

ANNUAL REPORT

FOR THE PERIOD ENDING
31 DECEMBER 2016

Mission statement:

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



INCORPORATING THE NZ MARINE AND COMPOSITES
INDUSTRY TRAINING ORGANISATION

PROMOTING AND UPSKILLING THE NEW
ZEALAND MARINE INDUSTRY

PRESIDENT'S REPORT

Tena Koutou Katoa,

I write this today as the classic oxymoron hits the headlines – “Auckland faces worst water shortage in 23 years” and “Heavy rain wreaks havoc in Auckland” – news other than transport, housing, Trump.... Here in Whanganui, we are not affected by weather, transport, housing nor by Donald Trump. It's Friday, 26 degrees with light breezes and I've just driven the 20 kilometers to my home in 15 minutes, including picking my girls up from school on the way. The beer is ice cold, the girls are hanging out with the dog in the 10 hectare back yard - life is good.

Almost everyone I talk to is happy with business and positive about the future. The dollar is stable, interest rates are at an all-time low and business confidence is high. Seems the marine industry is in pretty good shape too. We are in good shape simply because we have great businesses with great people doing great things. We hold the status as New Zealand's largest (non-food/beverage) manufacturer and have a significant profile both domestically and offshore. We are a \$1.8 billion industry and a significant contributor to our county's export economy. We are the envy of our international counterparts and very much worldwide leaders in virtually all aspects of our industry.

Overall, Peter and the dedicated team at NZ Marine continue to do an outstanding job, of which we can all be extremely proud. It's not an easy organization to run with its diversity and complexities across multiple sectors and regions. Though Auckland remains the geographical base for the organization, it is no secret that much of our industry is located elsewhere around New Zealand and that will be a substantial component of our 2017 focus. From a survey a bit over a year ago, you told us that you are happy in all aspects with NZ Marine activities and services, but you would like more 'face-time' with senior managers of the organization. Although it's been a little frustrating getting to this point, I am delighted to say that with steps the Board are implementing, both Peter and Chris will be spending more time in the field visiting member companies. While this is as much about providing what members have asked for, it is also for us to gain a better understanding as to how we can maximise value to the industry as a whole across all sectors, across all regions.

Training remains a major activity for us, with Chris and the talented ITO team focusing on developing the skill set our members need to excel on the world stage. We start 2017 with more than 400 apprentices/trainees and the team are working tirelessly to grow this sector not only in size, but in the quality of learning delivery. Thanks team! Much is also being done to promote the marine industry within schools and I am delighted to say that we look set to rescue more kids from university again this year!

The 2016 'Auckland On-Water Boat Show' was again a great success with Michelle and her Events team providing an outstanding platform for members to showcase to the world. Thanks team for your efforts. Also, I'm seriously impressed with the extent exhibitors go to each year in elevating their displays which clearly demonstrates the drive and passion you have for your businesses and the industry as a whole.

Thank you to the Sector and Regional groups and to the respective Chairpersons for your extended duties on the Executive Board. This network is the backbone of our industry and of course critical for our future success. You do a wonderful job in continuing to grow what is undeniably a world class industry.

Thank you also to the Board of Management for the efforts and passion you all bring to the governance table. In particular, thank you for the support you have given me which I greatly appreciate. Thanks Richard Macalister for taking up the reins after I smashed myself up on a racetrack – much appreciated.

I'd like to take this opportunity to thank our Executive Director Peter Busfield for his ongoing support in my role as President of NZ Marine over the past two years. It wasn't easy for me stepping straight into the breach without having first served time as a general board member and it would likely have been a disaster without that support. Thank you Peter, I appreciate it greatly. Thanks too Stacey, you're a rock.

It is with the utmost confidence in Peter and the entire team at NZ Marine, that I offer my services as President for another term which (providing I am elected) will be my last. I've got to know the industry pretty well now it's clear there is much still to achieve moving forward. To maintain the philosophy of continual improvement there is a requirement for succession planning and we will be working hard to ensure that when I step down we have sound options for ongoing leadership, as well as depth within the Board(s) and indeed the organisation as a whole. It is my firm view that as much as we need to recruit new people into our businesses, we need to be doing the same with both the Executive and the Board of Management.

Last but by no means least, thank you to all our members who continue to make this such a great industry. It has been an absolute honour to serve as your President for the past two years and I am humbled at the support I have received from you all. I sincerely wish you all the very best moving forward and look forward to meeting up soon.

Tena Tatou Katoa

Myles Fothergill
New Zealand Marine - President

EXECUTIVE DIRECTOR'S REPORT

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

The New Zealand marine industry has enjoyed steady sales throughout the past 12 months - so much so that there is now a shortage of marinas available to berth additional boats in many locations. Domestic and export sales demand for NZ manufactured trailer power boats currently exceeds the supply and this sector of the industry supported by the NZ Audited Boat Building Standard CPC goes from strength to strength.

Our industry's ability to keep up with the demand for these new boat sales is being restricted not only to skilled labour shortages but now we are also experiencing delays in getting key components for building the number of boats required to be built. Fortunately our NZ Marine and Composites Training Organisation with 190 companies training 430 apprentices is providing valued services to our industry without of which our skill shortage would be a much larger problem – refer to General Manager Chris van der Hor's report on industry training later in the annual report.

With regards to the trading conditions for 2017/2018, NZ is in good shape compared with most other countries. In fact if we continue to have significant net migration flows, low interest rates, low unemployment, fairly priced exchange rate (i.e. about where it is now) and a government that is supportive of recreational activities such as boating then the good trading conditions should continue.

With regards to boat ownership rates in NZ we believe that one in eight people own a boat which means that with NZs population of 4,592,467 as of 10th March 2017 we have 574,058 recreation boats in NZ from PClass yachts to superyachts. If we take the net migration figures of the last two years of approximately 140,000 additional people living in NZ (and if they all stayed) then we should have sold/have demand for 17,500 boats just for the additional population! We accept however that the new immigrants may not have a boat purchase as a priority but it does provide our industry with a new group of people to market the great activity of boating to them.

Our recent statistics back this up with outboard motor imports for the 12 month period to 31st Dec 2016 being 21% up on the previous 12 months. New boat trailer registrations are up 9% in the same period with 156 new boat trailers being registered throughout New Zealand every week.

During 2016 we continued to provide a wide range of initiatives to increase business opportunities for our member companies. Our endeavour is to improve NZ Marine member companies profitability and where applicable export receipts resulting in more jobs for New Zealanders. In 2016 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 plan their own future growth strategies
- Providing quality assurance e.g. trailer powerboat Audited Boat Build Programme CPC, Refit groups Code of Conduct and documentation for contracts.
- Providing best business practice with over 40 NZ Marine recommended documents available for members use such as agreement to build vessels, variations agreement, agreement for refit, sales & 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 & Composites ITO apprentice graduation, conferences and many "Boating After 5" networking and regional group events

EXECUTIVE DIRECTOR'S REPORT

- Informing members of business opportunities such as international tenders and promoting the industry through our websites and publications such as NZ Marine News and weekly 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, HERA, MOA, MTA and TMIA
- NZ Government (Tertiary Education Commission) agreement and license for the NZ Marine & Composite Industry Training Organisation to operate to 2020.
- 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. Acting on the results of the 2015 member's survey and 2016-2020 Strategic Plan the Executive and the Board of Management re-evaluated the most effective make up of our sector groups and in April 2016 confirmed our sector and regional groups. Each sector group has its own strategy and action plans to advance its relevant sector.

Following are the chairs of our Sector Groups in 2016:

- | | |
|---|---------------------------|
| • NZ Marine and Composites Industry Training Board: | Tom Warren |
| • New Zealand Marina Operators Association Executive: | Darryl Smith |
| • NZ Marine Export Group: | Stuart Robinson |
| • Royal Institution of Naval Architects NZ Division: | Ted Ewbank/Graeme Finch |
| • CPC Manufacturers' Group: | Griff Simpson |
| • Boatbuilders & Refit Group: | Garry Lock |
| • Commercial Vessel Group: | Dave Hopkins |
| • Suppliers Group Committee: | Mike Harris |
| • Regional groups | |
| • Tauranga Marine Industry Association: | Jim McManaway/Tony Arnold |
| • Northland and the Far North | Brian Caulton |
| • Wellington | Bob Tait |

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 & Composites Industry Training Organisation. It continued to provide very good service to the industry during 2016 and continues to serve our and the composites industry very well. Refer to General Manager Mr Chris van der Hor report on industry training overleaf.

EXECUTIVE DIRECTOR'S REPORT

Financial position of the Organisation

The association's financial position is sound. The financial result for the 12 months to 31st December 2016 shows a surplus of \$78,194 before depreciation and boat show impairment and a surplus of \$3,362 after depreciation and boat show impairment. Members funds were \$1,571,998 as at 31st December 2016 compared with \$1,533,386 as of the 31st of December 2015.

The 2017 budget approved by the Board of Management shows a surplus after depreciation planned for the period ending 31st December 2017. The trading operations of the association for the start of 2017 to 31st March 2017 are in line with this budget.

Our membership is steady with 452 members as of December 2016.

Thank you to the many company owners and senior management that volunteer their time on the various sector groups, committees, boards and the 190 companies that have apprentices in NZ Marine & Composite ITO training.

We look forward to supporting and servicing the NZ marine Industry in 2017 and beyond.



Peter Busfield
Executive Director

Mission Statement

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

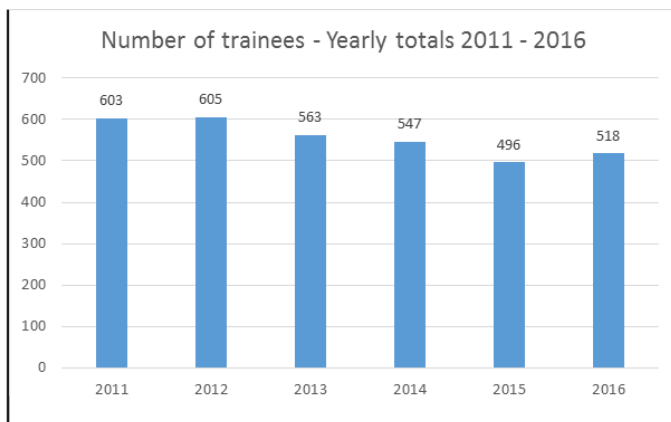
Statutory Role

The NZ Marine and Composites ITO (NZ MAC 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 2016



b) Number of trainees – as at 31 December 2016*

Industry sector	Non-NZ Apprentices	NZ Apprenticeships	Total	Total %
Boatbuilding	155	271	426	77.17%
Marine Sales & Services	11		11	1.99%
Composites	33	40	73	13.22%
Marina Operations & Services	34		34	6.16%
First Line Management	7		7	1.27%
Competitive Manufacturing	1		1	0.18%
Total	241	311	552	100.00%
Total %	43.66%	56.34%	100.00%	

*This table includes trainees enrolled in 2 strands, for example composite and wooden boat building. Boatbuilding includes composite boat building, composite spar-making, composite production boat building. (May be subject to variation once TEC evaluate data during April 2016)

c) National Certificate Completions (1/1/16 – 31/12/16)



d) Between 2002 and 2016, 1648 National Certificates have been issued.

e) Credits Reported to NZQA in 2016= 17,213

f) Employers with Active Trainees (as at 31/12/16) = 159

g) National Certificate Completions 2016: 51

Tertiary Education Commission (TEC)

a) 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. NZMAC ITO currently has 15 active Modern Apprentices.

New Zealand Apprenticeships are now open to all age groups. However they are restricted to either Level 4 qualifications with at least 120 credits or multiple qualifications that together have a value of at least 120 credits. Those qualifications need to be at Level 3 and Level 4 on the New Zealand Qualifications Framework, and have at least 60 credits 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 and Composites 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 learners 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 Boating ITO was approved as a Modern Apprenticeship Co-ordinator at the time, it was decided to exceed the contractual requirements of Modern Apprenticeships by continuing to visit all learners 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 learner and employer satisfaction.

In practical reality learners and their employers will not notice any difference in services provided, as it has always been the policy of the NZ Marine and Composites ITO to provide field officer workplace training support and assessment services.

NZ MARINE ITO REPORT

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 received which demonstrates TEC has a high level of confidence in the NZ MAC ITO operational systems and processes. This audit report constitutes a crucial component of the re-recognition process which determined TEC's decision to continue to recognise the NZ Marine and Composites ITO as an industry training organisation. NZ Marine and Composites ITO's re-recognition application was accepted and our 5 year re-recognition as an ITO commenced from 1st May 2015 till May 2020.

During 2016 NZMAC ITO sought agreement to transfer MITO's standard setting responsibility for the unit standards in the sailmaking and trailer boat systems domains. The standards are in the final stages of transfer after approval by the Associate Minister of Tertiary Education

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 learners during 2016 has resulted in a corresponding decrease in total income. (The financial accounts provide a full breakdown of the fiscal position of the NZ Marine and Composites ITO.) This is the fourth year of being funded by TEC under a part performance based funding model. Under this model, the NZ Marine and Composites 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 learners under-achieve, remain registered beyond their pre-determined duration, and if they over-enrol in training.

In 2016 NZMAC ITO's training delivery exceeded expectations. Training delivery measured at 4% above the expected amount of delivery. NZ Marine and Composites ITO has been able to maintain very respectable educational performance indicator results under this new funding environment

NZ Marine and Composites ITO Educational Performance Indicator (EPI) performance - 2016

- Credit Completion = 67.65%
- Programme Completion Rate = 47.58%

(May be subject to variation once TEC evaluate data during April 2017)

d) External Evaluation and Review

NZ Marine and Composites ITO has been scheduled for an EER review in June 2017. This review is one of NZQA's policies and will provide an independent judgement of the educational performance and capability in self-assessment of the NZMAC ITO. Educational Performance is evaluated through answering questions primarily focused on the quality of learning and teaching, and the achievement of learners. The NZMAC ITO's capability in self-assessment indicates how effectively the NZMAC ITO uses self-assessment information to understand performance and bring about improvement.

Qualifications and Quality Assurance

a) Quality Management System (QMS)

The review of policies and procedures for NZMAC ITO continues with the additional review of templates, forms, and information for trainees. There are ongoing governance and management policies and procedures which require review. All policies and procedures are subject to view and updated accordingly, and version controlled.

b) Programmes

Recruitment of staff has been the focus for the year to date. Programmes for the 2015 approved New Zealand qualifications have been submitted for NZQA approval since October 2016. There have been 7/27 programmes approved to date. The approval process is taking approximately 12 weeks after the development by key staff. It is anticipated that all programmes will be approved by the end of 2017. The associated learning materials and assessments are currently being reviewed and/or developed.

c) New learning platform

There is a development process in place for reviewing all material and transferring it to a new learning platform which will allow our trainees to access training material, anytime, anywhere, on any device. The emphasis is on producing engaging material, interactive activities, and problem solving strategies. These are based on modules of learning which are made up of groups of unit standards. One module is complete with 4 other modules in various stages of the development cycle

Composites Industry Training

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

For 2016 composites trainees represented 24% of total learners in training. This includes composite boat building, composite spar-making, composite production boat building etc.

Off-Job Training

Comprehensive off-job training provision was offered during 2016 with 5 off-job training courses and 4 study group classes being held throughout New Zealand by a total of 6 training providers. Subsidised travel and accommodation was provided to learners needing to travel to attend off-job training courses.

School to Work Programme

NZ MAC ITO continues to provide leadership in training with a new innovative programme in secondary schools providing a career pathway from the classroom to the workshop.

Supported by the Ministry of Education, the School to Work initiative was launched mid-2016 to assist with the recruitment of Year 12 and 13 school students into the marine and composites industry. While the programme initially concentrated on Auckland and Hamilton, 2017 will see further expansion into the regions.

The concept is simple. Genuinely interested students are

employed for 1 or 2 days per week. This pre- apprenticeship training provides them with an authentic introduction to industry work while they are still attending school. Students have a training plan and an opportunity to develop skills and gain knowledge in the workplace. Employers get to observe the student at work, assess their company fit and aptitude for the job. Learners complete unit standards over the placement period with credits earned helping to attain NCEA and contribute towards an industry qualification if a full time apprenticeship becomes available.

The initiative is going from strength to strength by assisting students make informed career decisions about their future and attracting the next motivated generation of trades people to meet our industry labour needs

Marketing/Promotional Activities

The NZ Marine and Composites ITO released 5 publications in 2016 (3 Become One booklets, an Employer's Guide to Apprenticeship Training, and a new International Partnership Programme promotional booklet). These publications have received positive feedback from both industry and those interested in training and careers with NZMAC ITO. NZMAC ITO will continue to update these publications to keep them fit for purpose and accurate. Additionally promotional material for events such as the Annual Graduation and Marine Trades Challenge have been updated to improve functionality and reflect a more modern look.

The redeveloped NZMAC ITO website (2016) has also received positive feedback, which is reflected in the 40 enquiries directly received from the website. The average time spent on the website has consistently remained around the 2:30 mark, which is well above the average of 58 seconds spent on most websites, worldwide. The average of 2.8 pages per session indicates that the content on our website is engaging and laid out in a way that is logical easy to navigate

Marine Trades Challenge (MTC) – 2016 Update

The Marine Trades Challenge (Build a Boat and Race It Competition) is designed as a celebration of the skills of boatbuilding apprentice trades-people. The 2016 MTC was held on 2nd April 2016 at NZ Marine House, Westhaven, Auckland. Four teams from regional high schools went head to head with eight teams from boat building companies around New Zealand. All teams built catamarans, which were then rowed, sailed, and motored in an on water race. Orakei Marine took out the Best Built Boat category and the Harken Overall category. In the secondary schools division, Auckland Grammar claimed first place with Mercury Bay Area School chasing them for second.

Advanced Composites Trades Challenge (ACTC)

The NZ Marine and Composites ITO will be working with the Composites Association of New Zealand (CANZ) and the Auckland University Centre for Advanced Composite Materials (CACM) to coordinate the first Advanced Composites Trades Challenge (ACTC). This challenge is designed to align with the new composites category of the World Skills Challenge. More details regarding the ACTC will be available later in 2017.

Graduation

The fourteenth Annual Graduation took place at the Royal New Zealand Yacht Squadron, Westhaven, Auckland on the 8th of December 2016. The annual represents an opportunity for the marine and composites industries to acknowledge and celebrate the success of the graduating trainees. During 2016, 52 National Certificates were issued to trainees.

Summary

NZMAC ITO have seen a noticeable improvement in industry conditions after many years of static growth. In the second half 2016 there was a steady increase of trainee registrations. This trend is continuing into 2017.

The lower number of continuing trainee registrations over the past years and in addition, the new part-performance based funding model that was introduced during 2013, has continued to create a challenging performance and fiscal environment for the ITO. The big challenge as we move forward, is to continue to build up a higher number of trainees participating in training in order to improve the future capability for industry with increased programme completion rates as well as our financial viability of the NZMAC ITO. Despite the decrease in trainee registrations, the NZMAC ITO has adapted well by satisfying all TEC and NZQA operational, audit, and compliance requirements.

Significant projects undertaken during 2016 include the development of programmes, updating unit standards after many years of no review. As a standard setting body NZMAC ITO is responsible for reviewing these at least every three years. The process for the regular reviews has been put into place. Thereby ensuring all of our materials are up to date, fit for purpose, and technically correct.

Priorities for 2017 will focus on the development of new training programmes, content, and assessment; developing strong quality assurance processes for better outcomes for trainees; including robust internal moderation activity; professional development of staff; closer liaison with industry in providing off-job training opportunities; consistent and timely messages through marketing materials to the sectors, and thereby ensuring financial viability by increasing trainee registrations.

My ninth year managing the NZMAC ITO has continued to be challenging yet stimulating and I am very appreciative of the good support we receive from our member companies, the NZ Marine & Composites Industry Training Board and the excellent teamwork provided by the NZ Marine staff.

We will continue to strive in creating the world's best apprenticeship training system and our vision is very much on that goal

Thank you and I appreciate your ongoing support



Chris van der Hor
General Manager



RSM New Zealand (Auckland North)

PO Box 300662
Albany, Auckland 0752
Unit C3, 17 Corinthian Drive
Albany, Auckland 0632

T +64 (9) 414 6262
F +64 (9) 414 6263

www.rsmnz.co.nz

BOATING INDUSTRIES ASSOCIATION OF NEW ZEALAND INC

Financial Report for the Year to 31 December 2016

We take pleasure in presenting to you the Association's Financial Statements for the year ended 31 December 2016.

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 & Composites Industry Training Organisation (NZMACITO) and New Zealand Marine Industry Association (NZMI). For management purposes these statements are maintained separately.

Boating Industries Association of New Zealand Inc (BIA) – The Group – Members' activities and administration resulted in a surplus for the twelve months to 31 December 2016 of \$3,362. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$57,406. 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 from NZ Government, Special Contracts, Student Contributions and Industry Contribution, Boat Shows and Export Offshore Licencing Income totalling \$2,909,714.

Costs for the year totalled \$2,831,520 (the largest costs incurred by the Association include NZMI Boat Shows & Special Events and Salaries & Wages) resulting in a Net Cash Surplus of \$78,194.

As at 31.12.16, BIA members' funds totalled \$1,571,998 compared to \$1,533,386 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 \$423,634 and a strong proprietorship ratio of 67%.

RSM New Zealand (Auckland North)

RSM NEW ZEALAND (Auckland North)

Chartered Accountants

Auckland

2 March 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM New Zealand (Auckland North) is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Boating Industries Association of New Zealand Incorporated Statement of Profit or Loss For the year ended 31 December 2016

	2016	2015
	\$	\$
REVENUE		
Completion Charge & Sale of Training Material	44,651	50,498
Corporate Sponsorship & Advertising	10,000	10,500
Export Offshore Licencing Income	47,100	59,769
Function Room Hire	27,512	33,473
Industry Training Fund from NZ Government	908,954	919,912
Interest	22,514	35,593
Marine Trades Challenge	427	4,092
Membership Subscriptions	266,312	257,729
NZMI Boat Shows & Special Events Income	1,110,330	1,082,437
NZMI Members Industry Contribution to Training	165,240	166,212
Other Boat Show Contributions - NZ Boat Shows	10,000	10,000
Rent	56,748	43,771
Sector Group Administration	91,970	73,982
Special Contracts Income	88,657	54,966
Student / Industry Contribution	41,127	45,871
Sundry Income	18,172	34,685
Total Income	2,909,714	2,883,490
Less Expenses		
Accident Compensation Levy	2,781	3,298
Accommodation & Travel Subsidy for Apprentices	7,156	9,322
Accounting Fees	106,466	102,743
Audit Fees	16,000	17,000
Bad Debts	17,036	4,998
Bank Charges	3,653	2,861
Cleaning & Laundry	7,350	6,862
Computer Expenses	69,803	59,953
Consultancy	14,680	15,810
Doubtful Debts Expense	20,724	23,014
Entertainment	340	1,179
Export Offshore Licencing Expenses	1,500	6,805
FBT	30,534	30,610
Freight & Cartage	5,024	6,724
General Expenses	23,507	20,222
Graduation Ceremony	626	2,795
Hire - Plant & Equipment	3,499	3,360
Insurance	7,389	8,067
Interest	1,726	-
Legal Fees	2,799	5,521
Light & Power	10,701	9,708
Market Research & Statistics	995	2,498

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 Profit or Loss
For the year ended 31 December 2016

	2016	2015
	\$	\$
Moderation & Assessment	-	770
Motor Vehicle Expenses	45,370	38,781
Motor Vehicle Lease Costs	4,869	5,638
NZMI Boat Shows & Special Events Expenses	802,319	778,699
NZQA Completion Certification	1,173	1,401
NZQA Fees	19,906	20,156
NZQA Qualifications Registration	4,767	-
Postage	9,612	5,067
Printing & Stationery	32,262	24,644
Printing of Learning Packages	2,547	4,533
Publicity & Promotion	42,592	33,147
Purchase of Off Job Training & Assessment Services	62,449	74,366
Recruitment / Temp Expenses	6,099	1,456
Rent & Rates	155,460	151,630
Repairs & Maintenance	7,609	8,996
Salaries & Wages	1,132,511	1,093,357
Sector Group Meetings	8,513	8,056
Security	540	697
Staff Training & Team Building	12,071	11,941
Subscriptions	25,548	24,450
Telephone & Tolls	20,375	24,055
Travelling Expenses	80,642	88,483
Total Expenses	<u>2,831,520</u>	<u>2,743,674</u>
NET CASH SURPLUS / (DEFICIT)	78,194	139,817
Less Noncash Items		
Amortisation	4,077	-
Depreciation	111,783	136,362
Loss on Sale	7,793	-
Depreciation Recovered	<u>(48,821)</u>	<u>(4,326)</u>
	74,832	132,036
NET PROFIT / (LOSS)	<u><u>\$3,362</u></u>	<u><u>\$7,781</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 Changes in Members' Funds
For the year ended 31 December 2016

	2016	2015
	\$	\$
MEMBERS' FUNDS AT START OF YEAR	1,533,386	1,506,855
PROFIT & REVALUATIONS		
Net Profit / (Loss) After Tax	3,362	7,781
Movements in Revaluation Reserves	35,250	18,750
Total recognised revenues & expenses	<u>38,612</u>	<u>26,531</u>
MEMBERS' FUNDS AT END OF YEAR	<u><u>\$1,571,998</u></u>	<u><u>\$1,533,386</u></u>

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
Balance Sheet
As at 31 December 2016

	2016	2015
	\$	\$
EQUITY		
Retained Earnings	1,393,998	1,390,636
Revaluation Reserve	178,000	142,750
TOTAL MEMBERS' FUNDS	<u>\$1,571,998</u>	<u>\$1,533,386</u>
Represented by:		
CURRENT ASSETS		
ANZ	289,022	532,009
Kiwibank	313,169	302,579
Accounts Receivable	512,693	402,747
Prepayments	57,734	34,514
NZMI Commercial Vessel Group	9,446	10,630
National Boat Show - Advance	7,802	7,802
Inventory	5,696	3,358
Total Current Assets	<u>1,195,563</u>	<u>1,293,639</u>
NON-CURRENT ASSETS		
Fixed Assets as per Schedule	665,320	472,557
Investments		
Shares - National Boat Show	50	50
Intangibles		
Auckland On The Water Boat Show	354,000	318,750
Learning Packages	127,298	-
Trademarks	1,696	2,416
Total Intangibles	<u>482,994</u>	<u>321,166</u>
Total Non-Current Assets	<u>1,148,364</u>	<u>793,773</u>
TOTAL ASSETS	<u>2,343,927</u>	<u>2,087,412</u>

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

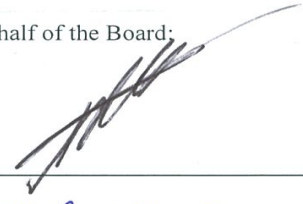
Financial Page

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Boating Industries Association of New Zealand Incorporated
Balance Sheet
As at 31 December 2016

	2016	2015
	\$	\$
CURRENT LIABILITIES		
GST Due for payment	38,727	42,962
Accounts Payable	300,871	183,174
CPC Programme	5,101	982
Income in Advance	376,552	322,368
NZMI Refit Group	6,940	(18,474)
Provision for Doubtful Debts	43,738	23,014
Total Current Liabilities	<u>771,929</u>	<u>554,026</u>
TOTAL LIABILITIES	<u>771,929</u>	<u>554,026</u>
NET ASSETS	<u>\$1,571,998</u>	<u>\$1,533,386</u>

For and on behalf of the Board:

President 


Executive Director 

Date 9th March 2017

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 2016

2016 2015
 \$ \$

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

Measurement Base

These financial statements of BIA have been prepared for funding and management purposes only, and may not be in conformity with generally accepted accounting practice.

They have been prepared 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 - 48.0%
Office Equipment	2.0 - 80.4%
Motor Vehicles	21.0%
Software	40.0%

(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.

Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2016

	2016	2015
	\$	\$
(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	395,131	402,593
Accumulated Depreciation	(133,345)	(132,208)
Book Value	261,786	270,385
 Leasehold Improvements		
At cost	408,939	408,939
Accumulated Depreciation	(301,757)	(273,116)
Book Value	107,182	135,823
 Office Furniture		
At cost	90,203	92,499
Accumulated Depreciation	(80,427)	(83,890)
Book Value	9,776	8,609
 Office Equipment		
At cost	279,527	303,503
Accumulated Depreciation	(211,168)	(257,501)
Book Value	68,359	46,002
 Motor Vehicles		
At cost	273,341	224,700
Accumulated Depreciation	(55,124)	(212,962)
Book Value	218,217	11,738
 Total Fixed Assets		
	\$665,320	\$472,557

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Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2016

	2016	2015
	\$	\$
5. COMPLIANCE PLATE CODE PROGRAMME		
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	41,041	36,102
Expenses	<u>36,923</u>	<u>33,311</u>
Net Surplus / (Deficit)	4,118	2,791
Members' Funds at the start of the year	<u>982</u>	<u>(1,809)</u>
Members' Funds at the end of the year	<u>\$5,101</u>	<u>\$982</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	207,300	44,181
Expenses	<u>181,885</u>	<u>59,107</u>
Net Surplus / (Deficit)	25,415	(14,926)
Members' Funds at the start of the year	<u>(18,475)</u>	<u>(3,548)</u>
Members' Funds at the end of the period	<u>\$6,940</u>	<u>(\$18,474)</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 27 January 2017, effective 31 December 2016, by RSM New Zealand.		
Opening valuation	318,750	300,000
Valuation	<u>354,000</u>	<u>318,750</u>
Change in Valuation	<u>\$35,250</u>	<u>\$18,750</u>

Valuation effect:		
Opening Revaluation Reserve	142,750	124,000
Change in Valuation	<u>35,250</u>	<u>18,750</u>
Closing Revaluation Reserve	<u>\$178,000</u>	<u>\$142,750</u>

Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2016

	2016	2015
	\$	\$
8. NZMI COMMERCIAL VESSEL GROUP (Formerly NZMI Ship & Workboat Group)		
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	11,313	11,334
Expenses	<u>10,129</u>	<u>14,384</u>
Net Surplus / (Deficit)	1,184	(3,050)
Members' funds at the start of the year	<u>(10,630)</u>	<u>(7,580)</u>
Members' funds at the end of the year	<u><u>(\$9,446)</u></u>	<u><u>(\$10,630)</u></u>

9. CAPITAL AND OPERATING LEASE COMMITMENTS

At balance date the capital commitments totalled \$0.00 (2015: \$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 no minimum term to a maximum term ending 30 June 2017. The annual total rent is \$136,900 plus GST.

Period:

0 - 1 year	68,450	32,375
1 - 2 years	-	8,094
2 - 5 years	-	-
> 5 years	-	-

10. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2015: \$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

Level Five
110 Symonds Street
Grafton, Auckland 1010
PO Box 128-246
Remuera, Auckland 1541
New Zealand

Telephone: +64 9 368 1212
Facsimile: +64 9 368 1211
email: service@lennie.co.nz

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 2016, and the statement of profit or loss and statement of changes 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 2016, 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
15 March 2017
Auckland



NZ Marine Industry Association
85 Westhaven Drive, Westhaven, Auckland
PO Box 90 448, Victoria Street West, Auckland 1142
Phone 09 360 0056
Free phone 0800 600 242
E-mail info@bia.org.nz
Website www.nzmarine.com