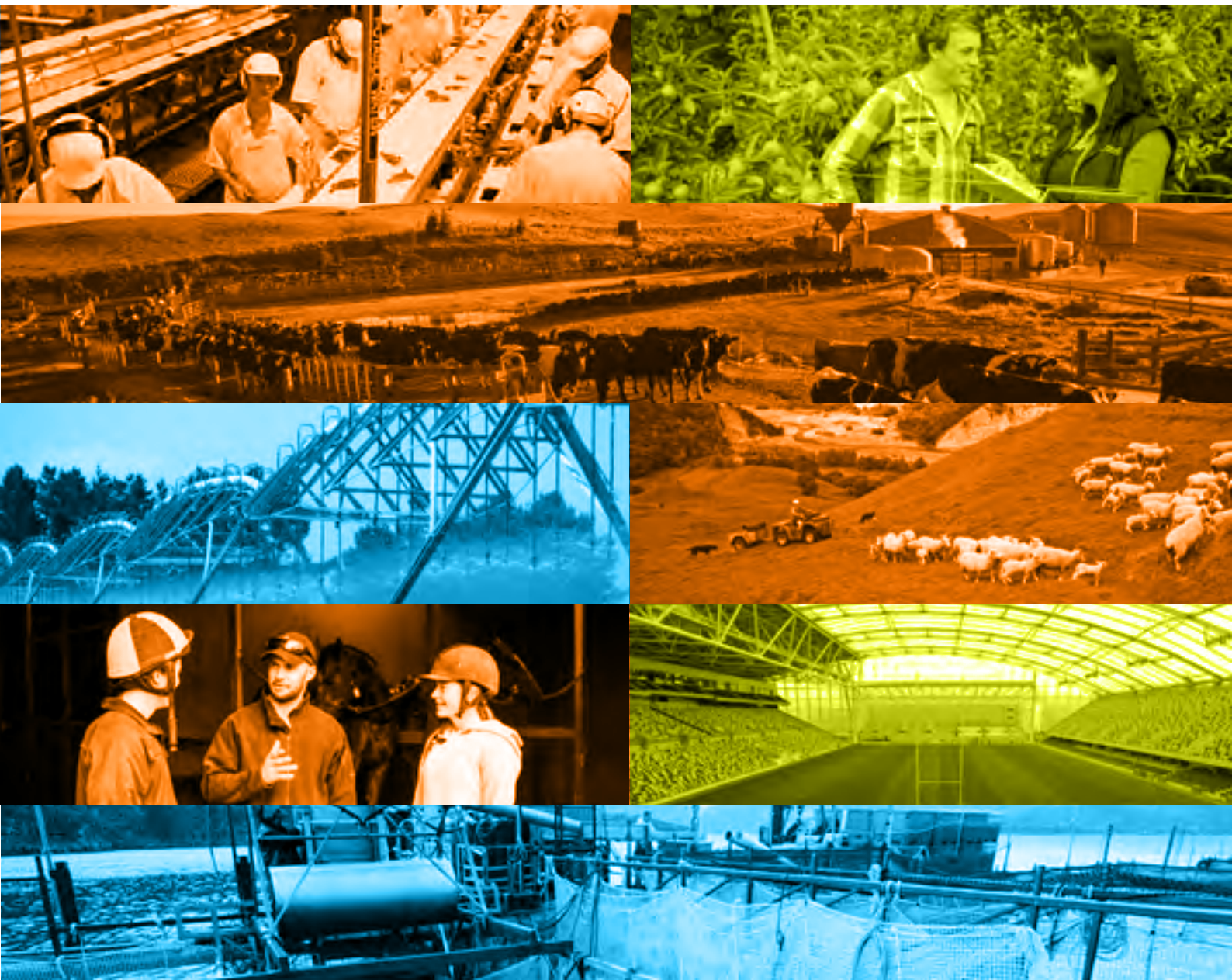


		Trainees		Credits		Programmes*	
		2013	2014	2013	2014	2013	2014
AGRICULTURE	Arable	45	52	500	401	3	8
	Artificial Breeding	94	147	1,565	1,818	9	7
	Beekeeping	–	20	–	206	–	–
	Dairy	9,492	9,635	273,871	298,240	5,454	5,587
	Deer	20	36	481	1,043	3	17
	Fencing	2	11	50	200	–	3
	Goat	18	56	534	1857	4	47
	Pest Management	456	446	8,266	5,054	174	200
	Pork	53	43	959	708	25	15
	Poultry	182	164	5,082	3,208	66	68
	Rural Servicing	823	905	14,775	13,261	292	413
	Seed Dressing	3	5	146	35	2	3
	Sheep & Beef	987	983	31,487	28,265	625	530
	Wool Harvesting	1,456	1,271	41,915	25,395	996	343
HORTICULTURE	Amenity Horticulture	1,234	889	25,189	21,110	605	619
	Arboriculture	409	387	11,212	12,565	124	241
	Avocado	1	2	37	33	–	–
	Floriculture	29	15	778	482	22	21
	Floristry	123	70	3,689	1,217	44	27
	Forest Nursery	27	36	829	302	3	22
	Fruit Production	1,169	1,120	22,395	28,623	518	573
	Greens – Outdoor Production	33	71	1,154	2,649	–	32
	Indoor Production	193	293	2,026	9,368	–	163
	Kiwifruit	187	257	5,966	8,128	109	230
	Landscaping	401	418	14,203	12,078	159	296
	Nursery Production	304	259	6,649	6,865	199	188
	Onions – Outdoor Production	12	27	369	1,256	–	17
	Organics	13	20	324	303	2	4
	Other Fruit Production	595	419	8,235	11,211	248	213
	Pipfruit	387	443	8,222	9,294	161	131
	Plant & Garden Supply Retailing	4	17	350	422	–	3
	Root crops – Outdoor Production	40	131	990	4,527	–	77
	Sports Turf	437	479	9,500	11,314	90	153
	Vegetable Production	750	698	12,977	22,305	240	456
	Viticulture	371	383	5,455	10,001	108	194
FOOD PROCESSING	Dairy Manufacturing	819	883	18,375	18,230	1,024	1,062
	Meat Processing	6,110	6,028	164,889	143,974	6,947	7,069
	Seafood	1,320	1,532	3,1637	37,924	1,613	2,237

		Trainees		Credits		Programmes*	
		2013	2014	2013	2014	2013	2014
EQUINE	Equine & Greyhound	475	471	14,835	13,076	93	227
	Equine Breeding	27	27	892	636	6	10
	Greyhound Racing	11	14	2	76	–	1
	Harness Racing	95	103	4,514	2,994	17	38
	Sport Horse	1	4	126	41	–	1
	Thoroughbred Racing	341	323	9,301	9,329	70	177
WATER	Irrigation	15	15	30	217	–	1
	Reticulation	322	397	8,877	7,512	115	114
	Wastewater Treatment	129	131	4,921	4,340	35	42
	Water Treatment	201	205	6,036	6,119	85	210
Other		842	1,327	18,224	30,428	598	1,178
OVERALL TOTAL		31,058	31,668	802,839	828,640**	20,888	23,268

*Programmes completed includes Limited Credit Programmes, Supplementary Credit Programmes, National Certificates and Diploma.

**Credit achievement on this page includes non-TEC funded work so therefore does not concur with the credit completion figures on the Key Statistics page and the Balanced Scorecard as these reflect funded work only.



Chairman's Report



John Parker
Chairman, Primary ITO

Another Merger

The merger of Agriculture ITO and NZ Horticulture ITO in late 2012 to form Primary ITO was a major, and potentially disruptive, issue. In February 2014, Primary ITO merged again with the ITO for the food processing sector, NZITO. This resulted in two mergers in two years.

Both mergers have gone well, given that mergers are never easy. Directors, staff and stakeholders must adjust. Expectations are high but so are the challenges. The latest merger was more difficult given that NZITO dealt with the processing arm of primary industry while Primary ITO experience was almost entirely with producers – two very different beasts with different operating models.

Governance and the loss of experience

With the merging of two Boards, Primary ITO developed a new constitution that detailed a process whereby Directors would be elected on merit rather than representing a particular constituency. Under this new structure the number of elected Directors reduced from nine to six and joined two Board-appointed Directors.

With two Directors also retiring

in the first year we lost a wealth of experience with Don Seath, Chris Kelly, Adam Pollard, Barbara Kuriger and Kerry Stephens leaving the Board. This was in addition to Cliff Tipler who retired as Chair of the Primary ITO Board at the time of merger. In particular, I must acknowledge Don Seath and recognise his help in sharing his in-depth knowledge of history and process and acting as Chair during my two month absence.

The merger also resulted in the loss of Carl Ammon, CEO of NZITO and Kevin Bryant, CEO of Primary ITO. Both assisted their organisations during the merger process through to the appointment of Mark Jeffries as CEO in mid-August.

It is a credit to the Board and ITO staff that the merger has gone smoothly. Directors have embraced the challenge and the changes required, as have staff. Joining two different entities, with new directors and a new CEO has encouraged a closer look at strategy, objectives and systems. My thanks to both of them.

Major systems and process change

We are undergoing major change to upgrade IT systems and processes – some because they were outdated and some to take advantage of the

ability to increasingly communicate more efficiently with trainees, employers, industry partners and staff.

The intranet is now live which will improve the way ITO staff, trainees and employers will share, collect and record training information. A new Trainee Management System (TMS) is nearing completion, and a major upgrade of Primary ITO's website and the development of e-learning resources will allow a world class learning experience for trainees and introduce greater efficiencies for employers and staff.

Tertiary Education Commission's (TEC) targets exceeded

During the year almost 32,000 trainees completed 736,000 credits. This, alongside a credit achievement rate of 73% is an improvement on 2013's target results and well exceeds TEC's 60% target.

Trainee numbers are 300 down, largely due to a Primary ITO decision to remove many wool trainees that we believed to be wrongly registered by a training provider that is currently under TEC investigation. Over 23,000 programmes achieved a 78% completion rate – again well exceeding TEC's standard of 60%.

Financials

The Stakeholder Council was informed last year that an operating surplus of \$0.5 million was expected for the year. The actual result was a \$0.9 million deficit. This largely reflects the difficulty in obtaining accurate forecasting information from two different and limited financial information systems. A major contribution to the deficit was Government revenue that was forecasted to be \$0.8 million more than achieved. While disappointing, it doesn't indicate a sudden loss of business but reflects difficulties in obtaining good forecasting data. Training costs were also underestimated by approximately \$0.7 million due to less than satisfactory management and monitoring of off job training costs.

Directors and staff are acutely aware of the need to improve the systems and accountability. I am confident that reporting is correct but cumbersome and slow systems require upgrading and that is underway. However, the loss is unimportant given the merged entity has a particularly strong balance sheet with cash reserves of \$12.5 million – half of which came from NZITO.

Literacy and Numeracy

While Primary ITO already has a reputation for successfully providing language, literacy and numeracy (LLN) help to trainees where required, we aim to develop this further, hopefully with more financial assistance from the Government. To achieve Government desire for more and better trained primary industry

employees, overcoming inadequate literacy and numeracy is critical. With 40% of the New Zealand workforce not having the language, literacy and numeracy standards expected of a 12 year old, this is a major issue. The figure for our primary industry people is even worse than this national figure, sitting at 50%. We have specialist staff assisting our trainers in this effort, ably supported by 250 volunteer mentors. They do an excellent job but the effort must increase as literacy and numeracy expectations of employees are increasing quickly. Lack of these skills is also a contributor to health and safety dangers.

Plans for 2015

In 2015 Primary ITO will concentrate on improving efficiency and delivery. Accounting and systems upgrades are a part of this, but distance and e-learning will be an important outcome. This is aimed at cost efficiency, speed and an all-round better learning experience. We want to provide better and more training for Māori. While our Māori trainee numbers are in line with their representation in the businesses we train, we believe we can do more as Māori owned primary industry businesses increase in number, size and training needs.

While Primary ITO's interaction with the Stakeholder Council is strong, we are aware of the need to make better use of our Industry Partnership Groups (IPGs). We are conscious of the need to interact better with our IPGs to understand their training needs and priorities, enabling us to provide valuable input.

Providing more participant funded courses, seminars and learning experiences is a further aim that will be progressed in 2015. Currently industry cash contribution is slightly less than 20%. This falls short of our target of 27% for 2014 and well short of our wish to lift the rate to 30% in the next few years.

We will continue to persuade Government that their prohibition on using Government subsidies to train employers is misguided. In fact, 70% of those running farming businesses are owner operators with no staff. Employer training needs are critical to improving New Zealand's productivity.

Acknowledgements

My thanks to Directors for embracing the new ITO with enthusiasm and passion, and a willingness to embrace change. I also thank Mark Jeffries and his leadership team who are dedicated and very willing to examine all facets of the business with a view to continuous improvement. Essentially, our objective is to provide best practice training for primary industries at all levels, in keeping with industry needs. We want to make training available to as many people as possible, to the best standards possible with maximum efficiency. Primary ITO has embarked on changes to achieve these objectives and much of that change will take place in the forthcoming year with cost savings.

Chief Executive's Report



Mark Jeffries
Chief Executive, Primary ITO

Primary ITO aims to deliver value in training to its clients. At the close of 2014 we were repositioned to ensure efficient and effective industry training solutions were available to our customers. Our foundation is ensuring that the products, services and pastoral care we offer are responsive to their training needs.

The meat, seafood and dairy processing sectors were formerly represented by the New Zealand Industry Training Organisation (NZITO). With these sectors now sitting under Primary ITO's umbrella we have created one industry training organisation that serves the primary industry sectors and their supply chains – from production to processing.

In 2014, Primary ITO implemented a new constitution, selected a new independent Chairman and I was appointed to the role of Chief Executive Officer of the merged organisation in August 2014.

I believe it is important to recognise the two former Chief Executive Officers – Kevin Bryant and Carl Ammon – who contributed to the successful implementation of the merger process.

A streamlined organisation

Primary ITO now offers New Zealand's primary sectors the most extensive range of training programmes and level of pastoral care. We have staff on the ground throughout the country offering a wide array of qualifications to all 29 of our industry sectors.

As a result of the merger Primary ITO's extended coverage of industry sectors aligns to those serviced by the Ministry for Primary Industries (MPI), with the exception of forestry. This means we now have an important platform from which to partner with MPI to better deliver relevant training outcomes for our sectors.

We have constitutionally adapted the way we engage with industry to ensure that our qualifications and programmes meet industry expectations and requirements.

Primary ITO's Industry Partnership Groups (IPGs) comprise of representatives from industry bodies and organisations, and employers across our 29 sectors. The IPGs provide insights and critiques that promote quality training outcomes facilitated by Primary ITO.

We are grateful for the time invested by these representatives into forging co-creation tactics that incorporate industry best practice and future requirements alongside our educational expertise.

A rejuvenated strategy

With an incoming Chief Executive Officer, we reviewed our strategic purpose.

Primary ITO now has three strategic objectives to ensure we are delivering value to our clients, gaining a sustainable business and improving our business efficiency.

New products and services for wider audiences

Our commitment to increasing value to clients centres strongly around developing new, industry led, products and services.

The products and services we currently offer align with the New Zealand Qualifications Authority (NZQA) framework and are funded by the Tertiary Education Commission (TEC) to supply the primary sectors with subsidised training options.

Under our rejuvenated strategy, Primary ITO will embark on

developing a new suite of educational products to meet a wider range of needs and enable a more customised approach.

These learning products will target new audiences including employers and pioneer a variety of new delivery methods for primary industry training.

In 2012 Primary ITO embarked on a joint initiative with the Federation of Māori Authorities (FOMA) named Te Kāuta. Our ambition was to improve dialogue and Primary ITO response to the training needs of Māori.

We recently commissioned a review of our Māori engagement strategy to seek industry commentary on the effectiveness of the Te Kāuta initiative.

In 2015, we will further progress conversations with Māori governance and reposition the organisation and our Te Kāuta investment to better meet the needs of Māori, and industry.

Improving organisational productivity

Throughout the recent merger process we generated a stakeholder expectation that we would gain efficiencies, yielding significant savings once the food processing sectors were incorporated into Primary ITO.

We have not immediately delivered on this expectation and our 2014 year end position has not realised the potential savings we envisaged.

The management team has a clear directive that focuses on identifying organisational productivity improvement that will drive down the cost of industry training.

In closing

Since my appointment last year I have been immensely proud of the quality and commitment of Primary ITO staff who facilitate training outcomes for our clients.

As an organisation, we are looking forward to capturing the potential outlined in the vision of the merger. New Zealand's primary sector can expect increased engagement from us at all levels.

Primary ITO Board

The Primary ITO Board of Directors is responsible for governance, monitoring our performance and ensuring we responsibly manage the Government, industry, private and public assets in our care.



John Parker (Chairman)

John was appointed as Primary ITO Chairman in February 2014, following his retirement as Chairman of Port of Tauranga. With a Bachelor of Agricultural Science from Massey University, John's executive career was largely with the New Zealand Dairy Board. He has held directorships with ENZA, Frucor, Tip Top, the NZ Game Industry Board, the Foundation for Research, Science and Technology and is currently a Director of Dairy Holdings.



Richard (Ru) Collin

Ru's primary industry background has been based in production horticulture, specialising in growing apples, pears, kiwifruit and hops crops for export. He is currently the General Manager of a large Motueka based grower and exporter. Since 1999, Ru has held various agribusiness representative roles. Ru was appointed to the board of NZ Horticulture ITO in 2010.



Chris Flatt

Chris Flatt is currently the National Secretary of the NZ Dairy Workers Union (DWU). In this capacity, he also serves as a Director on several boards including the Waikato, Taranaki and Canterbury Trade Union Centres and the Centre for High Performance Work Limited. Previously, Chris was the General Secretary of the NZ Labour Party from 2009 to 2012. He has also worked as a private practice employment lawyer and holds a Bachelor of Social Sciences (Hons) and Bachelor of Laws (Hons) from Waikato University.



Barry Harris

Barry was Group Director of Fonterra Milk Supply and member of the Fonterra Leadership Team for five years. Barry has also served as CEO of Hamilton City Council, Greater Wellington Regional Council and Environment Waikato. He is currently serving as a Director of DairyNZ, OSPRI and WEL Networks, Chairman of Food Innovation Waikato and Deputy Chair of AgResearch. Previously, Barry has been a Board member of Hamilton Riverside Hotels, RD1, International Nutritionals Ltd and CentrePort.

**Mike McCredie**

Mike McCredie has an extensive background in corporate finance having undertaken a number of senior management positions in the banking industry. He has provided advice on debt management to major New Zealand companies. Mike's past directorships include AFFCO Holdings Limited, Chairman of Seafood ITO, Chairman of NZ Inshore Fishing Industry Council and Chairman of NZITO prior to the merger with Primary ITO, when Mike joined the Primary ITO Board. Mike is also presently a Board member of Diving NZ Inc.

**Donna Smit**

Donna is a Chartered Accountant and a dairy farmer. She is a Director of Corona Farms Ltd, of Kiwifruit Equities Ltd, a Trustee of the Eastern Bay Energy Trust and Dairy Women's Network. For the past 23 years Donna has worked as Company Administrator for EastPack, a kiwifruit post harvest co-operative.

**Graeme Sutton**

Graeme has been a sheep, beef and deer farmer for more than 40 years and has been involved in a number of agribusiness organisations as a Director. He has played an active role in Federated Farmers and the New Zealand Deer Farmers Association, was a previous Director of Crown Irrigation, the Chairman of Provelco Ltd and Chairman of Irrigation NZ. Graeme served as Chairman of NZITO prior to the merger with Primary ITO. In addition, he is a member of the New Zealand Institute of Directors, a Justice of the Peace and a Rotarian.

**Richard Wanhill**

Richard is the Executive Director of Business Development and Partnerships for the Wellington Institute of Technology (WelTec). Prior to joining WelTec, Richard was a co-founder and Director of Business Development for Thoughtplanters, a horticultural education and consultancy business. Richard is currently the Chair of the United States based, International Society of Arboriculture's Exam Writing Committee. He is a certified Director with the New Zealand Institute of Directors.

IPGs/Corporate Governance

Industry Partnership Groups (IPGs) add a vital dimension to Primary ITO. The IPG members are volunteers who give their time and expertise on behalf of their industries, ensuring the voice of each sector is represented so we understand and deliver on their training needs. In 2014, 92% of our trainees were represented by an IPG.

Industry Partnership Groups (IPGs)

IPGs have a maximum of 15 members and need to demonstrate their collective connection to their sector – by scope and geographically.

The IPGs are a combination of employers and employees, and industry body representatives. IPGs form an essential link with industry in relation to qualification and programme development, and ensure alignment with industry best practice and expectations. In some cases, this forms a unique group that is able to look at the sector more comprehensively than any other forum which exists for them. Linking to their industry strategies

and required increase in human capability is a focus for most groups.

To ensure we gain maximum value for each sector, we hold focus groups with IPGs to seek their feedback on how well we are performing as an ITO and how well IPGs are functioning. This level of engagement has been well received with each IPG, and we plan to conduct this annually as part of our wider customer and industry feedback system. The feedback received underlines the importance of this partnership. To date, we have facilitated this function with the Dairy Farming, combined Production Horticulture groups, Amenity Horticulture Services and Sports Turf IPGs.

Stakeholder Council

The Stakeholder Council is comprised of the elected representatives of Primary ITO's 15 IPGs. The Council communicates to the Board the industry's requirements of the ITO and monitors progress towards the achievement outcomes. The Stakeholder Council appoints six members to Primary ITO's Board based on recommendations from the Directors Selection Panel. The Selection Panel is formed of three Stakeholder Councillors and two independent members who are appointed by the Council.



The Stakeholder Council meet at Primary ITO Head Office in Wellington.

Industry Partnership Groups (IPGs)

1. **Amenity Horticulture Services (including Landscaping & Arboriculture)**
Maria Barrie – Chair and Stakeholder Councillor
2. **Avocado & Kiwifruit**
Mike Chapman – Chair and Stakeholder Councillor
3. **Dairy Farming**
Murray Linton – Chair and Stakeholder Councillor
4. **Dairy Processing**
Tony Guilliland – Chair and Stakeholder Councillor
5. **Equine and Racing**
Pete Ydgren – Chair and Stakeholder Councillor
6. **Meat Processing**
Mike Rutherford – Chair
Carolyn Thomson – Stakeholder Councillor
7. **Nursery Production**
John Liddle – Chair and Stakeholder Councillor
8. **Pipfruit**
Gary Jones – Chair and Stakeholder Councillor
9. **Seafood**
Doug Saunders-Loder – Chair and Stakeholder Councillor
10. **Sheep, Cattle & Deer**
Rhonda Bamford – Chair and Stakeholder Councillor
11. **Sports Turf**
Peter Boyd – Chair and Stakeholder Councillor
12. **Vegetable & other fruit**
Sue Pickering – Chair and Stakeholder Councillor
13. **Viticulture**
Philip Manson – Chair and Stakeholder Councillor
14. **Water**
Adrian Watson – Chair and Stakeholder Councillor
15. **Wool Harvesting**
Barry Pullin – Chair
Dave Carr – Stakeholder Councillor

Balanced Scorecard

STRATEGIC GOALS			ACTION PLANS/MEASURES
OPERATIONAL	Systems and processes	We have systems and processes that best support our changing business	STMs meet budget
			Operating surplus/(deficit) as a percentage of revenue
			Training cost/STM*
			Total costs/STM*
			Productivity Index*
			Industry contribution
CUSTOMER	Products and speed to market meet customer needs	Understanding our market needs Outcome focused learning	Programme completions
			Credit achievement
		Customers value our products	Number of trainees in training/FTE
		Effective channels to market	Trainees in higher level training (level 4 & 5)
		Provider management	Average number of credits earned per trainee
			Average number of people in courses
PEOPLE	Highly desirable place to work	Value of the brand	Customer satisfaction survey >80%
		Retaining people	Employee turnover
		Training and developing people	% of salaries spent on training per year
		Leading and communicating with people	% of staff who feel engaged with Primary ITO
COMMUNITY	Engagement with stakeholders and creating pathways for learning		BWP leadership score >80%
		Participation of different groups of trainees in industry training	Participation of Māori people
			Participation of Pasifika people
		Develop future leaders in the rural and water sectors	Community events

*Mergers over the past four years have led to inconsistent calculation of these measures. Training costs have been recalculated to exclude the support costs provided by the organisation's field staff and training costs not funded by Standard Training Measure (STM) revenue. Total costs have been adjusted to ensure that depreciation, special projects, internal charges and non-recurring expenditure have been removed.

	2011	2012	2013	2014		COMMENTS
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	
	84%	85%	96%	97%	100%	8,250 STMs were achieved during 2014 against target of 8,530 (including one month of NZITO pre-merger STMs)
	-13.30%	-3.06%	2.60%	-2.89%	2.11%	The 2014 deficit was due to a number of one-off costs and special projects, lower than planned STM revenue and higher training costs.
	\$1,625	\$1,316	\$1,281	\$1,661	\$1,329	The increase in training cost per STM reflects the inclusion (since the merger) of food processing training costs which are inherently higher, but also comparably higher training costs in other areas.
	\$4,987	\$4,646	\$4,552	\$4,637	\$4,682	While training costs per STM have increased by 30%, total costs per STM have only increased by 2%, as expenditure on personnel and administration are inherently lower in the food processing sector.
	16.79	16.5	16.87	19.29	17.24	Credits earned per \$1,000 spent. This has improved as a result of the merger with NZITO which has higher training costs but lower operating costs.
	0.29	0.29	0.24	0.19	0.30	The industry contribution has fallen as a result of the inclusion of NZITO, which has a significantly lower industry contribution percentage.
	38%	55%	72%	78%	60%	Nominal credit weighted achievement has improved as a result of the merger.
	354,023	400,329	463,027	736,309	656,635	Credits achieved have increased as a result of the merger.
	58	61	64	77	80	This has improved as a result of the merger, as food processing training is generally focussed on significantly larger employers.
	28.5%	28.6%	34.0%	28.0%	44.0%	This has fallen as food processing training is concentrated on levels 1-3.
	43.4	44.1	42.0	50.1	42.6	This has improved as a result of the merger and increased focus on credit achievement in other areas.
	8.7	9.6	10.8	10.0	12.0	This measures the effectiveness of recruitment into courses. The minimum should be 12.
	82%	82%	82%	94%	80%	This indicates the level of satisfaction of employers and employees.
	17.73%	16.16%	9.99%	8.06%	<12%	
	2.85%	3.91%	1.60%	1.78%	2%	
	23.40%	38.00%	44.40%	30.00%	44%	Lower than expected engagement is in response to a changing environment.
	76.50%	83.30%	83.30%	78.00%	80%	This indicates how strong staff feel the organisation leadership is.
	N/A	N/A	17%	21%	18%	We will continue to support improving learning outcomes for Māori and Pasifika in the workplace.
	N/A	N/A	4%	7%	5%	
	48	64	61	70	59	Includes Māori Farmer of the Year, Dairy Trainee of the Year, Young Horticulturalist of the Year, Water Industry Trainee of the Year, Skills Days and a number of other trainee awards.







“I got the tools to write up a business plan and become more strategic. I had to identify strengths and weaknesses, and our KPIs. [The Diploma] helped us with our financials, in getting a really good understanding, and it covered our whole business.”

Michelle McPherson, 2013 Waikato Sharemilker of the Year



Agribusiness Management

Primary ITO is working in partnership with industry bodies and tertiary providers to increase the agribusiness management capabilities of people in our sectors. In 2014, the focus of this collaboration was expanded beyond dairying to a range of industries. We experienced particular success in the horticulture sector, especially in the Bay of Plenty and Canterbury regions.

The Agribusiness initiative was piloted originally in the Waikato through a collaborative partnership between Primary ITO, DairyNZ, Waikato Institute of Technology (Wintec) and Dairy Training Ltd. The initiative has focused on generating awareness for the Agribusiness Diploma, exploring new delivery options and improving learner support to increase completion rates.

There was a 36% increase in new enrolments nationwide from November 2013 to November 2014 with 901 trainees enrolled in the Diploma or Certificate of Agribusiness Management as at December 2014.

Aoraki Polytechnic

In 2014, Aoraki Polytechnic became a partner in Diploma delivery for the Canterbury and North Otago regions. Aoraki's partnership with Primary ITO has meant that our

learners have access to new delivery methods, including blended delivery – a mix of workshops, subject matter experts speaking on topics, and a dedicated facilitator for students. Aoraki's Assessment of Current Competency and Knowledge (ACCK) is an optional process that allows students to acknowledge their existing experience and skills, and transfer these to their qualification.

Marketing and communications

There were 60 print articles, TV and radio mentions of the Diploma over the course of the year. We also undertook comprehensive email, direct marketing and media relations campaigns to encourage prospective customers to enrol. We experienced over 3,000 unique visitors to the dedicated Agribusiness Diploma pages of Primary ITO's website in 2014.

Advocacy

A key part of generating demand for the Diploma has been the development of an advocacy network. The advocacy network grew from around 50 people in 2013 to 66 in 2014. Advocates (Diploma graduates) get out and about to industry events helping the ITO to spread positive messages about the Diploma. Two Primary ITO Agribusiness Advisers, in the Waikato and Canterbury, attended nearly 90 events with our advocates.



36%

increase in new
Agribusiness Management
enrolments nationwide



“Employees with dyslexia bring a range of valuable skills to the workplace. Visual, spatial and 3D skills, coupled with innovative and left field thinking can be useful in the workforce, and fit well with the creative capital reputation Primary ITO is promoting.”

Mike Styles, LLN Adviser, Primary ITO





LLN and Mentoring Programme

Pastoral care for our trainees is central to Primary ITO's ethos and culture. Many enter the primary sector with limited literacy and numeracy skills. However, to succeed in the industry competency in reading, writing and number skills is essential. Primary ITO has a range of initiatives to build the literacy and numeracy skills of our primary industry people.

Assessment of trainees literacy and numeracy skills

We are required by Government to administer the Adult Literacy and Numeracy Assessment Tool (ALNAT) to trainees entering training programmes. Through the use of the ALNAT and feedback from our training advisers the language, literacy and numeracy (LLN) needs of trainees are identified early in their programme of study.

The main vehicle to provide literacy and numeracy assistance is our Primary ITO voluntary mentoring programme.

Primary ITO's Mentoring Programme

The volunteer mentors act as both coach and mentor for the trainees. Almost 250 trained mentors work alongside trainees to build their confidence and capability in literacy and numeracy. In excess of 300 trainees were mentored, and assisted to complete their qualifications with us during 2014.

For many trainees the difference between success and failure is the assistance of a mentor.

The mentoring programme was set up with two goals; to assist trainees to complete their training with us and to build confidence and capability in literacy and numeracy. A valuable by-product has been that mentors have provided increased confidence, improved motivation and structure and organisation to our trainees.

Our mentoring programme has been independently evaluated by an Ako Aotearoa funded research project and the effectiveness of the programme has been well established. We are proud that our volunteer mentoring scheme is unique to our ITO, and other ITOs are looking to emulate it.

Dyslexia support

More than 10% of people working in the primary sector have dyslexia, a condition that is not well supported in New Zealand. Primary ITO

provides a screening service for trainees to identify those with dyslexia and offers a comprehensive support package to enable trainees and their employers to maximise the potential of dyslexic trainees. During 2014 a total of 100 trainees have been assessed for dyslexia and offered this support package.

Primary ITO as a 'Dyslexia Friendly Employer'

Dyslexia is a condition that affects people in all walks of life, affecting the ITO's own employees as well as our trainees.

To achieve a safe working environment for people with dyslexia Primary ITO has become a 'dyslexia friendly employer'. This means our dyslexic employees will be affirmed instead of misunderstood or side-lined.


We are hopeful that by leading the way in this important issue, more employers will get on board and become supportive of employees with dyslexia.



***“In ten years’ time I’ll definitely
have my own cows and I hope
I’ll have my own farm!”***

*Alice Gysbertsen, Dairy Trainee of the Year 2014,
Wairarapa*





Attracting young people to our industries

Over the past year there have been significant developments in our work to attract, support, and retain young people in the primary industries. At a strategic level, Primary ITO continues its commitment to the Primary Industries Capability Alliance (PICA), is represented on the Ministry of Education's Trades Academy and Vocational Pathways Advisory Groups, and is leading the review of the existing Primary Industries Vocational Pathway for NCEA Level 2.

More direct activities are focused on the Trades Academy, the development of primary industry-focused programmes for students studying towards NCEA Level 3, developing Gateway packages and careers resources, and involvement with Get Ahead Days and Careers Expos throughout New Zealand.

Primary ITO also provides support to schools in developing a broad programme from Year 9 through to Year 13. We have developed new primary industry careers resource packs as well as regular e-newsletter updates about what is happening in Primary ITO space.

New Zealand Primary Industries Trades Academy

Through participation in the New Zealand Primary Industries Trades Academy, students have had the opportunity to explore and prepare for a learning and career pathway in the primary industries. A coherent programme of both theory

based and hands-on learning means their learning is more purposeful and authentic. The engagement and motivation of Trades Academy students is high and a number, who may have otherwise left, have chosen to remain at school. We frequently receive calls from local employers asking for our students as they are recognised as having the appropriate skills and competencies to take up full time employment.

The Trades Academy is the largest of the 22 throughout New Zealand and is the only one with national coverage. The Academy has completed its fourth year of operation and 80% of Trades Academy students are moving into employment and further training, returning to school, or enrolling with a tertiary education provider.

Over the next few years there will be an increase to 26 schools distributed throughout the whole of New Zealand and 440 Ministry

of Education-funded places, with a number of schools and students on a waitlist.

Gateway programme

In 2015, we will officially launch our Gateway programme to schools across New Zealand for students in their last year of school – Years 12 to 13. The programme encompasses theory and practical unit standards between Levels 1 and 3. Theory work is reinforced with real-life industry work experience, giving students a taste of what a career in the primary sector is truly like. We will offer Gateway packages of learning across the dairy, sheep/cattle/deer, aquaculture, equine, horticulture, sports turf, wool handling and shearing sectors.








“To improve my business management skills and knowledge, I’m studying towards the Diploma of Agribusiness Management”

Wiremu Reid, Young Māori Farmer of the Year 2014





Key activities with Māori Agribusiness

Primary ITO's Te Kāuta team continued to work in developing relationships with Māori organisations in the primary industries during 2014. The team worked closely with the Federation of Māori Authorities (FOMA), and the Ahuwhenua Executive, the organisation responsible for the Ahuwhenua Trophy Competition: Māori Excellence in Farming.

Te Kāuta's successes during 2014

- Developing and implementing bespoke and “fit for purpose” training across the rural tourism; pest management, dairy and horticulture sectors
- Engaging with Māori farming entities including Post Treaty Settlement Entities (PTSE) and looking for a solution based on their business need
- Transferring training initiatives and learners to the field-facing teams of the ITO
- Maintaining and developing existing relationships with Beef + Lamb NZ and DairyNZ, to ensure continuity of the relationship and Primary ITO's profile
- Working with key stakeholder organisations and Māori in the delivery of projects: Whole Farm Assessments with ten Māori organisations in dairy and one with Beef + Lamb NZ on a Māori school sheep and beef property
- Assisting and supporting FOMA's delivery of its Tuhono Whenua Productivity Project, including the recruitment of 20 Māori sheep and beef farms into the project
- Completing the Te Ao Māori Governance SFF/MPI Project in support of FOMA. The project was completed on time and to specification. In 2015 we will work on implementing training options and opportunities
- Developing formal relationships with five ITOs and a polytechnic to agree to work together in a collaborative way in delivering training to young Māori in farming. Primary ITO's revised relationship through the Whenua Kura initiative of Te Tapuae o Rehua and Ngai Tahu

is a confirmation of the ITOs commitment to Māori in agribusiness.

Ahuwhenua Young Māori Dairy Farmer of the Year

Background

Ahuwhenua Young Māori Farmer of the Year was introduced as part of the Ahuwhenua Trophy BNZ Māori Excellence in Farming Award in 2012 with the aim of empowering young Māori farmers and encouraging their personal development and growth. It alternates each year between dairy and sheep and beef farming and in 2014 the competition targeted the dairy sector.

Primary ITO is a Gold Sponsor and also administers the Young Māori Farmer of the Year competition. In 2014, the competition was sponsored by Te Tumu Paeroa, Te Puni Kōkiri and Allflex.

A total of 13 entries were received:

- 7 Waikato
- 1 Taranaki

- 1 Bay of Plenty
- 2 Southland
- 1 Otago
- 1 Canterbury

Two of these entrants were not trainees of Primary ITO.

Judging

There was emphasis this year to have consistent judging across the competition, and this was achieved with all entrants being interviewed by at least two of the five judges involved:

1. Peter Little, Te Puni Kōkiri (Lead judge)
2. Abe Seymour, Primary ITO
3. John Rutherford, Allflex
4. John Morris, Allflex
5. Aaron Hunt, Te Tumu Paeroa

Entrants were provided with a summary of the judges' comments as positive feedback from their

interview which was appreciated by the entrants.

One difficulty that judges found is the need to be able to assess entrants at different levels within the industry. It is difficult to compare Farm Assistants, Herd Managers and Sharemilkers against one another. We believe a revised assessment policy must be created prior to the next dairy competition in 2016.

2014 Young Māori Farmer Finalists



Wiremu Reid (Winner)

Wiremu, now 25, is a fourth generation dairy farmer. He grew up in Whangarei and moved south with his partner Bettina in 2009. Since then the couple have been building up their equity hoping to reach farm ownership by 2020.

The couple are in their first season 50/50 sharemilking 1,150 cows in Ranfurly with the support of Wiremu's parents. They are helping out with the wintering and mating so he and Bettina can spend more time doing extra jobs that will help them get to where they want to be faster. Both Wiremu and Bettina are currently studying towards a Diploma in Agribusiness Management.



James Matheson

James, 21, is Herd Manager on a 210ha-effective dairy farm in Waipahi, Southland. He's been there three years and has been Herd Manager of its 510 cows for the past two. His key focus is pasture management and his employer, Chris Lawlor, said his hard work has resulted in a significant increase in milksolid production over the past two years.

James never planned to be a dairy farmer and is the only person in his family that's in farming. He casually "scored" a job through a rugby mate straight out of high school but now can't imagine doing anything else. James has been studying with Primary ITO for two years in which time he has gained National Certificates in on farm Milk Quality, Managing Dairy Farm Effluent and Animal Feeding and Pastures. He is currently completing a Level 4 National Certificate in Dairy Farming.



Joshua MacDonald

Josh, 22, is a 50/50 sharemilker in Karaka, Waikato. He and his wife Aleshia are in their second season sharemilking 180 cows. Josh has been building his herd since age 19. The couple have another two seasons on the Cloverdowns property in Karaka and at the end of their contract Josh hopes they'll step up to 350-500 cows.

Josh has been very active in the industry. He is the ex-chair of the Waikato Young Farmers Club, in 2011 he placed 2nd in the Dairy Trainee of the Year competition for the Auckland- Hauraki region and was a Bay of Plenty regional finalist in the 2013 ANZ Young Farmer Contest. Josh has completed a Level 4 National Certificate in Dairy Farming.



*"I really enjoyed my
apprenticeship because I think
you should exercise the body
and the mind."*

Tane Hanahi, Boner, Silver Fern Farms





Standard Setting

The Standard Setting Team fulfils a number of Primary ITO's legislative obligations. Primary ITO plays a pivotal role in achieving industry and government aspirations, to provide leadership to a variety of public and private organisations throughout New Zealand, and to help improve individual and industry capabilities internationally.

The standard setting team is responsible for the following areas:

- **Policy** – ensuring government agencies' policies, rules, and processes support the meeting of industries', employers', and learners' skill and knowledge needs.
- **Education** – develops and maintains industry skill standards, qualifications, and the learning programmes that lead towards the qualifications. The Education Team also develops the teaching, learning, and assessment resources.
- **Quality** – assures the quality systems and processes of the ITO, of those we contract to provide off job training, and of the standards and qualifications developed by the Education Team that are used throughout New Zealand's secondary and tertiary education system. The Quality Team is also responsible for contracting providers to

deliver the off job training components and upskilling trainers and assessors.

- **Language, Literacy, and Numeracy (LLN)** – works to address barriers to successful learning and qualification completions, especially those that relate to the level of individuals' LLN skills.
- **Secondary Schooling** – works to attract, support, and retain secondary school students into the wide range of primary industries.

Quality Assurance

Primary ITO's quality assurance systems and processes have improved with the growth of Primary ITO. Primary ITO now quality assures over 2,200 unit standards in the 126 domains for which we are the standard setting body (SSB).

Private Training Establishments (PTEs), Polytechnics and Schools have a commitment to maintain

quality management systems, which includes participating in moderation processes for their assessment material, procedures and outcomes. These requirements are set out in our 12 Consent and Moderation Requirements (CMRs) plans.

The Quality Team manages plans and coordinates all moderation and quality assurance events, reports outcomes and ensures compliance with requirements. The Quality Support Team also continually evaluates the effectiveness of Primary ITO quality systems.

On behalf of both Primary ITO and industry, the Quality Team is also responsible for the 'AgExcel' quality mark endorsement.

During 2014, due to the merger with NZITO the team grew by seven full time staff, with additional support from contract staff as required.

The mergers have been an opportunity to share different quality assurance approaches



In 2014 to ensure quality training across our sectors we conducted:

- **30** Provider visits
 - **28** Provider Clusters
 - **53** Internal Assessor visits
 - **9** Workplace Assessor visits
 - **181** Postal Moderation Events (Food Processing)
-
- **Moderation Panels**
 - 4 Days (14 Unit Standards)
 - **AgExcel Forum**
 - 2 Days (attended by 21 providers – 64 tutors/trainers)
 - **Professional Development Days for Assessors**
 - 10 Arboriculture (plus 5 Assessor visits)
 - 2 Equine
 - 3 Sports Turf (plus 37 Assessor visits)
 - 2 Animal Care and Vet Nursing
 - 3 Department of Corrections

which will bring benefits across all the sectors we now cover. The key to our ongoing success is to work alongside each other and industry to deliver quality outcomes.

2014 also saw the Quality Support Team participate with the Tertiary Education Commission (TEC) in an audit and re-recognition process. This is conducted every three years and Primary ITO successfully participated in this process.

Finally as we head into 2015 and beyond Primary ITO will engage with the New Zealand Qualifications Authorities (NZQA), External Evaluation and Review (EER) process. This is a periodic evaluation of an ITO to provide a level of confidence (judgement) about its performance in achieving relevant outcomes and capability in using self-assessment (continuous improvement) to improve its performance. The Quality Support Team will be strategically involved in guiding Primary ITO through this process.

Policy

The merger brought new policy responses including involvement in the Director-General of the Ministry for Primary Industry's Working Group on food safety capabilities in the dairy supply chain.

In January 2014, an oral submission to the Select Committee on the Industry Training and Apprenticeships Amendment Bill provided the opportunity to highlight areas of our written submission. The Bill was subsequently passed by Parliament with some of the amendments we

sought. We continue to advocate for the provisions of the Act to be extended in order to enable employers, not just their employees, and owner-operators to be industry trainees.

One welcome change the Act made was to remove the restriction of apprenticeships to those 21 years old or younger. Given the age profile of our industries and the number of career-changers the primary industries attracts, this has resulted in a steady increase in apprentices over 2014. Unfortunately, changes to the New Zealand Apprenticeship programme criteria proved problematic; another set of qualifications will be developed to ensure that apprenticeships can continue in all our industries.

Responding to/implementing policy, rules, and process changes made by organisations such as NZQA and TEC as a result of both the new Act and the continuing evolution of the new qualifications system has kept us busy. An opportunity – for 2015 will be influencing TEC's organisational and funding changes in order to ensure the best possible outcomes for our industries.

Education

Targeted Review of Qualifications (TRoQ)

Primary ITO is nearing completion of the Targeted Review of Qualifications, a nationwide process initiated by the New Zealand Qualifications Authority (NZQA). In early 2015 we aim to have 100+ qualifications – listed on the New Zealand Qualification Framework (NZQF).

2014 AgExcel Supreme Tutor



When Ravnesh Chand was announced as the winner of the AgExcel Supreme Tutor Award he was ‘stoked and surprised’.

The awards took place at the AgExcel Professional Development Forum in Hamilton on the 5th of September, 2014. This was the second year of the awards which aim to recognise quality tutors in the primary industries.

AgExcel endorses training providers and tutors who deliver superior quality agricultural training that meets industry best practice standards. The programme is endorsed by industry partners DairyNZ and Beef + Lamb New Zealand and is administered by Primary ITO.

Ravnesh has been the agriculture and horticulture tutor at Matamata College for five years.

“When I first started at Matamata College they were going to shut down the agriculture and horticulture division,” Ravnesh explains.

“I spent a lot of time tidying things up and getting things moving again. I approached Fonterra who gave the school \$5,000 to build a greenhouse. I then approached a local business who gave me building materials to build a shed” Ravnesh says.

Andrew Donohue, Primary ITO Quality Assurance Manager believes “investing in the AgExcel Quality Mark and investing in the Tutor Awards is important for Primary ITO. Tutors are a vital part in the training mix and we encourage all our AgExcel Tutors to be the best they can to deliver innovative, high-quality lessons to their students.”

“Tutors can make all the difference to a student completing their qualification or not. It can also make an enormous difference to their progress through the industry and career success.”

“People are, without a doubt, a company’s greatest resource which means capable, knowledgeable workers are essential for overall business success,” Andrew says.

The winners of the 2014 AgExcel Tutor Awards were:

- Gregory Brady (Waiariki Institute of Technology) – AgExcel Excellence in Tutoring Award
- Peter Mark (Bay of Plenty Polytechnic) – AgExcel Excellence in Tutor Leadership Award
- Ravnesh Chand (Matamata College) – AgExcel Excellence in Tutor Creativity/Innovation
- Ravnesh Chand (Matamata College) – AgExcel Supreme Tutor Award



Primary ITO have (as at December 2014)

- **57** qualifications listed for Agriculture, Equine, Wool, Water, Rural Servicing, Apiculture and Dairy Processing sectors
- **45** qualifications submitted to NZQA for approval to list for Horticulture, Meat Processing, Irrigation and Animal Care sectors.



Consulting and developing

- **3** qualifications for the Poultry sector
- **4** qualifications for the Seafood industry.

We aim to have these listed on the NZQF in the first half of 2015.

Programme development

A training programme is a mechanism that ensures the graduate outcomes of all New Zealand qualifications are achieved by learners. All New Zealand qualifications need to have new training programmes developed over the next couple of years.

Primary ITO is responsible for the development of approximately 100+ New Zealand qualifications and programmes that support the training needs of our industries. Positive aspects of the new programme development process include:

- Programmes will be tailored to stakeholder and industry needs.
- Training will be more accessible and flexible
- Teaching and learning methods will be more innovative and engaging
- Support and partnerships for training will be strengthened.
- We will utilise and create new pathways to higher levels of training and qualifications.

The actual programme development is being accomplished in three phases:

1. Review and write curriculum, and assessments (unit standards) in accordance with current teaching and learning methodology
2. Create teaching and learning resources so our learners have up-to-date industry information and materials to support a range of learning needs and environments.

3. Implement training programmes in various sectors.

Timeframes for development of each programme will vary depending on:

- Amount and complexity of work necessary in order to achieve a relevant and fit-for-purpose training programme
- Need for new programmes, based on learner numbers and the state of the current qualifications.

Unit standard review in a post-TRoQ environment

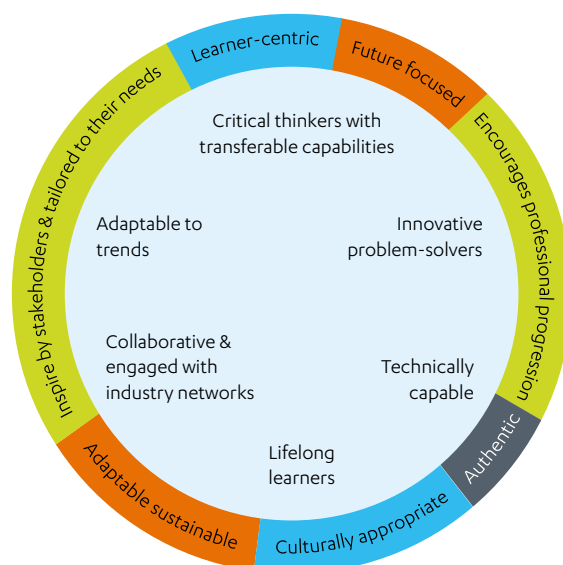
Primary ITO is reviewing and writing new unit standards to align with the outcomes of new training programmes and New Zealand Qualifications. The current unit standards were designed for the old, national qualification system and are not fit for purpose for the new, New Zealand Qualifications. Many are also overdue for review, and no longer reflect industry standards or practices.

What will be different?

- Unit standards will be written to support assessment in new training programmes and will be designed around the new NZQA guidelines, which Primary ITO are helping to develop
- Unit standards will be based around the key principles of flexibility and the ability to be used, where appropriate, across a range of contexts
- Unit standards will have a strong focus on outcomes
- Unit standards will be simplified, written in plain English, and more readily understood by a range of audiences.

Primary ITO's Learning Vision

This vision focuses on producing graduates with the capabilities that our industries need, and creating a learner experience which will encourage learners to achieve, and to advocate for Primary ITO training.



Primary ITO graduates will be

- Critical thinkers with transferable capabilities
- Innovative problem-solvers
- Technically capable
- Lifelong learners and reflective of their practices
- Engaged with industry networks
- Adaptable to trends in their industries and communities

Our industries want graduates who are...



Primary ITO learning experience will be:

- Learner-centric – contextualised and accessible
- Future focused – emerging technologies, best practice
- Encouraging of professional progression through training pathways and networks
- Authentic – integrated with employment context and culture
- Culturally appropriate, adaptable and sustainable
- Industry and community inspired, and tailored to stakeholder needs

We provide our learners a learning environment that is...





“Without having to take time off work our staff can actually be productive, and learning, and gaining qualifications.”

Matt Iremonger, Equity Manager, Mt Bengier Station, North Canterbury





Training operations

2014 brought significant changes to Primary ITO's National Field Operations team.

Six regional teams were established to best utilise our national network of field staff to service the needs of our diverse range of industries serviced by Primary ITO.

This has encouraged collaboration and innovation, and reduced duplication of effort across the wider field team as knowledge has been shared.

We settled on the best approaches from each of the four contributing ITOs to build on and develop.

Regional teams include coverage for the dairy, sheep & beef, horticulture, sports turf, water, poultry, pork, pest, rural servicing, equine, wool and deer industries. Regional Manager lead cross-industry teams, which include:

- Training Advisers and Regional Coordinators with expertise to meet the local industry need
- Learning Support Coordinators with a focus on LLN, Trades Academy, and mentoring
- Agribusiness Advisers with an agribusiness diploma focus.

In diverse workplaces where people are training in more than one of our industries, we have typically assigned one Training Adviser to the workplace.

This has created challenges for some of our field staff – to work outside their area of industry expertise. However, their skill is in providing our customers with advice on the right training opportunities and solutions available to them.

The aim of the field team is to deliver a high level of service to our customers, to upskill staff to increase the productivity and profitability of a business, whilst building an individual's expertise and confidence, and empowering them through training. This is achieved by:

- undertaking a training needs based discussion with employers to assist their business with reaching their goals
- providing customised training solutions which include on job training and assessment, and off job courses

- providing pastoral support via regular visits and contact with the employer and their trainees to ensure their success.

Food Processing

Food Processing is the business unit within Primary ITO resulting from the merger with NZITO in February 2014. The unit is located in Hamilton but operates nationally with sector specific dedicated Account Managers covering meat processing, dairy manufacturing, fishing, aquaculture, seafood processing, seafood retail, leather manufacturing and ENCHEMA (Boiler Attending). Food Processing works with some of New Zealand's largest employers and operate a model utilising those companies' own networks of registered trainers and assessors to fulfil their workplace training needs. In addition to this we have a network of 'roving' independent assessors providing services to companies without their own internal trainer/assessor network. External provider based training is managed through a

competitive quote system when specialist training needs arise including the likes of supervisory, project management, and lean manufacturing training.

The system is coordinated by Hamilton based staff who rely on a high level of reporting including remote customer access into their training records to enable customer based decision making in relation to new and ongoing trainee enrolments. Meat processing is the mainstay Food Processing volume in terms of training delivery (65%), with overall delivery up 3% on 2013. This increase was achieved with decreased demand from the meat sector in the latter part of 2014 – but was replaced by growth in the seafood industry which increased

its share of Food Processing training delivery from 14% in 2013, to 20% in 2014. Another key highlight for the year was the inaugural graduation of the Meat Processing Apprentices at Silver Fern Farms.

Strategic Accounts

In 2014, the Strategic Accounts Team was part of the Business Development team.

The team has had a productive year with key highlights including:

- Memorandum of Understanding signed with Turners & Growers for a one-stop shop approach to training
- Dairy Apprenticeship and Skills Recognition project with Fonterra Manufacturing
- Recognised Seasonal Employer scheme mainly in the production horticulture sector
- Managing Corrections industry training requirements inside the wire
- Collaborating with Food Processing over a number of vertically integrated accounts that cross agricultural or horticultural production, as well as their downstream processing and packing operations.
- Launching new products for the apiculture industry and some company specific initiatives in the livestock improvement sector.

Boning certification apprentices graduate

In November 2014, four Silver Fern Farm employees celebrated being the first people in New Zealand to complete the brand new Primary ITO Export Boning (Sheep & Lamb) apprenticeship.

“We’re really proud of our four employees, they’ve stuck at it and put in a lot of hard work,” says Francis Renner, Personnel Officer at Silver Fern Farms.

“It’s important for our staff to view the meat processing industry as a competitive, challenging and rewarding career, with a clear pathway. At Silver Fern Farms we’re committed to developing our employees and like to promote from within,” Francis says.

Brian Waltham, Primary ITO’s Food Processing Account Manager, believes it’s vital for companies like Silver Fern Farms to invest in the

training and development of their employees.

“This apprenticeship programme contains a package of training encompassing everything from health and safety to food safety and hygiene and knife skills. It was developed to give export boners the opportunity to progress in the meat processing industry. The aim was to improve their knowledge of not only the species that they are currently involved in, but also give them an understanding of the export boning requirements for all species. We wanted to improve their understanding of the yield requirements and to maximise

returns,” Brian explains.

“A qualification enables employees to gain a greater depth of understanding about the organisation they’re working for. They get an insight into where the company is going which can be incredibly motivating.”

“Silver Fern Farms were approached to trial this new apprenticeship programme with Primary ITO,” Brian says. “They’re a progressive company who are committed to the progression of their staff.”

The meat industry earns over 13% of New Zealand’s exports and employs over 30,000 people.





“ASL is involved in international projects in developing countries. A particular strength is our focus on sustainable training systems and how we teach and deliver practical skills in the workplace.”





Agricultural Services Limited (ASL)

As a subsidiary business of Primary ITO, ASL operates as a commercial entity undertaking consultancy, business development and project management assignments.

Farmer Trainer workshop

This practical workshop helps farmers gain both theory and practical skills for effective on job training. Over the last two years we have run 100 training workshops training 1,200 farmers.

ASL GoodPracticeHR Initiative

This diagnostic and reporting system helps farmers identify areas where they can improve the management of their staff. The process underpins the development of people and good employment practice and is part of a system that will ultimately recognise those employers that go the extra mile. This software tool will be available online early in 2015.

Professionalism in farm business management

ASL is working with DairyNZ within the Dairy Primary Growth Partnership (Dairy PGP) project to raise professionalism in the farming industry. The Professional Land Manager project is a seven year programme (2011-2017) that will provide a framework for on going professional development. A mid-project review was undertaken

during 2014 and the next three years will see the project focussing on developing standards for excellence, the professional development framework and reviewing the offering of appropriate professional development opportunities into the market. The project has a strong “farmer-led” approach to ensure a sustainable future beyond the project lifetime.

Agrichemical food safety initiative

Working with Fonterra, ASL has developed a new food safety training initiative during 2014. This collaborative programme has created a two-tiered training programme on agrichemical safety specifically for the dairy sector. The programme is for farmer employers and their teams and has been delivered to approximately 1,000 participants during the past year. It is directly aligned to Fonterra’s on-farm food safety programme helping farmers to understand and manage risks. Participants completing the programme requirements receive Growsafe and/or Approved Handler Certificates.

Divestment of interests in FarmSafe joint venture

ASL managed Primary ITO’s interests in FarmSafe, a joint venture with Telford (a division of Lincoln University) and private training provider Agriculture New Zealand. During the year Primary ITO and Agriculture New Zealand exited the joint venture.

Beyond our shores

ASL is involved in international projects in developing countries. The majority of these are under contract to the New Zealand Aid programme. Our particular strength is our focus on sustainable training systems and how we teach and deliver practical skills in the workplace. The New Zealand industry training model that addresses training as a system rather than a one-off training event is becoming widely recognised in development programmes. Project work in 2014 has seen ASL staff working in Chile, Myanmar and Sri Lanka and we are regularly involved in hosting and speaking to international delegations.



“Our focus in 2014 was establishing awareness and positive perceptions of the new Primary ITO brand.”



Promoting the importance of qualifications to our industries

Primary ITO's Marketing Team promotes the benefits of industry training, inspiring our existing customers to step up to the next qualification level, and encouraging our potential customers to engage with training.

We promote these benefits via a wide range of advertising, communications and marketing channels, utilising an integrated approach across both digital and traditional outlets.

The internet and social media are key tools for people working in New Zealand's primary industries. We continued to evolve our website and develop our social media presence throughout the year.

www.primaryito.ac.nz



136,000 visitors



74% increase on 2013



54% new visitors



30% using mobile devices

Social Media



2,735 followers

75% increase on 2013

Our most popular post:

HR tips from Dairy Womens Network Conference attendees

Reached **4,268** unique users



37 published videos

71,686 views



911 followers

73% increase on 2013

PR + Media



334 published articles/interviews

Our front cover stars



The Land – Mark Jeffries, Chief Executive, Primary ITO



Young Country – Wiremu Reid, Young Māori Farmer of the Year



The Orchardist – Jaimee Burns, orchard owner & training advocate

Country TV stars



Brent Ingles, Regional Manager, Primary ITO



Carey Blue, Agribusiness Adviser, Primary ITO



Events + conferences
attended

Key sponsorships

Supporting achievement and success across our industries.

- New Zealand Dairy Industry Awards Trust
- Ahuwhenua Trophy – Māori Excellence in Farming
- Dairy Women's Network
- Golden Shears
- Young Horticulturalist of the Year
- Nursery Garden Young Achievers
- Harness Cadet of the Year
- Young Grower of the Year
- Young Landscaper of the Year
- Water Trainee of the Year







Financial Commentary

The Primary ITO and NZITO merger on 1 February 2014 grew our scope of coverage to include the dairy, meat and seafood processing sectors, increasing STMs earned from 6,029 to 8,250.

The merger had a substantial and positive impact on Primary ITO's balance sheet, increasing cash and deposits by \$6.6 million and delivering a \$5.5 million gain on acquisition.

The addition of NZITO's food processing trainees brought about an increase of approximately \$6.5 million of Government income; \$2 million of training revenue and \$5.5 million training costs.

Primary ITO's operations resulted in an operating deficit for the year of \$0.9 million reflecting lower than planned STMs, higher training costs, and a number of significant unbudgeted items. In particular, a \$0.5 million refund to the Tertiary Education Commission (TEC) of Embedded Literacy and Numeracy (ELN) funding for 2013 that was not agreed upon until late 2014. This deficit also reflects the upgrade of our customer management systems and intranet, and the beginning of a substantial investment in training resources that we will be making over the next few years to comply with TEC's Targeted Review of Qualifications (TRoQ).

The majority of Primary ITO's income comes from TEC and is based on Standard Training Measures (STMs) earned. An individual ITO trainee can only earn up to a maximum of 0.583 of an STM in any year, which equates to a maximum \$3,033 for an apprentice and \$1,867 for other industry trainees.

2014 saw the introduction of the New Zealand Apprenticeship Scheme replacing the Modern Apprenticeship Scheme; the move to apprenticeships being encouraged by the Government's 'reboot' incentive scheme subsidy. As result, apprentice STMs increased from around 900 last year to nearly 1,500 this year. However, this was around 200 STMs less than our target which equates to approximately \$1 million of income forgone.

STMs earned for the year 2014 were 8,250 – an increase of 427 on the combined total STMs for the two ITOs (Primary ITO and NZITO) for 2013. This equates to 96% of the original revenue target agreed with TEC.

Off job training costs are the most variable significant cost borne by Primary ITO, and increased by around \$6.0 million this year. This was mostly due to the addition of food processing training, which has an inherently higher cost structure. Training costs for the rest of the ITO also rose by around \$0.5 million which was a disappointing result as the aim had been to keep these at similar levels to 2013. In 2015 we will see considerable focus on these costs to ensure we are using our resources wisely – for example, through the management of class sizes that fell to an average of 10 trainees in 2014 against a target of 12 trainees.

Other operating costs, including people costs, increased by around \$4 million but were well within planned levels. A major contributor to the increase was the addition of food processing operations, alongside cost increases in other parts of the organisation. These include the unbudgeted items mentioned earlier and planned increases to marketing and people costs. Marketing expenditure was increased to reflect the size of the merged organisation and the breadth of its expanded market. In addition, the number of people servicing our horticultural and agricultural trainees was boosted to ensure a continuing high level of support and pastoral care.

In conclusion, Primary ITO is disappointed with the 2014 deficit as we had expected immediate benefits to come from the Primary ITO and NZITO merger. Therefore, the ITOs focus in 2015 will be to make the most of the combined expertise and experience of our expanded, merged operations and begin to deliver benefits of the merger to our stakeholders.

Summary Financial Statements

A summary of Primary ITO Group's ("the Group") and Primary ITO's audited financial statements for the year ended 31 December 2014, which were authorised for issue on 21 April 2015, is shown on pages 52-53.

The summary financial statements have been prepared in accordance with FRS 43 – Summary Financial Statements.

The financial report has been drawn from, and is consistent with, the

full financial statements (prepared in accordance with NZ IFRS as appropriate for public benefits entities) dated 21 April 2015, which have been audited and on which an unmodified opinion has been issued. Therefore the summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements are prepared in New Zealand dollars. The Group has been made an explicit and unreserved statements

of compliance with NZ IFRS in its full financial statements.

A copy of the full financial statements can be obtained from the registered office of Primary ITO, 180 Taranaki Street, Wellington 6011.

The Auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unmodified opinion.

Statement of Comprehensive Income

For the year ended 31 December 2014

	Primary ITO Group		Primary ITO	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
INCOME				
Government revenue	29,797	23,651	29,797	23,651
Industry grants	1,893	1,881	1,893	1,881
Interest	682	404	618	349
Trainee fees and other income	8,471	5,898	7,295	4,994
Dividend received	–	–	500	–
Business combination gain	5,469	–	5,469	–
TOTAL INCOME	46,312	31,834	45,572	30,875
EXPENDITURE				
People costs	16,969	13,934	16,496	13,430
Operating costs	9,445	8,991	9,054	8,487
Training costs	14,304	8,110	14,316	8,110
Depreciation/amortisation	1,042	717	1,006	689
Business combination costs	128	60	128	60
TOTAL EXPENSES	41,888	31,812	41,000	30,776
Share of profit from associate	–	104	–	–
SURPLUS ATTRIBUTED TO THE INCORPORATED SOCIETY	4,424	126	4,572	99
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE INCORPORATED SOCIETY	4,424	126	4,572	99
STATEMENT OF CHANGES IN EQUITY				
For the year ended 31 December 2014				
Net equity brought forward – retained earnings	8,210	8,084	6,249	6,150
Add comprehensive income for the year	4,424	126	4,572	99
NET EQUITY CARRIED FORWARD – RETAINED EARNINGS	12,634	8,210	10,821	6,249
STATEMENT OF CASH FLOWS				
For the year ended 31 December 2014				
Net cash flows from operating activities	(987)	668	(1,090)	777
Net cash flows from investing activities	540	(912)	612	(887)
Net (decrease) in cash held	(447)	(244)	(478)	(110)
Cash at beginning of the year	1,170	1,414	875	985
CASH AT END OF THE YEAR	723	1,170	397	875

Statement of Financial Position

As at 31 December 2014

	Primary ITO Group		Primary ITO	
	2014 \$000s	2013 \$000s	2014 \$000s	2013 \$000s
ASSETS				
Current Assets				
Cash and cash equivalents	723	1,170	397	875
Term deposits	13,700	7,650	12,500	6,500
Trade and other receivables	3,363	2,072	2,849	1,849
Investment in associate	–	500	–	–
Inventory	171	80	171	80
TOTAL CURRENT ASSETS	17,957	11,472	15,917	9,304
Non-current assets				
Property, plant and equipment	1,026	644	1,020	634
Intangible assets	579	595	489	553
Total non-current assets	1,605	1,239	1,509	1,187
TOTAL ASSETS	19,562	12,711	17,426	10,491
LIABILITIES				
Current liabilities				
Trade and other payables	6,230	3,958	5,963	3,737
Employee entitlements	698	543	642	505
Total current liabilities	6,928	4,501	6,605	4,242
TOTAL LIABILITIES	6,928	4,501	6,605	4,242
NET ASSETS	12,634	8,210	10,821	6,249
EQUITY				
Retained earnings	12,634	8,210	10,821	6,249
TOTAL EQUITY	12,634	8,210	10,821	6,249

The Directors have authorised these financial statements for issue.

For and on behalf of the Board of Directors who authorised these financial statements for issue on 21 April 2015.

Signed:



John Parker

Date: 21 April 2015

Signed:



Mike McCredie

Date: 21 April 2015

Auditor's letter



Report of the Independent Auditors' on the Summary Financial Statements

to the Board of Primary Industry Training Organisation Incorporated

The accompanying summary financial statements, on pages 53 to 55 which comprise the summary statements of financial position as at 31 December 2014, the summary statements of comprehensive income and the summary statements of changes in equity and the summary statements of cash flows for the year then ended, are derived from the audited financial statements of Primary Industry Training Organisation Incorporated for the year ended 31 December 2014.

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

Our audit of the financial statements for the year ended 31 December 2014 was completed on 21 April 2015 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit and those financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

This report is made solely to the Organisation's Board, as a body. Our work has been undertaken so that we might state those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Organisation's Board, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the annual report not specifically mentioned in our report.

Board's Responsibility for the Summary Financial Statements

The Board is responsible for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements ("FRS 43").

Auditors' Responsibility

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

Other than in our capacity as auditors we have no relationship with, or interests in, the Organisation or its subsidiary.

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***Report of the Independent Auditors' on the Summary
Financial Statements***

Primary Industry Training Organisation Incorporated

Opinion

In our opinion, the summary financial statements on pages 53 to 55 derived from the audited financial statements of Primary Industry Training Organisation Incorporated for the year ended 31 December 2014 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43.

Restriction on Use of our Report

This report has been prepared for inclusion in the annual report. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written over a faint, larger version of the PwC logo.

Chartered Accountants
24 April 2015

Wellington

