Kia ora koutou,

2017 was once again year of substantial change across almost all areas of PENZ operations. In January and February our accounts looked dire as the affects of the fraud really took hold. However good relationships with many of our sponsors and government agencies provided the initial financial support and flexibility we needed to trade our way into a positive cashflow position.

A new PENZ head office was established in Tauranga with new business model underpinning a very lean operation. It’s a very lean operation with both the new Office Manager Claire Waring who was appointed in April working from my home. Both Claire Waring and my myself were employed part time for most of the year. Claire continues to be employed part-time (Monday, Wednesday and Friday) while my hours gradually increased from 2 days per week to full time as the financial situation improved.

Professional Learning and Development

The 2017 conference was held in Tauranga in collaboration with Education Outdoors New Zealand (EONZ) and the New Zealand Health Education Association (NZHEA). The conference was the largest PENZ conference with over 320 delegates in attendance and 61 workshops delivered. The standard of workshops and presentations provided were exceptional and lead by a very diverse range of educators from the primary, secondary and tertiary sectors. Conferences can always be improved and refined but the feedback was overwhelmingly positive with some new ideas for future growth and development also taken on board by the conference committee for the 2018 conference.

The Inspired Leadership Programme was run in Hamilton in November 2017. Numbers were slightly down on previous years but feedback from delegates was very positive with many speaking highly of the quality and diversity of speakers and the practical applications in relation to their everyday work. Its keeping this relevance to all our professional development activities that continues to set PENZ apart from many professional development providers. A special thanks to Susie Stevens and the team for ensuring the conference ran so smoothly and created such value for members, and to special guests Kirsten Petrie from the University of Waikato and Heather Lindsay from the University of Canterbury, who ran several exceptional sessions over the two-day conference.

Partnerships, Sponsorships and Relationships

Our relationship with Sport New Zealand continued to develop very positively over the past two 18 months and we are now viewed as a priority partner. This has allowed us to access resources such as the Sport New Zealand Capability group which provide high quality advice in areas such as IT, HR, Finance, and Governance. Our President Margot Bowes attended a two-day Board Chairs course and I have been invited to attend a 6-month CEO’s leadership course. PENZ continues to work
alongside Sport New Zealand to provide curriculum advise in support of Play.Sport in Auckland and Wellington with Susie Stevens presenting a keynote at the most recent Play.Sport conference.

Hart Sport, based in Australia, continues to work with PENZ as a key sponsor. Hart Sport continues to make significant contributions to the work of PENZ however, our contractual relationship comes up for review toward the end of 2018. As an organisation we look forward to working collaboratively with them to identify new and innovative ways in which we can both benefit and extend the collaboration between our organisations.

The Accident Compensation Corporation (ACC) Sport Smart Programme was reviewed by PENZ through 2017. PENZ is currently working with ACC on the development of a programme aimed at primary schools called Movewell.

After several years the Health Promotion Agency discontinued its sponsorship at the end of 2017. However, I would like to personally thanks Tania Cotter from HPA for all the patience and support she and the agency have provided PENZ and we look forward to reviewing several new initiatives for 2019.

**Financial Performance**

Our financial situation at the start of January 2017 was very poor. PENZ had come off an operating loss of $56,081 for the year end 2016. In addition, staff were only part time and with the board, had to work though the preparation of accounts for the successful prosecution of Joanna Conney, the preparation of year end accounts for the Charites Commission with new auditors (Ingham Mora), the restoration of databases, and the development of working relationships with key agencies, the production of the Physical Educator Journal and organisation of the Tauranga National Conference.

The immediate focus for 2017 was to improve cashflow, repair our balance sheet and relationships and to put systems and processes in place to prevent any fraudulent activity occurring again. Due to huge commitment from the board and staff by the end of 2017 these goals were largely achieved.

Total Income as at December 31st, 2017 was up by $12,068 on the previous year, this was on revenue of $356,923 compared to $344,855 for 2016.

Gross profit (profit less the cost of sales) for the year ended 31 December 2017 was up by $46,648 dollars. In actual figures, the Gross Profit was $242,607 for 2017 compared to $195,959 for 2016.

Operational expenses were $175,182 and were down by $78,858 over the same period in 2016. Having reduced the cost of sales and operational expenditure and increased revenue throughout 2017 we are able to report a net operating profit of $87,532 for 2017. This compares to a net operating loss of $56,081 for 2016.

Our Statement of Financial position (Balance Sheet) as at December 31, 2017, records Total Assets of $165,133 and Liabilities of $64,040 and with Total Equity of $101,092. This compares to Total Equity of $13,560 for the same period in 2016 (The difference being $ 87,532) and includes a 25% write down on the value of inventory.
The financial outcome for 2017 was an exceptional turn around on the previous year’s operational loss. A new business model, a strong performance of the Tauranga conference, donations, and a reduction of operational expenditure produced an excellent result. Things continue to track well for the 2018 with improving cashflows, and relationships with key agencies and sponsors developing positively.

**Management**

**Staffing:**

Once again 2017 saw many staffing changes and is an area of real focus for 2018. Susie Stevens continues as the Lead Subject Advisor (0.40) and has recently taken up a part-time role with the University of Canterbury. Susie leads the growing Subject Advisory team which now has coverage in Auckland, Bay of Plenty and Canterbury.

Romana Puchegger joined the PENZ team in March 2018. Based in Auckland, Romana has worked as a High School teacher and for the University of Auckland as a CoLs liaison. Both Susie and Romana are to be congratulated for graduating with their PhD’s in 2018 – no small achievement.

Claire Waring was appointed as our new Office Manager in April 2017. Clare comes to us with a financial and marketing background and has already proven herself to be a wonderful addition to the PENZ team. Claire’s hours have been extended by an additional 6 hours per week taking her up to 24 hours per week.

Sara Hayward departed PENZ as the Bay of Plenty Subject Advisor in November 2017 to have her second child. Sara has been recently replaced by Janna Mclean who has worked for Sport Bay of Plenty on the Go For It primary programme. Janna was previously a PE teacher in New Zealand before moving to the United Kingdom and taking positions as HoD and then Director of Physical Education. She returned to New Zealand to have her two boys and is now working for PENZ part time (0.4) on several new initiatives.

In October 2017, Maree Cotter joined us part-time as the new Physical Educator Journal Editor. Maree is a mother of two girls (Charlotte and Annabel) and teaches English and Art History part time at Otumoetai College in Tauranga. Maree has already made a huge contribution to the journal and always on the hunt for interesting material.

Having ended the year in a solid financial position we have been able to start getting on the front foot with several new initiatives in addition to our normal business operations. Currently we have 19 projects on the go which include improving existing tasks and developing new businesses or processes. These project areas include:

**Conference organisation**

Organising a conference in a new location each year is very difficult. Each location requires new suppliers, new relationships, venue selection, understanding limitations and working through a host of location specific issues such as transport, accommodation and sponsor requirements. This puts enormous pressure on budgets and staff to ensure a high-quality outcome. Ideally, we would like to get to the point where we have a permanent internal capability to organise events and workshops.

Developed and tested in under two weeks our new conference website has assisted us capturing registrations and managing finances much more efficiently while also making transactions more secure and transparent.
Journal preparation

This year we have employed a new journal editor to assist with managing the production of our Physical Educator Journal. Maree liaises with writers and edits non-academic articles, while working with graphic designers, printers, and hosting organisations such as Proquest. Together we also work with advertisers to create a dynamic product which is practically informative and responsive to current issues. Our July edition will for the first time in many years also include a supplement looking at the history of TGFU over a 40-year period.

Audit preparation

New auditors were appointed after financial impropriety was discovered. The auditors are now Ingham Mora. Ingham Mora are a substantial audit firm with solid experience in financial auditing of educational organisations.

The year-end audit involved working with Q+ (our independent bookkeepers’) to prepare draft accounts and source documentation. We are now required to meet new Charites Commission reporting requirements for the year-end audit, so working with Ingham Mora to ensure we meet audit requirements has been critical.

New Initiatives

Our 3-year strategic review took place in August 2017 and resulted in the development of a new Strategic Plan from 2017-2019. Significantly, the review also saw the development of a new Projects Register. The function of the projects register is to allow ideas to be captured, research and developed so they can be discussed, prioritized and approved by the board.

This system has resulted in several new initiatives being approved for 2017-18 including:

- The development of a Learning Management System (LMS)
- The development of a Content Management System (CMS)
- The development of a Conference Website
- The development of an E-Commerce Trading Platform
- Expansion of Advisory Services into Auckland
- Development of Micro-Credentials for teacher PLD
- Creation of a Primary Advisory Group
- Creation of a Secondary Advisory Group
- Creation of a Maori Advisory Group
- Implementation of a Customer Relationship Management System (CRM)
- Improved digital outputs from conferences
- Expansion of PLD workshop series in 2019
- Board Professional Development Programme
- CEO Executive Leadership Programme

These new initiatives are targeted to improve our connectedness and provide professional development opportunities for members. Many of these projects are also designed to provide a foundation so PENZ can be responsive, flexible and finically stable organisation into the 21st Century.

Ngā mihi

Richard van der Jagt
Chief Executive Officer