



# BUILDING PEOPLE

BUILDING AND  
CONSTRUCTION  
INDUSTRY  
TRAINING  
ORGANISATION

HALF-YEAR REPORT  
2018

**BCITO**  
buildingpeople



# he hunga hanga mātou we are the people who build people

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## Our Chief Executive

### Te Amorangi ki mua, te hāpai o ki muri

I am pleased to present this half year report for BCITO. It will provide you with an interim view of how our organisation is performing, as well as reporting our financial position. While the enclosed financial statements are unaudited, we are confident we are on track to deliver our forecast outcomes at year end.

It has been many years since the construction industry has been this busy – almost 45 years to be exact, and jeepers we are feeling it! Skill shortages are front and centre of nearly all the conversations and a hot topic at conferences and events. The outlook is for continued growth, although there is some debate about the pace of it going forward and how KiwiBuild will impact things.

BCITO has been busy on a number of fronts trying to ensure we get our fair share of the workforce coming our way.

With the assistance of the Prime Minister and Minister for Building and Construction we launched the myBCITO platform in high schools for students ('Rookies') and teachers, and the uptake is above our expectations. For people ready to work, we launched the myBCITO 'Starters' portal, and this too has been a great success.

Our TradeUp career seeker recruitment campaign has surpassed the levels of awareness and engagement from the previous 'NotYourAverage...' campaigns.

We got micro-credentials over the line after lobbying and trialling these for some time. We now have to work through which sectors will benefit from them to acquire the skills they need.

We have been vocal with our views and have been busy talking and presenting our thoughts to a wide ranging audience including Government, the Opposition and media who have been eager to seek our views and commentary.

We said last year we were looking to develop enterprise packages focussed on supervisory and management training which are customised to individual business needs and delivered in ways that best suit learners. We have

completed this and are in the throes of rolling this out to the industry.

We have begun to develop a WorkStart programme so that employers can have confidence in hiring a new apprentice from the outset. It is still early days for this, and we will have to wait and see if it is successful.

But there is much more to be done, and we will continue to lobby for change, be innovative, be bold and push the boundaries.

We are again at record levels of active trainees – 12,000 at the last count and continuing to grow. As each of the last few years have been milestones in their own right, the numbers completing their qualifications is also growing, so we have to work harder than ever to achieve net growth. We are very much victims of our own success in this regard.

We are in a strong financial position, and we are on target to meet or exceed our KPIs for the year [Note: we have adopted the IPSAS financial reporting standards and have budgeted for an operating deficit this year. Our Reserve Accounts will cover this expenditure with our forecast equity position remaining unchanged].

We continue to be involved in celebrating the very best of the best along with our sector partners by awarding high performers as 'Top Trainees' or 'Apprentices of the Year'.

So, a great first six months for 2018, I thank you all for your ongoing commitment to BCITO and your interest in the work that we do.

**Noreira, tēnā tātou katoa.**

**Warwick Quinn** Chief Executive, BCITO.

## Key performance indicators

For the six months ended 30 June 2018

# #1 INCREASE OUR REACH AND EFFECTIVENESS WITHIN THE CONSTRUCTION INDUSTRY

OBJECTIVES	KEY PERFORMANCE INDICATORS	2018 PROGRESS
<b>1.1 Improve our engagement in the pre-apprenticeship area to grow the pipeline of potential learners.</b>		
<b>National Industry Growth (Sales Sign ups):</b> Achieve planned sign ups.	Achievement of sign up growth forecasts target 6,500 NZA/IT.	Ahead of forecast at 120%.
<b>Workforce Development Phase 2</b> Work with each industry to ensure adoption of growth initiatives identified in each plan <ul style="list-style-type: none"> <li>• Māori</li> <li>• Pasifika</li> <li>• Migrants/Asian</li> <li>• Women (building on insights from Ako research).</li> </ul>	Individual marketing plans for each industry developed in consultation with Associations/employers/ industry.	Internal Māori strategy complete. External strategies for Women and Māori consultation undertaken and final versions for National Advisory Groups (NAG) adoption in November. Advocate for Women appointed. External and internal engagement ongoing with a number of organisations.
<b>Workforce Development Phase 3</b> Complete development and launch of industry specific marketing plans.	Completed and launched.	Marketing plans implemented and first review underway.
<b>Pre-Apprenticeship</b> MyBCITO launched and students signed up.	Target 2,000 students (Rookies) enrolled by 31 Dec 2018.	MyBCITO Rookie enrolments to date >2,000 students, >350 teachers and >200 schools. MyBCITO Starters' portal launched with registrations and activity growing well.
<b>1.2 Provide flexible learning options that align with firm and individual needs across all levels.</b>		
<b>Develop new learning options</b> Implement micro-credentials pilot. Build direct supervisor training options for enterprises.	Pilot programme by Dec 2018. 400 in enterprise programmes by December 2018.	Concept tested and pilot underway. Sign ups and programmes underway.

# #2 PROVIDE A SERVICE MODEL THAT MEETS THE INDIVIDUAL NEEDS OF OUR CLIENTS

OBJECTIVES	KEY PERFORMANCE INDICATORS	2018 PROGRESS
<b>2.1 Understand how an individualised service model should be structured so it balances the BCITO business requirements with clients' needs.</b>		
Develop an individualised service model.	Research undertaken enabling BCITO to see how it can meet those needs.	Ongoing – workshopping potential changes due to Digital implementation.
Undertake research to establish the needs and expectations of our clients.	Clients needs met.	Scope approved.
Continue to build capacity in a digital environment through the implementation of the Digital Engagement Strategy.	Implementations meet programme project plan. Staff and external clients build their capacity and understanding of digital opportunities.	Ongoing. Work progressing in line with implementation plan.
<b>2.2 Develop and trial an aligned service delivery model.</b>		
Build an understanding of different service delivery models.	New models investigated and best solution adopted. Trial underway.	Progressing.
<b>2.3 Deepen the relationship with employers and individuals so that they understand what BCITO can do for them.</b>		
Continue to build our network of NAGs.	Ongoing success of meetings and Industry Summit.	Initial changes to NAG membership made to optimise membership.
Develop a best practice toolkit for distribution through employer/ apprentice portals.	Toolkits finalised and in place.	Toolkits across additional industries are under development and being trialled.

## Key performance indicators

For the six months ended 30 June 2018

# #3 EQUIP OUR PEOPLE TO LEAD INDUSTRY TO DEVELOP THE SKILLED PEOPLE IT REQUIRES

OBJECTIVES	KEY PERFORMANCE INDICATORS	2018 PROGRESS
<b>3.1 Develop a client-centric service culture across all BCITO teams.</b>		
Understand the changing nature of the construction industry and its impact on the skills development so that we are responsive to industry needs. Develop and implement a client-centric delivery model.	Continue to refine Workforce Development Plans. Implement Diversity Strategy across the organisation to help support clients.	Development of external Workforce Strategies for Māori and Women being completed to present to NAGs. Diversity & Inclusiveness Committee established with initial meeting planned in September. Ongoing delivery of Te Ao Māori across the organisation.
<b>3.2 Develop our people to ensure our industry reach and effectiveness is maximised and our service model is fully utilised.</b>		
Have our people trained and ready for the changing nature of our business.	Transition to new working models is smooth and without major incident.	Change & Capability Consultant on board and supporting the development of a Change Strategy & Framework across the organisation.
Promote a strong safety culture by role modelling a positive attitude towards Health and Safety (H&S) and ensuring adherence to H&S Policies and Procedures.	Achieve Top Star rating in Worksafe's new rating system.	2018 H&S Work Plan developed with key priorities identified and actions in place for achievement. 'Golden Rules' established and initial implementation completed.
<b>3.3 Equip our people to support firms to understand and develop their skill requirements.</b>		
Build our staff capacity in digital technologies to support clients with implementation and ongoing use.	External client satisfaction through annual surveys.	Phase two of Hapai workshops currently underway via Pivot Team Model. This includes the roll out and training for new devices.

# #4 DIVERSIFY OUR BUSINESS TO REMAIN RESILIENT AND SUSTAINABLE

OBJECTIVES	KEY PERFORMANCE INDICATORS	2018 PROGRESS
<b>4.1 Identify alternative revenue streams from the existing business.</b>		
Identify opportunities on the back of our digital strategy to leverage our business. Identify other forms of third party income.	Percentage of Govt revenue reducing.	N/A at this stage.



# 11,580 LEARNERS ACROSS 15 SECTORS



## APPRENTICE NUMBERS BY INDUSTRY AS AT 30 JUNE 2018

<b>199</b> ARCHITECTURAL ALUMINIUM JOINERY	<b>203</b> BRICK & BLOCK LAYING	<b>8,928</b> CARPENTRY	<b>235</b> CONCRETE
<b>85</b> CONSTRUCTION SUPERVISION	<b>108</b> EXTERIOR PLASTERING	<b>369</b> FLOORING	<b>76</b> FRAME & TRUSS
<b>211</b> GLASS & GLAZING	<b>161</b> INTERIOR SYSTEMS	<b>90</b> KITCHEN & BATHROOM DESIGN	<b>29</b> MASONRY/STONEMASONRY
<b>502</b> PAINTING & DECORATING	<b>90</b> TILING	<b>294</b> TIMBER JOINERY	<b>11,580</b> TOTAL

## SIGN UPS AND RE-SIGNS 2018

MONTH	NEW SIGN UPS	RE-SIGNS	TOTAL
JANUARY	234	109	TOTAL: 343
FEBRUARY	479	115	TOTAL: 594
MARCH	623	167	TOTAL: 790
APRIL	410	137	TOTAL: 547
MAY	431	158	TOTAL: 589
JUNE	142	128	TOTAL: 270

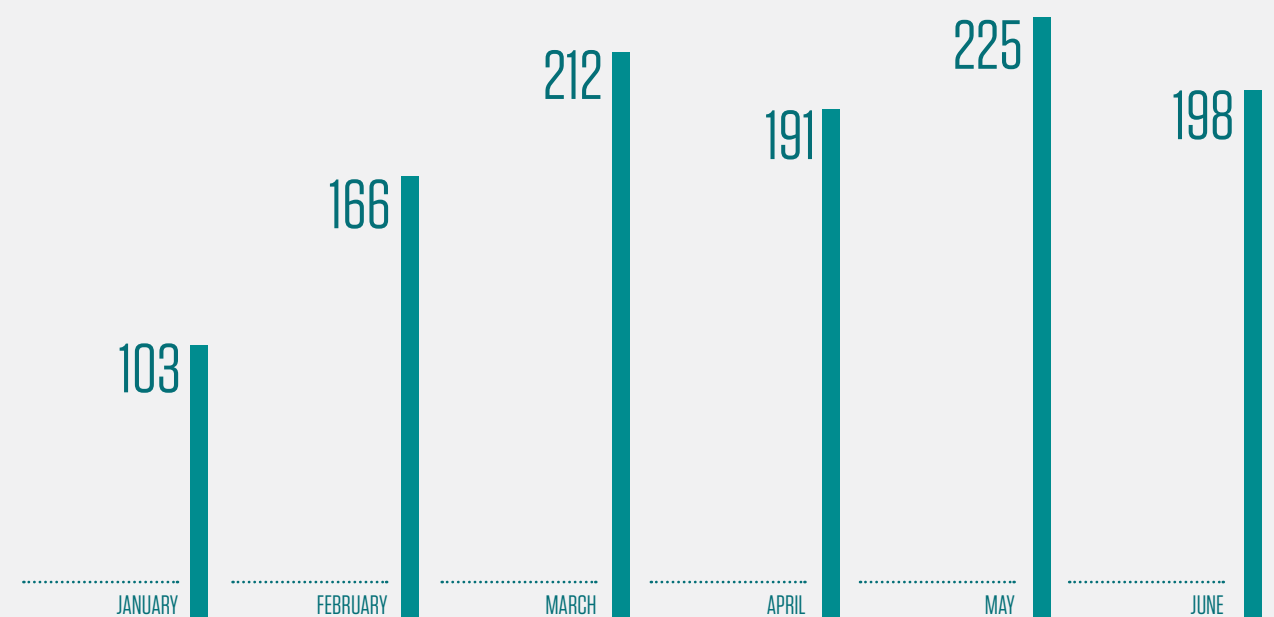
KEY

**NEW SIGN UPS**  
TOTAL: 2,319

**RE-SIGNS**  
TOTAL: 814

OVERALL TOTAL  
**3,133**

## APPRENTICES WHO COMPLETED THEIR QUALIFICATION



# FINANCIALS = CLEAR + SIMPLE



## MONEY IN



**TOTAL OPERATING REVENUE** \$21,833,000

## MONEY OUT



**TOTAL OPERATING EXPENDITURE** \$22,286,000

## Interim condensed statement of comprehensive revenue and expenses

For the six months ended 30 June 2018

	JUN 2018 \$000	JUN 2017 \$000
REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Government Grants	16,000	14,917
Subscriptions and Fees	4,951	4,805
REVENUE FROM EXCHANGE TRANSACTIONS		
Interest	293	280
Sundry Income	484	524
Interest from Special and Reserve Funds	105	157
<b>TOTAL OPERATING REVENUE</b>	<b>21,833</b>	<b>20,683</b>
EXPENDITURE		
Personnel Expenses	12,504	10,263
Operating Expenses	6,294	6,459
Administration Expenses	2,734	2,786
Other Expenses	11	13
Expenses from Special and Reserve Funds	743	528
<b>TOTAL OPERATING EXPENDITURE</b>	<b>22,286</b>	<b>20,049</b>
Surplus/ (Deficit) for the period	(453)	634
Other Comprehensive Income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(453)</b>	<b>634</b>

## Interim condensed statement of changes in equity

For the six months ended 30 June 2018

	JUN 2018 \$000	JUN 2017 \$000
<b>RETAINED EARNINGS</b>		
Opening Retained Earnings	1,134	-
Operating Surplus / (Deficit) for the period	(453)	634
Government Grants Adjustment	-	827
Other Comprehensive Income	-	-
Transfer to Special and Reserve Funds	-	-
<b>Closing Retained Earnings</b>	<b>677</b>	<b>1,461</b>
<b>SPECIAL AND RESERVE FUNDS</b>		
Opening Special and Reserve Funds	24,577	22,394
Transfer from Retained Earnings	-	-
Transfer - Te Puni Kokiri Cadetships	-	-
<b>Total Transfer from Retained Earnings</b>	<b>24,577</b>	<b>22,394</b>
<b>Closing Special and Reserve Funds</b>	<b>24,577</b>	<b>22,394</b>
<b>TOTAL MEMBERS' EQUITY</b>	<b>25,254</b>	<b>23,855</b>

## Interim condensed statement of financial position

As at 30 June 2018

	JUN 2018 \$000	DEC 2017 \$000
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	2,846	1,435
Term Deposits	23,516	25,016
Receivables from Exchange Transactions	3,393	2,062
Receivables from Non-Exchange Transactions	-	508
Prepayments and resource production inventory	353	560
Interest Receivable	227	332
<b>Total Current Assets</b>	<b>30,336</b>	<b>29,913</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	1,387	1,074
Intangible Assets	4,106	2,792
<b>Total Non-Current Assets</b>	<b>5,492</b>	<b>3,866</b>
<b>TOTAL ASSETS</b>	<b>35,828</b>	<b>33,778</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payables under Exchange Transactions	8,821	6,349
Employee Entitlements	1,749	1,718
<b>Total Current Liabilities</b>	<b>10,570</b>	<b>8,067</b>
<b>NET ASSETS</b>	<b>25,256</b>	<b>25,712</b>
<b>MEMBERS' EQUITY</b>		
Retained Earnings	677	1,134
Special and Reserve Funds	24,577	24,578
<b>TOTAL MEMBERS' EQUITY</b>	<b>25,254</b>	<b>25,712</b>

## Statement of cash flows

For the six months ended 30 June 2018

	JUN 2018 \$000	JUN 2017 \$000
Net Cash inflow from Operating Activities	1,035	4,099
Net Cash inflow / (outflow) from Investing Activities	377	(7,279)
Net increase / (decrease) in Cash and Cash Equivalents	1,412	(3,180)
Add Cash and Cash Equivalents at start of year	1,435	5,459
<b>CASH AND CASH EQUIVALENTS BALANCE AT END OF PERIOD</b>	<b>2,846</b>	<b>2,279</b>
CASH AND CASH EQUIVALENTS INCLUDE:		
Cash and Bank	2,846	2,279
Short Term Deposits	23,516	27,000
Less Short Term Deposits Held for More Than 90 Days	(23,516)	(27,000)
<b>CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR</b>	<b>2,846</b>	<b>2,279</b>

## Notes to the interim condensed financial statements

For the six months ended 30 June 2018

### Reporting Entity

These interim condensed financial statements are for the Building and Construction Industry Training Organisation (BCITO) (previously known as the New Zealand Federated Builders and Contractors Industry Association of Employers (Inc)). BCITO is registered as a charitable entity under the Charities Act 2005 on 13 March 2008.

BCITO is recognised by the New Zealand Qualifications Authority as the standard setting body for the carpentry and associated trades within the building and construction sector. Rather than having a primary objective of generating financial return, it operates to promote and facilitate industry training within the building and construction industry and provides nationally recognised training for trainees within the trades of carpentry, interior systems, solid plastering, floor and wall tiling, cement and concrete work, brick and block, monumental masons and proprietary plaster cladding systems, architectural aluminium joinery, flooring, glass and glazing, timber joinery, kitchen and bathroom design, and painting and decorating.

The unaudited interim condensed financial statements of BCITO are for six months ended 30 June 2018 and were authorised for issue by the Board on 23 August 2018.

### Basis of Preparation

#### (a) Statement of Compliance

The interim condensed financial statements have been prepared in accordance with PBE IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with BCITO's annual financial statements as at 31 December 2017.

BCITO is defined as a public benefit entity as its primary objective is to provide services for community or social benefit and the entity has been established with a view to supporting that primary objective rather than for financial return.

#### (b) Basis of measurement

The interim condensed financial statements have been prepared on a historical cost basis, except for financial assets and liabilities that have been measured at fair value.

#### (c) Presentation currency

The interim condensed financial statements are presented in New Zealand dollars (\$), which is BCITO's functional currency.

All financial information presented has been rounded to the nearest thousand.

### Changes in Accounting Policy and Disclosures

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of BCITO's annual financial statements for the year ended 31 December 2017. BCITO has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



## Notes to the interim condensed financial statements

For the six months ended 30 June 2018

### Related Party Transactions

Related parties arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity.

### Parent and Ultimate Controlling Party

The Building and Construction Industry Training Organisation is the ultimate controlling party of the BCITO.

### Related Parties

BCITO has a related party relationship with its board members, key management personnel and association members. Other than transactions with key management personnel (disclosed below) there have been no other transactions with related parties in the year (2017: \$Nil).

### Key Management Personnel

Key management personnel include members of the Board, executive officers and other key management personnel.

	JUN 2018 \$000	JUN 2017 \$000
Board Member Fees	96	81
Salaries and other Short-term Employee Benefits	761	639

Total remuneration paid to key management personnel is made up of short-term employee benefits and no other post-employment benefits, termination benefits or long-term benefits arrangements have been expensed in the years reported.

### Other Related Party transactions

Except as stated above there are no other related party transactions.

### Subsequent Events

There were no significant events after balance date requiring reporting or adjustment in these interim condensed financial statements (June 2017: None).



# 2018 TRADE UP CAMPAIGN

BUILT A DREAM HOUSE  
FOR SOME VERY SPECIAL CUSTOMERS

### TOTAL REACH

 **6,388,577**

### PEOPLE LOOKING FOR AN APPRENTICESHIP WE CONNECTED WITH

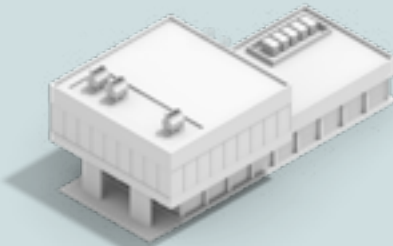
 **2,673**

# Six powerful trends that will reshape the construction industry

1 A SHARP RISE IN MEDIUM DENSITY LIVING



2 GROWTH OF LARGER BUILDING ENTERPRISES WITH UNIQUE NEEDS



3 TRENDS TOWARDS SYSTEM SPECIALIST CONSTRUCTION ROLES



4 GROWTH IN DIGITAL PLATFORMS ACROSS THE BUILT ENVIRONMENT



5 POWERFUL SHIFT TOWARDS AN ON-DEMAND SERVICE ECONOMY



6 NEW APPROACHES AND TOOLS TO ENHANCE LEARNING



# How to find us

## NORTHERN

WHANGAREI  
260 Port Road, Whangarei 0178

AUCKLAND - NORTH  
Unit A, 8 Saturn Place,  
Rosedale, Auckland 0632

AUCKLAND - CENTRAL  
Unit 1.1, 27 Gillies Avenue,  
Newmarket, Auckland 1023

AUCKLAND - WEST  
1A Tapu Road, Huapai, Kumeu 0810

AUCKLAND - SOUTH  
38C Highbrook Drive,  
East Tamaki, Auckland 2013

## CENTRAL

HAMILTON  
8 Maui Street, Pukete, Hamilton 3200

TAURANGA  
40 Tawa Street, Mt Maunganui 3116

WHAKATANE  
11 Te Tahi Street, Whakatane 3120

ROTORUA  
71 Pururu Street, Rotorua 3015

GISBORNE  
21A Derby Street, Gisborne 4010

NAPIER  
233 Emerson Street, Napier 4110

NEW PLYMOUTH  
L2, Westpac Bldg, 2 Devon Street  
East, New Plymouth 4312

PALMERSTON NORTH  
Ground Floor, BDO Building,  
32 Amesbury Street,  
Palmerston North 4410

WELLINGTON  
Level 5, 234 Wakefield Street,  
Wellington 6011

LOWER HUTT  
37 Marsden Street,  
Alicetown, Lower Hutt  
5010

MASTERTON  
316 Queen Street,  
Masterton 5842

## SOUTHERN

NELSON  
6/72 Oxford Street,  
Richmond 7020

CHRISTCHURCH  
Unit 13 Barry Hogan Place,  
Riccarton, Christchurch 8041

TIMARU  
156-158 Stafford Street,  
Timaru 7910

DUNEDIN  
30 Portsmouth Drive,  
Dunedin 9012

QUEENSTOWN  
183-193 Glenda Dr, Frankton,  
Queenstown 9300

INVERCARGILL  
3, 41 Leet Street,  
Invercargill 9810



w: [bcito.org.nz](http://bcito.org.nz)  
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