

# ANNUAL REPORT

FOR THE PERIOD ENDING  
31 DECEMBER 2014

## **Mission statement:**

To encourage the development of the  
New Zealand Marine Industry and help our  
Members build successful businesses



INCORPORATING THE NZ MARINE  
INDUSTRY TRAINING ORGANISATION

PROMOTING AND UPSKILLING THE  
NEW ZEALAND MARINE INDUSTRY

# PRESIDENT'S REPORT

To members,

Our industry is transforming; the changes we have experienced over recent years and had hoped were a temporary blip, have continued and we have found ourselves having to adapt to what now appears to be the new normal.

While areas of the marine industry have contracted dramatically there are sectors of the industry where the change has meant growth and the association have done our utmost to support these areas as they expand to ensure this growth is sustainable and long term.

The press in the past few weeks have told of record numbers of superyacht visits which are helping to fuel the refit sectors, the available haul out facilities continue to experience high utilisation. Expanding on this becomes a challenge as opportunities to build new haul out and launching infrastructure compete with the demands of the residential housing/apartment market on the coastlines marine industry use.

Change has not passed by for the ITO. Last year I commented that the NZ Marine ITO was small but perfectly formed and we continue to hold our position as one of the remaining independent and highest performing ITO's in the country. This has not been without its challenges and in a changing governmental environment we continue to invest in training to maintain the quality of output and provide the standard setting and technical resources required to support industry.

Market researchers and analysts are telling us that the turnaround is coming, we need to make sure that we are ready for the demand when it comes and that we are still in business when it gets here. If we can survive the lean times and streamline our costs through business improvements and efficiency measures we will be well placed for the future. This is just as true for the Association as it is for your own business.

The team in NZ Marine House are continually reviewing the services we provide to members to ensure that we remain relevant, financially viable and maximise the benefits provided to industry.

For me it has been a very busy year and changes in circumstances mean I am not able to provide the association the time the role requires so I am standing aside to allow another industry leader to take the helm.

I wish you all the very best for the year ahead



**Ian MacLeod**  
**President**

# EXECUTIVE DIRECTOR'S REPORT

## Mission Statement: 'To encourage development of the New Zealand Marine Industry and support our members to build successful businesses'

NZ Marine during 2014 provided a wide range of initiatives to increase business opportunities for our member companies. Our endeavour is to improve your company's profitability and where applicable export receipts resulting in more jobs for New Zealanders. In 2014 we did this through a range of activities including:

- Upskilling the industry from entry apprenticeship level to CEO/Owner level
- Facilitating networking and joint initiatives with member companies
- Providing national and international statistics to assist members to make their future growth strategies
- Providing quality assurance e.g. trailer powerboat audited build programme, Refit group Code of Conduct
- Providing best business practice with over 40 NZ Marine recommended documents available for members such as agreement to build vessels, variations agreement, agreement for refit, sales and purchase agreement etc
- Promoting New Zealand as a destination and for refit for visiting yachts
- Hosting specific events to promote industry members including the Auckland On Water Boat Show, Marine Trades Challenge (Apprentices Build-a-Boat competition), NZ Marine ITO apprentice graduation, conferences, leverage off maritime events such as the Volvo Ocean Race Stopover in NZ
- Informing members of business opportunities such as international tenders and promoting the industry through publications such as NZ Marine News and weekly NZMI Fastmail e-news
- Providing a single voice for the New Zealand marine industry soliciting the support of central and local government
- Provision of services to NZ Marine Export Group administration and hosting of the NZ Millennium Cup in the Bay of Islands
- Close liaison with related industry associations such as Composites Association of NZ, RINA and HERA

## Sector Groups of the NZ Marine Industry

The means by which the NZ marine industry sets out to achieve its strategic goals and maximise its effectiveness is through the industry's key sector groups, governance boards and skilled administration support team. Chairpersons of the 15 major sectors/specialised industry associations ensure that all major sectors such as trailer powerboats, to equipment manufacturers, to superyachts and commercial vessels are all represented on the Executive. The Board of Management consisting of Ian MacLeod, Lloyd Stevenson, David Glen, Stuart Robinson, Phil Wardale and Peter Busfield sets the strategies and insures the association is properly resourced to carry out its activities. Each sector group has its own strategy and action plans to advance its relevant sector.

Following are the chairs of our Sector Groups:

- |   |                                  |
|---|----------------------------------|
| • NZMI Executive:                                     | Ian MacLeod                      |
| • Board of Management:                                | Ian MacLeod                      |
| • Marine Industry Training Board:                     | Lloyd Stevenson                  |
| • New Zealand Marina Operators Association Executive: | David Hollingsworth/Darryl Smith |
| • NZ Marine Export Group:                             | Stuart Robinson                  |
| • Royal Institution of Naval Architects NZ Division:  | Ted Ewbank/Graeme Finch          |
| • Boat Builders Group:                                | Lloyd Stevenson                  |
| • Boat Dealers Committee:                             | Gary Dutton                      |
| • CPC Manufacturers' Group:                           | Griff Simpson                    |
| • Discover Boating Committee:                         | Mike Harris/Dean Harris          |
| • Refit Group Committee:                              | Ron Brown                        |
| • Commercial Vessel Group:                            | Dave Hopkins                     |
| • Engine Group Committee:                             | Wayne Patten                     |
| • Suppliers Group Committee:                          | Mike Harris                      |
| • Trailer Manufacturers' Group:                       | Greg Dutton                      |
| • Boat Show Policy Committee                          | Ian MacLeod                      |

# EXECUTIVE DIRECTOR'S REPORT

## Industry Training

One of the secrets of our success in continuing to compete internationally with NZ built boats, refits and manufacture of equipment is our industry endorsed and run NZ Marine Industry Training Organisation. It continued to achieve a high rate of trainee achievement and completions in 2014 and continues to serve our industry very well. Refer to General Manager Mr Chris van der Hor report on industry training over.

## Financial position of the Organisation

The association's financial position is sound. The financial result for the 12 months to 31st December 2014 shows a deficit of \$46,078 before depreciation and boat show impairment and a deficit of \$180,927 after depreciation and boat show impairment. Members funds were \$1,506,855 as at 31st December 2014. The reason for the loss was due to a decline in NZ Marine ITO training numbers and change in government funding of the ITO. New Government funding arrangements, a reduction in costs and increasing training numbers should see the NZ Marine ITO return to a slight surplus in 2015. The NZ Marine Industry Association activities provided a slight surplus in 2014.

The 2015 budget approved by the Executive shows a surplus after depreciation planned for the period ending 31st December 2015. The trading operations of the association for the three months to 31st March 2015 are in line with this budget.

Our membership is showing steady growth with 455 members as of March 2015 compared with 451 at December 2014 and 444 at December 2013.

## Performance of NZ Marine Industry Association

Following a 12 month analysis, Better by Design, a NZTE sponsored project, reported that NZ Marine provides valued services to its stakeholders and the level of services is well in excess of what could be expected based on the limited financial resources available to NZ Marine.

## Market situation and opportunities ahead

It is pleasing to report that after six years of decline many sectors of the NZ Marine Industry saw steady growth during 2014 and continuing into 2015. The bread and butter activity of trailer power boat manufacture, sales and servicing are enjoying good sales on the back of a recovering rural sector in NZ, increased population and increased exports to Australia and other established markets.

Assisted by the wide publicity and profiling of NZ during the 34th America's Cup in San Francisco in 2013, and the concerted effort by members of the NZ Marine Export Group marketing their products and services in targeted international markets, export activity to the USA is increasing.

In the superyacht sector, it is good to see a number of new build commissions but unfortunately not sufficient to keep all our superyacht builders busy. The NZ Marine Export Group has a target of achieving 6 superyachts on order/being built at any one time from 2018. The NZ Marine Refit Group, supported by the NZ Marine Export Group have a target of increasing the number of cruising yachts visiting New Zealand by 20% to 750 by 2018 and superyachts from 37 in 2013/2014 season to 74 by 2018. We are pleased to report that through a number of initiatives and support provided by Tourism NZ, ATEED, NZTE and superyacht agents we have assisted the growth in superyacht visits to 57 in the 2014/2015 season to date.

The trailer powerboat manufacturing sector enjoyed increased activity with local and export sales at an eight year high. Local manufactured boats enjoyed over 90% market share of the growing domestic market, demonstrating their design and build quality of NZ built boats.

Our now largest sector, the Ship and Workboat sector, was recently rebranded as the Commercial Vessel Sector and has further potential to grow. It is pleasing to see several large NZ operators such as Fullers Ferries and Aotearoa Fisheries now procuring commercial vessels from New Zealand.

Recently I was appointed to Ministry of Business, Innovation and Employment's Business Reference Group and through this, I hope to further encourage NZ Government policies so Government departments look to New Zealand for procurement of the vessel needs.

# EXECUTIVE DIRECTOR'S REPORT

In 2014 with the assistance of NZTE we commissioned Market Economics Ltd to conduct a 'current status' and future outlook report for our industry. The summary key findings were:

Marine Industry Turnover by Sector Comparison, 2011-2013

Sector	2011		2013	
	Total	% of Total	Total	% of Total
Trailer Power Boats	\$ 124.4	7.7%	\$ 163.7	10.2%
Yachts & Launches	\$ 160.9	10.0%	\$ 138.7	8.7%
Superyachts	\$ 191.1	11.8%	\$ 103.4	6.5%
Racing Yachts	\$ 17.7	1.1%	\$ 9.0	0.6%
Rigid Hull Inflatable Boats	\$ 46.1	2.9%	\$ 50.1	3.1%
Kayaks, Dinghies & PWCs*	\$ 3.4	0.2%	\$ 9.0	0.6%
Ship & Workboats	\$ 329.9	20.5%	\$ 305.7	19.1%
<b>Total Boat Building Sector</b>	<b>\$ 873.5</b>	<b>54.2%</b>	<b>\$ 779.6</b>	<b>48.7%</b>
Refits and Maintenance	\$ 147.2	9.1%	\$ 379.4	23.7%
Equipment and Other	\$ 591.9	36.7%	\$ 442.8	27.6%
<b>Total Marine Sector</b>	<b>\$ 1,612.6</b>	<b>100.0%</b>	<b>\$ 1,601.8</b>	<b>100.0%</b>

Marine Industry Exports by sector comparison

Sector	2011		2013	
	Total	% of Total	Total	% of Total
Trailer Power Boats	\$ 22.3	3.5%	\$ 54.2	8.3%
Yachts & Launches	\$ 31.4	4.9%	\$ 29.9	4.6%
Superyachts	\$ 190.2	29.6%	\$ 103.4	15.8%
Racing Yachts	\$ 16.3	2.5%	\$ 7.0	1.1%
Rigid Hull Inflatable Boats	\$ 33.2	5.2%	\$ 35.1	5.4%
Kayaks, Dinghies & PWCs	\$ 1.9	0.3%	\$ 5.6	0.9%
Ship & Workboats	\$ 124.3	19.3%	\$ 115.2	17.7%
<b>Total Boat Building Sector</b>	<b>\$ 419.7</b>	<b>65.2%</b>	<b>\$ 350.4</b>	<b>53.7%</b>
Refits and Maintenance	\$ 41.7	6.5%	\$ 145.6	22.3%
Equipment and Other	\$ 182.1	28.3%	\$ 156.4	24.0%
<b>Total Marine Sector</b>	<b>\$ 643.5</b>	<b>100.0%</b>	<b>\$ 652.4</b>	<b>100.0%</b>

## Forecast 2015

Overall industry growth	12.5%
Export growth	13%

We appreciate central government through NZTE, TEC, Maritime NZ, Ministry of Foreign Affairs and Trade, NZ Customs, IRD and other departments providing support to the NZ marine industry on several areas during 2014. Notable was the international promotion of New Zealand as a destination and the increased period of time visiting yachts can visit New Zealand from previous 12 months to now 24 months and the recent change to allow some chartering of visiting superyachts in NZ waters. Both of these regulation changes have provided an immediate increase in foreign exchange earnings for New Zealand and indeed for many of our member companies.

We continued to forge a closer working relationship with city councils and this has seen benefits to business to the marine industry in Canterbury, Marlborough Sounds, Tauranga, Whitianga, Auckland, Whangarei and Northland.

At the AGM we will be seeking to change the name of the NZ Marine ITO to that of NZ Marine and Composites ITO. This will then reflect the coverage our ITO has for the growing composite industry in New Zealand.

Thank you to the 140 company owners and senior management that volunteer their time on the various sector groups, committees, boards and the 160 companies that have apprentices in NZ Marine ITO training.

This combined with the energetic team at NZ Marine House under the sound direction of Chief Operating Officer and General Manager of the NZ Marine ITO Mr Chris van der Hor, Events Manager Ms Michelle Khan and Export Administrator and Executive Assistant Stacey Cook we are privileged to serve our industry members.

We look forward to championing and supporting one of the most dynamic and successful manufacturing based industries in NZ going into 2015 and beyond.

  
Peter Busfield  
Executive Director

## Mission Statement

*'Provide leadership in the development of skills and training excellence, to the marine and composite industries'*

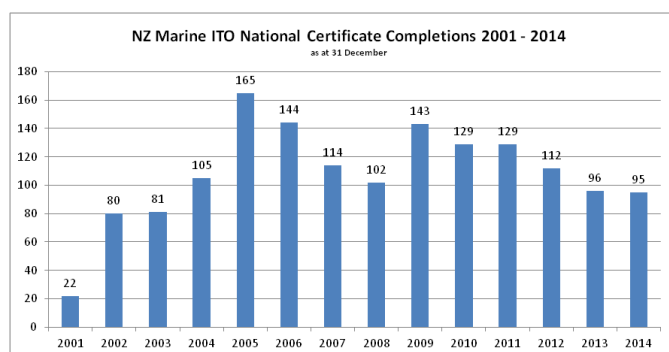
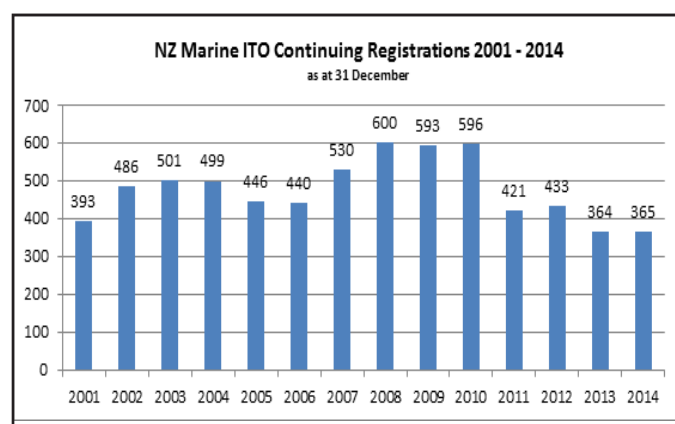
## Statutory Role

The NZ Marine ITO, along with 11 other TEC funded Industry Training Organisations (ITOs) currently recognised by the Tertiary Education Commission, has the following statutory obligations under the Industry Training and Apprenticeships Act 1992 and the Tertiary Education Strategy:-

- Develop and maintain skill standards that are registered by the New Zealand Qualifications Authority.
- Develop and maintain arrangements for the delivery and assessment of industry training.
- Comply with any conditions of recognition.
- Comply with any prescribed quality assurance requirements.
- Develop and maintain arrangements for the collective representation of employees in the governance of the organisation.

## Statistics

### a) Continuing Registrations – Yearly Totals – as at 31 December



Between 2001 to 2014, 1517 National Certificates have been issued.

- d) **Unit Standard Credit Achievement (1/1/14 – 31/12/14)**  
= 20,243
- e) **Employers with Continuing Apprentices (as at 31/12/14)** = 154

## Tertiary Education Commission (TEC)

### a) Modern Apprenticeships and New Zealand Apprenticeships

TEC introduced New Zealand Apprenticeships as from 1/1/14 to replace the Modern Apprenticeship programme. Apprentices registered as "Modern Apprentices" prior to 1/1/14, will continue their training under the Modern Apprenticeship training programme.

While Modern Apprenticeships were targeted to 16-21 year olds, New Zealand Apprenticeships are open to all age groups but are restricted to either level 4 qualifications with at least 120 credits or multiple qualifications that together have at least 120 credits, provided those qualifications are at level 3 and level 4 on the New Zealand Qualifications Framework, and at least 60 credits are at level 4. A Code of Practice has been published by TEC which includes the requirement for ITOs to arrange direct workplace training support and assessment services.

Back in 2000, it was clear to the NZ Marine ITO (Boating ITO at the time) that the most effective way to ensure positive outcomes from the training was to provide direct face to face site visit support to apprentices and employers. The government introduced Modern Apprenticeships during 2001 which formalised the requirement for 16-21 year old apprentices to be supported with quarterly site visits. While the NZ Marine ITO was approved as a Modern Apprenticeship Co-ordinator at the time, it was decided to exceed the contractual requirements of Modern Apprenticeships by visiting all apprentices regardless of age. This approach was sensible and has worked extremely well over time with high qualification completion rates being achieved along with a high degree of apprentice and employer satisfaction.

In practical reality, trainees and apprentices and their employers will not notice any difference in services provided going forward, as it has always been the policy of the NZ Marine ITO to provide field officer workplace training support and assessment services to all registered trainees and apprentices, irrespective of age, registered qualification, and TEC funding category/subsidy rate.

### b) TEC Audit/TEC Re-recognition

During December 2014, TEC conducted a three day intensive on-site audit of the ITO operational systems and processes with an emphasis on data recording and reporting. A very positive audit report was provided which demonstrates TEC has a high level of confidence in the NZ Marine ITO operational systems and processes.

This audit report constitutes a crucial component of the re-recognition process which will determine if TEC continues to recognise the NZ Marine ITO as an industry training organisation. A formal application for re-recognition has been submitted to TEC, and the outcome will be known during May 2015.

### c) TEC Income/Industry Training Register

The TEC provides 70% of the funding, while 30% is required to be raised direct from the industry. The lower than projected level of registered apprentices during 2014 has resulted in a corresponding



# NZ MARINE ITO REPORT

decrease in total income. (The financial accounts provide a full breakdown of the fiscal position of the NZ Marine ITO.)

Following on from 2013, the fiscal environment during 2014 has continued to remain challenging with soft uneven industry conditions coupled with the fourth year of being funded by TEC under a part performance based funding model. Under this model, the NZ Marine ITO reports enrolment and achievement data in near real time to the Industry Training Register (ITR), a data collection and performance management reporting system. From the ITR data collected, TEC measures performance and determines funding entitlement. ITOs can be financially penalised if registered apprentice/trainees under-achieve, remain registered beyond their pre-determined duration and if they over-enrol in training.

While registrations have remained at a lower than budgeted level during 2014, the NZ Marine ITO has been able to achieve very respectable educational performance indicator results under this new funding model.

NZ Marine ITO Educational Performance Indicator (EPI) performance - 2014

- Credit Achievement = 87%
  - Qualification Completion Achievement = 85%
- (may be subject to variation once TEC evaluate data during April 2015)

Comparative 2014 EPI performance data of other ITOs will be published later this year, but it is expected that the EPI performance data will place the NZ Marine ITO as a high performing ITO.

## d) *Reboot Incentive Subsidy*

During March 2013, the government introduced "Reboot," a financial incentive subsidy for employers and apprentices. Eligible apprentices and employers each received \$1,000 after three months of registration. This incentive subsidy was designed to lift the profile and participation rates of apprentices entering trade training apprenticeships and has assisted with the payment of training fees and the purchase of tools. This subsidy remained in force until the end of 2014 with 205 apprentices receiving the subsidy as well as their employers.

## NZQA/Targetted Review of Qualifications (TRoQ)

The New Zealand Qualifications Authority (NZQA) requires all industry training organisations to undertake a compulsory targeted review of qualifications (TRoQ). This NZQA policy seeks to achieve a rationalisation and simplification of New Zealand Qualifications Framework registered qualifications.

This review is an opportunity to keep and perfect the qualifications that are working for apprentices and employers and to also create new pathways and opportunities as the industry develops in different ways.

The NZ Marine ITO commenced this targeted review during the second half of 2013 and following wide-spread stakeholder consultation, NZQA approved NZ Marine ITO's application during 2014 to proceed with the development of 20 qualifications to replace the existing 11 registered qualifications. The next stage of the TRoQ process is to develop these qualifications so that they can be submitted to NZQA for analysis and registration during 2015.

The NZ Marine ITO is appreciative of the voluntary time employers and other stakeholders have provided by participating in governance and working groups to ensure the new qualifications

will meet industry requirements and expectations.

## Composites Industry Training

Since September 2007, training for the Composites Manufacturing Industry (excluding Aeronautical Composites) has been the responsibility of the NZ Marine ITO. This has been a logical extension to the training that has historically been offered in composite boatbuilding.

The qualifications were totally reviewed during 2010 in consultation with the Composites Association of NZ (CANZ) and as a result, industry acceptance and support has been consolidated. A close collaborative working relationship has been established CANZ which has included NZ Marine being contracted by CANZ to provide administrative support and services for their association.

At the end of 2014, composites industry training stood at 11% of the total continuing registrations. A name change from NZ Marine ITO to NZ Marine and Composites ITO is proposed to reflect the TEC gazetted coverage of the two industry sectors and the valued relationship between NZ Marine and CANZ.

## Off-Job Training

Comprehensive off-job training provision was offered during 2014 with 10 block courses and 3 night school classes being held throughout New Zealand by a total of 6 training providers. Subsidised travel and accommodation is provided to apprentices needing to travel to attend block courses.

## RudderLive ([www.rudderlive.nzmarine.com](http://www.rudderlive.nzmarine.com))

Since 2010, the NZ Marine ITO has been utilising an on-line Learning Management System (LMS) called "RudderLive." This new LMS has been further refined to provide a user friendly and efficient system so apprentices can log on anytime, download their study notes and study at times convenient for them. "RudderLive" does not replace the current training delivery model of off-job training, but gives apprentices another option to help them "steer their training to success." Field officers also use the system to monitor apprentice/trainee progress, to arrange the individual learning plans, and to provide mentoring and supportive services.

In total, 292 NZ Marine ITO published study notes (training delivery and assessment resources) have now been uploaded to the "RudderLive" website to cover the theoretical/knowledge based requirements of the training.

## Literacy and Numeracy

Government policy has required industry training organisations to take on a greater leadership role in lifting workplace productivity and skills utilization including the raising of literacy and numeracy standards in the workplace. The NZ Marine ITO has continued the process of embedding literacy and numeracy into the training delivery and assessment resources (study notes) with the aim of enhancing learning effectiveness.

In addition, the Literacy and Numeracy for Adults National Assessment Tool (LNAAT) developed by the Tertiary Education Commission (TEC) has continued to be used to assess apprentices when they first enter training. This tool determines if apprentices should be offered additional support to improve their

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literacy and numeracy competencies.

## First Line Management Training

First Line Management training has continued to be available to trainees by distance learning through the RudderLive website.

## Gateway Boatbuilding Training

The NZ Marine ITO has established relationships with over 20 Gateway Co-ordinators spread around New Zealand allowing for secondary students to gain valuable work experience while gaining introductory boatbuilding unit standard credits. The NZ Marine ITO remains a great supporter of Gateway training, even though no specific funding is allocated by the Tertiary Education Commission. Gateway provides a "taster" for secondary school students so that their suitability for boatbuilding apprenticeships can be determined.

## Marketing/Promotional Activities

The NZ Marine ITO has continued to promote careers and training at all major boatshows and at several secondary school career expos. These promotional activities have contributed to creating an awareness of NZ Marine ITO training and have assisted with the recruitment of suitable people into the industry.

## Marine Trades Challenge (MTC) – 2014

The Marine Trade Challenge (Build a Boat and Sail It Competition) is designed as a celebration of the skills of boatbuilding apprentice trades-people.

This event is usually held annually, but did not take place during 2014. The latest MTC was held on 28 February 2015 at the Volvo Ocean Race venue, Viaduct Harbour, Auckland.

## Graduation

The thirteenth annual graduation ceremony took place at the Royal New Zealand Yacht Squadron, Westhaven, Auckland on 4 December 2014. The annual graduation is a well established event on the NZ Marine ITO calendar as it represents an opportunity for the marine and composites industries to acknowledge and celebrate the success of the graduating apprentices/trainees. During 2014, 95 National Certificates were issued to 93 apprentices/trainees, including the first graduates in marina operations and services.

## International Licence Agreements

Licence agreements to use our training and assessment resources (study notes) have been renewed with the Nova Scotia Boatbuilders Association and Metal Craft in Kingston, Ontario, Canada.

Other opportunities to licence our resources off-shore are continuing to be explored.

## Industry Training Review

A review of the industry training sector was commenced during 2011, following a directive by the Minister of Tertiary Education, Hon. Stephen Joyce. A consultation process followed and the Minister finally released his report during February 2013

which indicated strong support for the role of industry training organisations.

The full impact of the Industry Training Review has been experienced during 2014 with the introduction of New Zealand Apprenticeships, the "Reboot Subsidy" continuing until the end of the year, as well as the continued rationalisation of the ITO sector. The number of funded ITOs further reduced from 14 at the end of 2013 to a total of 11 at the end of 2014.

Out of the 11 funded ITOs, the NZ Marine ITO remains the smallest. The NZ Marine ITO has communicated to government a strong desire to remain as a stand-alone ITO.

## Summary

Soft and uneven industry conditions continued into 2014 resulting in a lower than average number of continuing apprentice/trainee registrations. In addition, the new part-performance based funding model that was introduced during 2011, has continued to create a challenging performance and fiscal environment. The big challenge as we move forward, is to build up to a higher number of apprentices/trainees participating in training in order to ensure the future financial viability of the NZ Marine ITO. Despite the decrease in apprentice/trainee registrations, the NZ Marine ITO has adapted well by satisfying all TEC and NZQA operational, audit and compliance requirements.

Significant projects undertaken during 2014 include the continuation of the compulsory targeted review of qualifications (TRoQ), an operational audit being carried out by TEC, a state-of-the-art data processing system being fine-tuned, and the full outcomes of the Industry Training Review being implemented which has included the introduction of New Zealand Apprenticeships.

Priorities for 2015 will focus on the continuation of the TRoQ process, ensuring the ITO gains TEC re-recognition, and ensuring financial viability by building up registrations.

My seventh year managing the NZ Marine ITO has been a very challenging and stimulating and I am very appreciative of the support I have received from our member companies, the NZ Marine Industry Training Board and the excellent teamwork provided by the NZ Marine staff.

Many thanks for all your support.



**Chris van der Hor**  
General Manager





**RSM Prince**  
Chartered Accountants

## BOATING INDUSTRIES ASSOCIATION OF NEW ZEALAND INC

### Financial Report for the Year to 31 December 2014

We take pleasure in presenting to you the Association's Financial Statements for the year ended 31 December 2014.

The Income Statement that is presented has been consolidated in line with last year to preclude internal entries between the various divisions within Boating Industries Association. The various divisions include New Zealand Marine Industry Training Organisation (NZMarineITO), New Zealand Marine Industry Association (NZMI) and Export Offshore Licencing Division. For management purposes these statements will still be kept separate.

**Boating Industries Association of New Zealand Inc (BIA) – The Group – Members' activities and administration resulted in a deficit for the twelve months to 31 December 2014 of (\$180,927). Earnings before Interest, Tax, Depreciation and Armortisation (EBITDA) was (\$46,078). EBITDA is used to calculate an entity's profitability by eliminating the effects of Financing and Accounting decisions.**

During the financial year BIA received revenue mainly from Membership Subscriptions, Industry Training Fund, Student Contributions and Industry Contribution, Modern Apprentice Co-ordinator Income, Boat Shows and Export Offshore Licencing Income totalling \$2,679,222.

Costs for the year totalled \$2,725,300 (the largest costs incurred by the Association include NZMI Boat Shows & Special Events and Salaries & Wages) resulting in a Net Cash Deficit of (\$46,078).

As at 31.12.14, BIA members' funds totalled \$1,506,855 compared to \$1,687,782 last year.

The Association is showing a strong position in terms of its Balance Sheet with a surplus of Current Assets compared to Current Liabilities of \$613,217 and a strong proprietorship ratio of 68%.

*RSM Prince*

**RSM PRINCE**  
Chartered Accountants  
Auckland  
18 March 2015

RSM Prince is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Prince is a member of NZ CA Ltd, an association of Independent Chartered Accountants.

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**Boating Industries Association of New Zealand Incorporated**  
**Income Statement**  
**For the year ended 31 December 2014**

	2014 \$	2013 \$
<b>REVENUE</b>		
Completion Charge & Sale of Training Material	53,312	32,239
Corporate Sponsorship & Advertising	18,100	16,600
Export Offshore Licencing Income	60,391	54,979
Function Room Hire	41,884	28,626
Industry Training Fund from NZ Government	812,680	616,172
Interest	36,358	37,768
Marine Trades Challenge	-	309
Membership Subscriptions	251,272	242,803
Modern Apprentice Co-ordinator Income from NZ Govt	(299)	320,370
NZMI Boat Shows & Special Events Income	1,002,687	1,106,476
NZMI Members Industry Contribution to Training	161,366	123,769
Off-Job Training Accrual Reversal	-	35,850
Other Boat Show Contributions - NZ Boat Shows	10,000	10,000
Rent	60,437	57,913
Sector Group Administration	63,480	46,000
Special Contracts Income	52,485	110,311
Student / Industry Contribution	46,361	56,553
Sundry Income	8,706	23,427
<b>Total Income</b>	<u>2,679,222</u>	<u>2,920,166</u>
<b>Less Expenses</b>		
Accident Compensation Levy	3,563	3,499
Accommodation & Travel Subsidy for Apprentices	7,868	6,203
Accounting Fees	110,651	105,187
Audit Fees	15,000	15,000
Bad Debts	9,522	9,217
Bank Charges	2,750	2,759
Cleaning & Laundry	6,078	6,322
Computer Expenses	59,856	49,190
Consultancy	12,750	20,241
Contingency	-	5,406
Early Bird Discount on Subscriptions / Administration Fees	-	3,790
Entertainment	406	1,069
Export Offshore Licencing Expenses	13,484	8,360
FBT	31,356	33,710
Freight & Cartage	7,244	6,629
General Expenses	18,284	18,465
Graduation Ceremony	637	341
Hire - Plant & Equipment	2,774	1,100
Insurance	8,785	9,002

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

Financial Page

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**Boating Industries Association of New Zealand Incorporated**  
**Income Statement**  
**For the year ended 31 December 2014**

	2014	2013
	\$	\$
Legal Fees	4,541	3,055
Light & Power	9,978	11,264
Market Research & Statistics	20,196	3,074
Moderation & Assessment	490	975
Motor Vehicle Expenses	45,425	51,819
NZMI Boat Shows & Special Events Expenses	711,010	818,472
NZQA Completion Certification	390	656
NZQA Fees	22,654	20,269
NZQA Development Review (TRoQ)	68,299	26,634
Postage	5,343	7,113
Printing & Stationery	31,074	23,642
Printing of Study Notes	5,379	5,473
Publicity & Promotion	55,016	55,097
Purchase of Off Job Training & Assessment Services	92,661	110,243
Recruitment / Temp Expenses	1,269	574
Rent	151,674	147,675
Repairs & Maintenance	2,571	4,764
Salaries & Wages	1,052,667	1,071,898
Sector Group Meetings	4,583	5,278
Security	540	436
Staff Training & Team Building	2,501	12,810
Subscriptions	23,523	21,123
Telephone & Tolls	25,912	30,649
Travelling Expenses	76,595	78,281
<b>Total Expenses</b>	<u>2,725,300</u>	<u>2,816,761</u>
<b>NET SURPLUS / (DEFICIT) BEFORE DEPRECIATION AND IMPAIRMENT</b>	<u>(46,078)</u>	<u>103,405</u>
<b>Less Depreciation and Impairment</b>		
Depreciation	141,840	129,440
Depreciation Recovered	(991)	(283)
Gain on Sale	(6,000)	-
	<u>134,849</u>	<u>129,157</u>
<b>NET SURPLUS / (DEFICIT)</b>	<u><u>(\$180,927)</u></u>	<u><u>(\$25,753)</u></u>

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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**Boating Industries Association of New Zealand Incorporated**  
**Statement of Movements in Members' Funds**  
**For the year ended 31 December 2014**

	2014 \$	2013 \$
<b>MEMBERS' FUNDS AT START OF YEAR</b>	1,687,782	1,589,535
<b>SURPLUS &amp; REVALUATIONS</b>		
Net Deficit for the Period	(180,927)	(25,753)
Movements in Revaluation Reserves	<u>-</u>	<u>124,000</u>
<b>Total recognised revenues &amp; expenses</b>	<u>(180,927)</u>	<u>98,247</u>
<b>MEMBERS' FUNDS AT END OF YEAR</b>	<u><u>\$1,506,855</u></u>	<u><u>\$1,687,782</u></u>

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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**Boating Industries Association of New Zealand Incorporated**  
**Balance Sheet**  
**As at 31 December 2014**

	2014 \$	2013 \$
<b>EQUITY</b>		
Retained Earnings	1,382,855	1,563,782
Revaluation Reserve	124,000	124,000
<b>TOTAL MEMBERS' FUNDS</b>	<u>\$1,506,855</u>	<u>\$1,687,782</u>
Represented by:		
<b>CURRENT ASSETS</b>		
ANZ	628,058	810,815
Kiwibank	289,272	277,613
Accounts Receivable	345,810	341,573
Prepayments	40,738	23,985
CPC Programme	1,809	(1,199)
NZMI Refit Group	3,548	5,356
NZMI Ship & Workboat Group	7,580	7,345
National Boat Show - Advance	7,802	7,764
Inventory	<u>4,305</u>	<u>4,107</u>
<b>Total Current Assets</b>	1,328,922	1,477,359
<b>NONCURRENT ASSETS</b>		
Fixed Assets as per Schedule	591,778	688,397
<b>Investments</b>		
Shares - National Boat Show	50	50
<b>Intangibles</b>		
Trademarks	1,810	2,614
Auckland On The Water Boat Show	<u>300,000</u>	<u>300,000</u>
<b>Total Intangibles</b>	301,810	302,614
<b>Total Non-Current Assets</b>	<u>893,638</u>	<u>991,061</u>
<b>TOTAL ASSETS</b>	<u>2,222,560</u>	<u>2,468,420</u>

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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**Boating Industries Association of New Zealand Incorporated**  
**Balance Sheet**  
**As at 31 December 2014**

	2014 \$	2013 \$
<b>CURRENT LIABILITIES</b>		
GST Due for payment	78,051	61,389
Accounts Payable	322,598	387,396
Income in Advance	306,623	323,420
Health & Safety Guide	8,433	8,433
<b>Total Current Liabilities</b>	<u>715,705</u>	<u>780,637</u>
<b>TOTAL LIABILITIES</b>	<u>715,705</u>	<u>780,637</u>
<b>NET ASSETS</b>	<u>\$1,506,855</u>	<u>\$1,687,782</u>

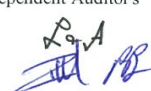
For and on behalf of the Board:

President  Executive Director   
 Date 16/03/2015

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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**Boating Industries Association of New Zealand Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

2014	2013
\$	\$

**1. STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity**

These are the financial statements of Boating Industries Association of New Zealand Incorporated (BIA), trading as New Zealand Marine Industry Association (NZMI) and New Zealand Marine Industry Training Organisation (NZMarineITO). BIA is incorporated under the Incorporated Societies Act 1908.

**Measurement Base**

These financial statements of BIA have been prepared in accordance with generally accepted accounting practice in New Zealand on an historical cost basis, except that certain intangible assets are recorded at valuation.

The information is presented in New Zealand dollars.

**Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

**Specific Accounting Policies**

In the preparation of these financial statements, the specific accounting policies are as follows:

**(a) Fixed Assets**

Fixed assets are recorded at original cost less an allowance for depreciation.

Depreciation is calculated on the basis of allocating the cost or valuation of assets over their useful lives, on a straight-line basis at the following rates as set by the Executive Committee of BIA:

Boat Show Equipment	3.6 - 30.0%
Leasehold Improvements	5.5 - 50.0%
Office Furniture	6.5 - 80.4%
Office Equipment and Plant	2.0 - 80.4%
Motor Vehicles	17.5 - 21.0%
Software	16.6 - 48.0%

**(b) Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

**(c) Inventory**

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Inventory comprises promotional stands and materials.

**(d) Receivables**

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

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**Boating Industries Association of New Zealand Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

2014                      2013  
\$                              \$

(e) **Sponsorship and Grants**

Sponsorship and Grants are recognised in operating revenue unless specific conditions are attached and repayment is required where these conditions are not met. In these cases, the sponsorship or grant is treated as a liability until the conditions are met.

**2. AUDIT**

These financial statements have been subject to audit, please refer to the Independent Auditor's Report.

**3. TAXATION**

From 1 July 2005, BIA was granted full income tax exemption under the Income Tax Act 2007, section CW 39.

**4. FIXED ASSETS**

Fixed assets comprise:

**Boat Show Equipment**

At cost	397,638	390,573
Accumulated Depreciation	<u>(117,660)</u>	<u>(100,071)</u>
Book Value	<u>279,978</u>	<u>290,502</u>

**Leasehold Improvements**

At cost	408,939	408,939
Accumulated Depreciation	<u>(244,475)</u>	<u>(215,834)</u>
Book Value	<u>164,464</u>	<u>193,105</u>

**Office Furniture**

At cost	92,499	92,499
Accumulated Depreciation	<u>(80,593)</u>	<u>(76,482)</u>
Book Value	<u>11,906</u>	<u>16,017</u>

**Office Equipment**

At cost	289,136	252,775
Accumulated Depreciation	<u>(216,960)</u>	<u>(176,121)</u>
Book Value	<u>72,176</u>	<u>76,654</u>

**Motor Vehicles**

At cost	234,276	234,276
Accumulated Depreciation	<u>(171,022)</u>	<u>(122,157)</u>
Book Value	<u>63,254</u>	<u>112,119</u>

**Total Fixed Assets**

<u>\$591,778</u>	<u>\$688,397</u>
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**Boating Industries Association of New Zealand Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

	2014 \$	2013 \$
<b>5. COMPLIANCE PLATE CODE PROGRAMME</b>		
Compliance Plate Code (CPC) programme is a joint initiative of BIA and the Royal New Zealand Coastguard Federation to establish boat manufacturing safety and building performance standards. BIA administers the programme on behalf of CPC members in a trust capacity. Funds held on behalf of CPC members are included in BIA's cash reserves and offset by a corresponding amount showing in the Balance Sheet as a current liability. Movements for the year were as follows:		
Income	29,072	34,949
Expenses	<u>32,080</u>	<u>35,177</u>
Net Surplus / (Deficit)	(3,008)	(228)
Members' Funds at the start of the year	<u>1,199</u>	<u>1,427</u>
Members' Funds at the end of the year	<u><u>(\$1,809)</u></u>	<u><u>\$1,199</u></u>

**6. NZMI REFIT GROUP**

BIA administers the programme on behalf of the Group in a trust capacity. Funds have been paid on behalf by BIA and appear in the Balance Sheet as a current asset. Movements for the year were as follows:

Income	75,700	63,750
Expenses	<u>73,893</u>	<u>44,347</u>
Net Surplus / (Deficit)	1,807	19,403
Members' Funds at the start of the year	<u>(5,356)</u>	<u>(24,759)</u>
Members' Funds at the end of the period	<u><u>(\$3,548)</u></u>	<u><u>(\$5,356)</u></u>

**7. AUCKLAND ON THE WATER BOAT SHOW**

BIA owns and thereby controls 100% of the Auckland On The Water Boat Show.

It has been independently revalued based on an indicative valuation dated 29 January 2015, effective 31 December 2014, by RSM Prince.

Opening valuation	300,000	176,000
Valuation	<u>300,000</u>	<u>300,000</u>
Change in Valuation	<u><u>-</u></u>	<u><u>\$124,000</u></u>

**Boating Industries Association of New Zealand Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

	2014 \$	2013 \$
<b>8. NZMI SHIP &amp; WORK BOAT SECTOR</b>		
The Group's objective is to increase business opportunities for the New Zealand commercial work boat sector. BIA administers the programme on behalf of the Group in a trust capacity. Funds have been paid on behalf by BIA and appear in the Balance Sheet as a current asset. Movements for the year were as follows:-		
Income	8,833	30,308
Expenses	9,068	22,653
Net Surplus / (Deficit)	(235)	7,655
Members' funds at the start of the year	(7,345)	(15,000)
Members' funds at the end of the year	<u>(\$7,580)</u>	<u>(\$7,345)</u>

**9. CAPITAL AND OPERATING LEASE COMMITMENTS**

At balance date the capital commitments totalled \$0.00 (2013: \$0.00).

There are operating lease commitments for the building in which BIA is based, located at 85 Westhaven Drive, Auckland. Varying lease terms have been allocated to four separate areas of the building. Upon expiration of each lease term and if the respective area is not to be released, a notice period of between three months and six months will be required from either party to terminate. The period of the lease committed for each area varies from a minimum term ending 30 June 2015, to a maximum term ending 30 June 2017. The annual total rent is \$129,500 plus GST.

Period		
0-1 year	-	118,708
1-2 Years	-	-
2 - 5 Years	-	-
5+	-	-

**10. CONTINGENT LIABILITIES**

At balance date there are no known contingent liabilities (2013: \$0.00). BIA has not granted any securities in respect of liabilities payable by any other party whatsoever.

**11. RELATED PARTIES**

All related party transactions are invoiced at market rates, no special or reduced rates are provided. Related party transactions comprise exhibition fees, sponsorship, training / administration fees and membership subscription fees charged to Executive Committee members or parties related to those members.





## Lennie & Associates Chartered Accountants

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### BOATING INDUSTRIES ASSOCIATION OF NEW ZEALAND INCORPORATED INDEPENDENT AUDITOR'S REPORT

To the members of Boating Industries Association of New Zealand Incorporated

#### Report on the Financial Statements

We have audited the financial statements of Boating Industries Association of New Zealand Incorporated (BIA) on financial pages 1 to 9, which comprise the balance sheet as at 31 December 2014, and the income statement and statement of movements in members' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Executive Committee's Responsibility for the Financial Statements*

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

#### *Opinion*

In our opinion, the financial statements on financial pages 1 to 9 present fairly, in all material respects, the financial position of Boating Industries Association of New Zealand Incorporated as at 31 December 2014, and of its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

#### Report on Other Legal and Regulatory Requirements

In accordance with Rule 15 of the Rules of BIA of 29 June 2005 we have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by Boating Industries Association of New Zealand Incorporated as far as appears from an examination of those records.

Lennie & Associates  
19 March 2015  
Auckland

**NZ Marine Industry Association**

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