

A large, stylized graphic of a flame, composed of several pointed, teardrop-like shapes, rendered in a light red or orange color. It occupies the left side of the page, extending from the top to the bottom.

FR  **ITO**

Fire & Rescue Services ITO

ANNUAL REPORT 2010



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CONTENTS

- 2 Chairperson's Report
- 3 Chief Executive Officer's Report
- 4 FRSITO Board 2010
- 5 Facts and Figures - General Information and Statistics
- 8 Audit Report
- 9 Annual Financial Report

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2010 was an amazing year for FRSITO.

From the implementation of the review of governance, a new skill based Board, new member organisations, numerous external audits, re-recognition, a new TEC Investment Plan to the far reaching TEC ITO policy changes.

My special thanks go to our long standing member organisations for aligning with the Board's vision for change. I understand the uncertainty that always accompanies change can be unnerving. Nevertheless, the Board willingly recognised that in the current environment, as a relatively small ITO we need to continually adapt. One of the more significant achievements in that adaptation was to position FRSITO as the ITO of choice for the wider emergency management sector. In doing so, this year we attracted a number of new members to FRSITO and there are others poised to join. I look forward to the diversity that comes from this strategy.

The governance changes saw a reduction in the size of the Board which was a convenient time for three members to bid us farewell. Piki Thomas, Keith Marshall and Rick Eng all decided to not seek positions on the new Board. I would like to thank each of them for the considerable contribution they made during their tenure. A special thanks to Keith Marshall, who had been a Board member since 2002. Te Arohanui Cook and John Scobie came on board as new Directors and have already made their mark on the Board.

In the process of developing and negotiating our new investment plan we were exposed to some significant changes in TEC policy direction. The new policies are designed to make ITOs more accountable for achieving outcomes from training and provide funding more aligned to actual performance. I am very pleased that, in the process of consultation and discussions with our investment manager, we have been confirmed as one of the higher performing ITO's. In practical terms, this means FRSITO is only affected in the most minor way regarding funding in the short term.

We held our first ever Member Forum in September which was well attended. I believe it was very successful in that member organisations took the opportunity to ensure their views about FRSITO future direction and strategy were heard. Having moved from a representative to skills based Board these forums will remain a regular feature and I stress the importance of member attendance.

The FRSITO Excellence in Training Awards is a high point on the calendar each year. This year Brightwater Rural Fire Force emerged the winner in the rural category. Unfortunately this year no urban brigade stood out sufficiently to warrant an award in that category. While this decision is disappointing, it does emphasise that the awards do have to be earned by achieving minimum criteria. I look forward to one of our urban brigades achieving in 2011.

The Board concluded this year of change by re-visiting the FRSITO Strategic Plan. We are confident that we have set a strategic direction that will meet the needs and wishes of our industry and which will enable us to continue to grow both in size and in the professionalism of our trainees.

So, all in all, this has been a very exciting and busy year for both the Board and FRSITO staff. It is a pleasure to extend my sincere thanks to you all for the leadership, direction hard work and energy you have brought to FRSITO.



David Guard
Chairperson



As FRSITO Chairman David Guard has pointed out, 2010 was a challenging year. Considerable focus went into meeting government requirements for us to continue to operate as an ITO. Fortunately we ended the year with full recognition as an ITO and with assured government funding for the next two years. We are now well placed to provide an even higher level of service to our various industry sectors for the next few years.

Trainee numbers remained reasonably constant in 2010 at 3,698 trainees nationally. National Certificate achievement was down slightly but we still saw 628 certificates achieved. Only 10% of these were at level 4 or above which gives plenty of scope for newer trainees to extend their achievement over the next few years. Our completion rate of 69% is the fourth highest out of the 39 ITOs. It will be challenging to maintain or improve on this as most of our trainees are volunteers with limited time for training.

2010 saw a number of staff changes in FRSITO. We had three new appointments. Early in the year we appointed Nathan Freeman as Moderator based in our Christchurch office. This expanded the size of the Quality Management team to three. Nathan has provided the extra resource needed to ensure our continuing focus on lifting the standard of assessment in our industry. Early in 2010 long serving Operations Manager Léonce Jones left to take up a position with the Mountain Safety Council. Léonce was replaced by Nathan Graham who came to us from the NZ Defence Force and who quickly put his stamp on the Operations team. The team worked hard to ensure trainees were well supported, their progress is monitored, and inactive trainees are assisted to complete or terminated if they are no longer involved in the industry.

Our Development team, too, had some changes. Resource Developer Venessa Green left to put all her focus into completing her Master's degree. She was replaced by Phil O'Brien. Phil is a highly qualified developer and also has considerable experience in workplace literacy. Literacy advisor Teresa Quin departed in the second half of the year. We decided not to replace her at that time as the potential for ongoing literacy funding was unclear. We have contracts with Literacy Aotearoa (Wellington) and Workbase to continue the work of ensuring all training meets the needs of our learners. As it happened, we attracted adequate workplace literacy funding through the Investment Plan. This will enable us to consolidate the literacy work over the next two years, although it is still unclear whether we will be able to meet the increasingly stringent performance expectations imposed by the Tertiary Education Commission.

We continued to build and consolidate our international networks in 2010. We became official affiliate members of the Australasian Fire and Emergency Service Authorities Council (AFAC) and assisted with the organisation of the National Emergency Training Officers Conference (NEMTOC) which was held in Brisbane in October. Five members of the FRSITO team presented papers at the conference and we sponsored five New Zealand trainers to attend. These conferences are invaluable professional development and networking opportunities. In 2011 the conference will again be held in New Zealand. This will be held in October but at the time of writing it was unclear whether it would be able to be held in Christchurch as planned because of the earthquake damage there.

We continued to build our relationship with the Federal Emergency Management Agency (FEMA) throughout 2010. I was invited to present a paper at the FEMA Higher Education conference at the Emergency Management Institute in Maryland, USA in June. This was another valuable networking experience. In 2011 we will be sending another team member to the FEMA Emergency Management Institute for a week, to explore possible resource sharing arrangements.

FRSITO is a small team but each member is a hardworking professional. I am very proud of them and thank them for the huge contribution they make to the success of the organisation and to the calibre and consistency of training in our industry. FRSITO is one of the smaller ITOs but is well regarded as a high performer by government agencies. With the continued dedication of staff, Board and the many stakeholders who freely give us their time we will do even better in 2011.



Bill Robertson
Chief Executive Officer

FRSITO BOARD 2010

David Guard
Chairman

Derek Best
Employee Representative

Te Arohanui Cook

Kerry Hilliard

Kevin Kennedy

Blair King

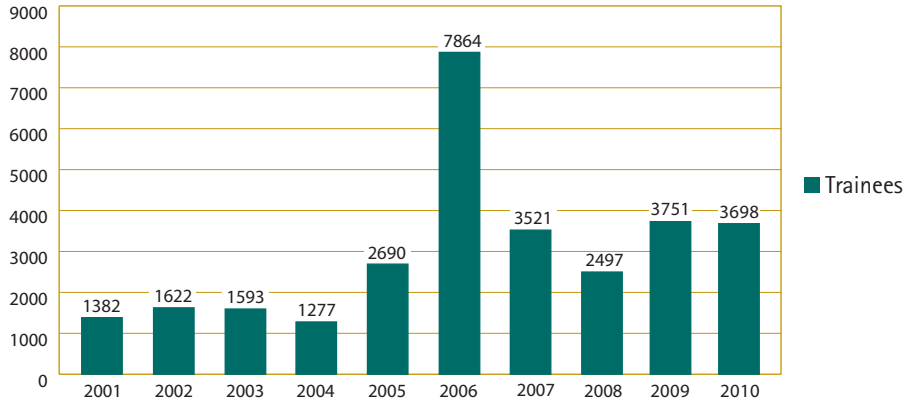
Gary Lockyer

Mike Owen

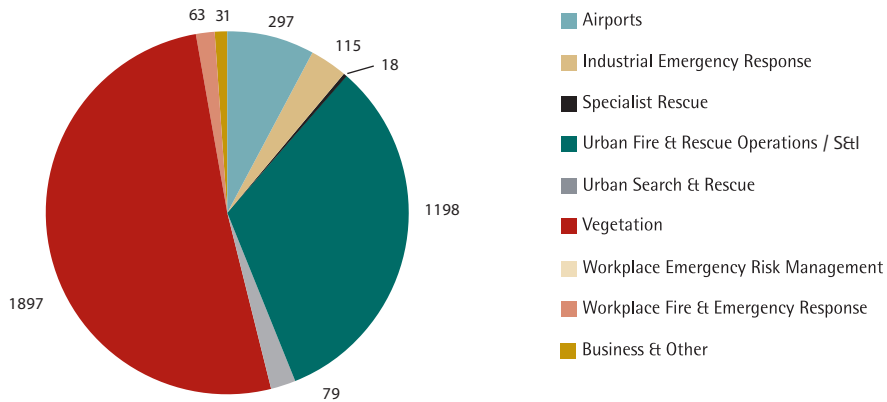
Bill Robertson
CEO, Board Secretary

John Scobie

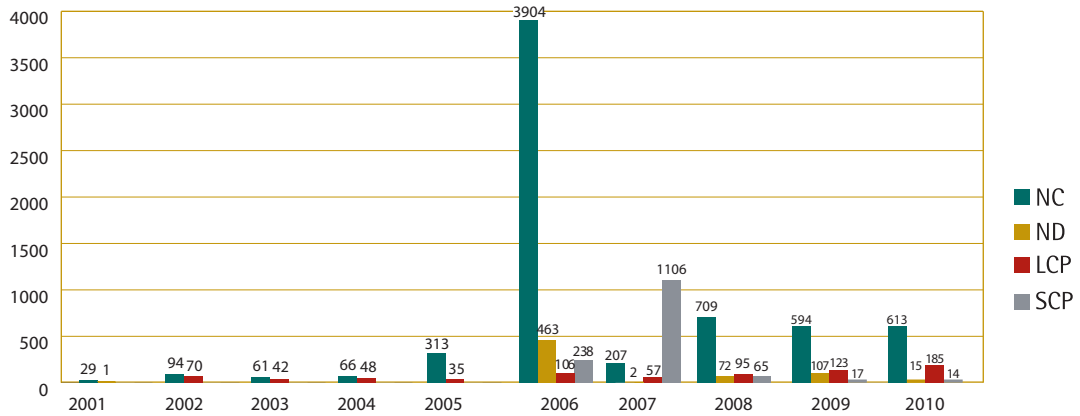
CURRENT TRAINING AGREEMENTS BY YEAR



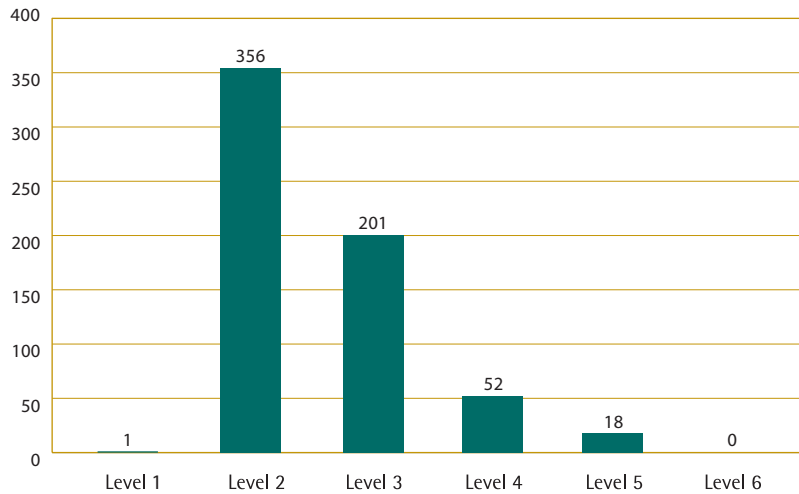
2010 CURRENT TRAINING AGREEMENTS BY QUALIFICATION



COMPLETED TRAINING AGREEMENTS BY YEAR

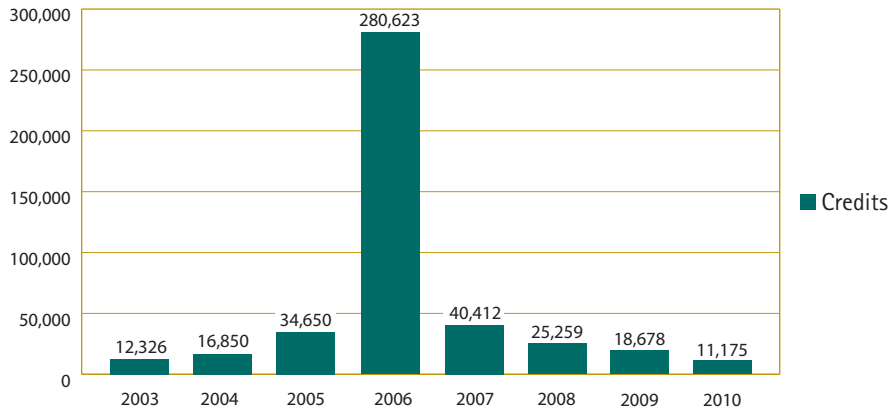


2010 COMPLETED NATIONAL QUALIFICATIONS BY LEVEL

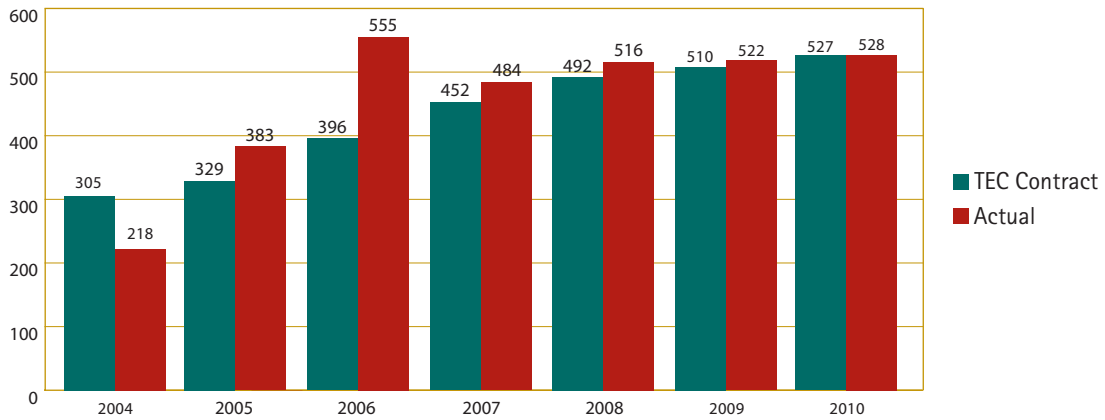


Comprised of National Certificates (613) and National Diplomas (15)

CREDITS ASSESSED BY YEAR



STANDARD TRAINING MEASURES BY YEAR



1 STM = 1 Full time equivalent trainee achieving 120 credits in a year

To The Members of the Fire and Rescue Services Industry Training Organisation Incorporated

Report on the Financial Statements

We have audited the financial statements of Fire and Rescue Services Industry Training Organisation Incorporated on pages 9 to 12, which comprise the statement of financial position as at 31 December 2010, and the statement of financial performance, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board 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 Board determine 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 overall 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, Fire and Rescue Services Industry Training Organisation Incorporated.

Opinion

In our opinion, the financial statements on pages 9 to 12 present fairly, in all material respects, the financial position of Fire and Rescue Services Industry Training Organisation Incorporated as at 31 December 2010, 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

Per the Industry Training Act 1992:

- accurate and up-to-date records have been kept and
- all the necessary information to explain the amounts reported in the financial statements has been provided.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
23 March 2011

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 31 DECEMBER 2010

2009			2010
1,963,228	Operating Revenues	Note 3	2,250,212
<u>2,181,206</u>	Operating Expenses	Note 4	<u>2,251,590</u>
<u>-217,978</u>	Excess of Income over Expenditure		<u>-1,378</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

2009			2010
	CURRENT ASSETS		
269,005	Cash & Bank		322,893
845,285	Fixed Term Deposits		732,120
29,841	NZ Government Stock		29,841
10,883	Interest Due		10,971
12,638	Accounts Receivable		10,855
-	Income Due		8,811
500	Bond Paid		500
5,023	Prepayments		12,720
<u>1,173,175</u>	TOTAL CURRENT ASSETS		<u>1,128,711</u>

CURRENT LIABILITIES

6,050	Audit Fee Accrued		7,000
19,052	GST Payable		22,753
3,594	National Bank Visa		11,597
66,657	Accounts Payable		34,740
128,047	Income in Advance		90,930
45,126	PAYE Tax Payable		44,861
74,966	Accrued Expenses		44,266
75,600	Provision for Holiday Pay		86,142
<u>419,092</u>	TOTAL CURRENT LIABILITIES		<u>342,289</u>

FIXED ASSETS

112,123	Fixed Assets	Note 5	78,406
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<u>866,206</u>	EQUITY		<u>864,828</u>
	Represented by		
1,084,184	Retained Earnings at 31/12/09		866,206
<u>-217,978</u>	Operating Surplus for year		<u>-1,378</u>
<u>866,206</u>	TOTAL EQUITY		<u>864,828</u>

STATEMENT OF MOVEMENT IN EQUITY

2009			2010
1,084,184	Retained Earnings from previous year		866,206
<u>-217,978</u>	Operating Surplus for year		<u>-1,378</u>
<u>866,206</u>	TOTAL EQUITY		<u>864,828</u>

NOTES FORMING PART OF THE ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2010

NOTE 1: Statement of Accounting Policies

a. Reporting Entity

The Fire & Rescue Industry Training Organisation is a Society registered under the Incorporated Societies Act 1908 and is entitled to use Differential Reporting exemptions as it is not publicly accountable and does not qualify as large.

The financial statements have been prepared using Generally Accepted Accounting Principles and advantage has been taken of all Differential Reporting exemptions.

The Society has been granted charitable status by the Inland Revenue Department and accordingly no tax is payable.

b. Measurement Base

The accounting policies recognised are appropriate for the measurement and reporting of the statement of financial performance and the statement of financial position which are based on historical cost unless stated otherwise.

c. Specified Accounting Policies

(i) *Goods & Services Tax* – These financial statements have been prepared on a GST exclusive basis, except for Accounts Receivable and Accounts Payable which are stated with GST included.

(ii) *Fixed Assets* – These are stated at cost less accumulated depreciation. Depreciation is provided on a diminishing basis at the maximum rates prescribed by the Inland Revenue Department. When a fixed asset is disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sale price and the carrying value of the asset.

(iii) *Accounts Receivable* – Stated as the net realisable value and no further provision is required.

(iv) *Revenue Recognition Policy* – TEC Income: The Society receives funding from the Tertiary Education Commission based upon a number of Standard Training Measures agreed in a 3 year Investment Plan and reviewed annually. The investment plan is consistent with the financial year. All revenue in accordance with the investment plan is therefore recognised in the financial year.

(v) *Interest Bearing Accounts* – Investment funds are held with the National Bank of New Zealand Private Banking Portfolio Services. Accounts are shown at face value with any income due shown as a specific item calculated from start date to 31st December 2010.

(vi) *Income in Advance* – Annual Levies payable by industry Members run from 1st July to 30th June and are paid in advance. The balance shown as Income in Advance represents 6 months portion of this from 1st January to 30th June 2011.

(vii) *Income Tax* – Fire & Rescue Services Industry Training Organisation is registered under the Charities Act 2005 and has been granted an exemption under the Income Tax Act 2007.

d. Changes in Accounting Policies

There have been no changes to accounting policies since the date of the last financial report.

NOTE 2: Related Party Transactions

There were no related party transactions during the year ended 31 December 2010 (2009; Nil)

Signed



David Guard *Chairperson*

NOTES FORMING PART OF THE ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2010

NOTE 3: Operating Revenues

2009	Operating Revenues	2010
1,707,690	Tertiary Education Commission	1,997,751
95,981	Industry Levies & Other Fees	96,264
33,671	Hook-on & Credit Fees	26,542
26,633	NZQA Moderation Rebate	34,064
50,173	Interest Received	51,219
2,013	Other Training Income	9,647
<u>47,067</u>	Learning Resource Material	<u>34,725</u>
<u>1,963,228</u>	TOTAL OPERATING REVENUES	<u>2,250,212</u>

NOTE 4: Operating Expenses

2009	Operating Expenses	2010
54,002	Governance	70,956
350,602	Operations	333,806
64,936	Quality Management	48,395
<u>210,404</u>	Development	<u>190,699</u>
679,944		643,856
<u>1,501,262</u>	Overhead Costs	<u>1,607,734</u>
<u>2,181,206</u>	TOTAL OPERATING EXPENSES	<u>2,251,590</u>

Note 6

NOTE 5: Fixed Assets

	Depreciation Rate	Cost	Acc Deprn	Depn	NBV	Cost	Acc Deprn	Depn	NBV
		31/12/2009	31/12/2009	2,009	31/12/2009	31/12/2010	31/12/2010	2,010	31/12/2010
Plant & Equipment	14% to 67%	136,217	97,571	26,269	38,646	142,097	113,762	18,466	28,335
Furniture & Fittings	14% to 48%	62,247	39,161	6,897	23,086	62,247	44,427	5,265	17,821
Motor Vehicles	36%	93,289	42,898	28,345	50,391	93,289	61,038	18,140	32,250
		<u>291,753</u>	<u>179,630</u>	<u>61,511</u>	<u>112,123</u>	<u>297,633</u>	<u>219,227</u>	<u>41,871</u>	<u>78,406</u>

NOTES FORMING PART OF THE ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2010

NOTE 6: Overhead Costs

		2010
2009		
3,975	ACC Levies	5,563
-	Assets under \$500	2,474
7,000	Audit Fees	7,000
678	Bank Charges	605
2,150	Consultancy Fees	6,825
200	Contractors	-
61,508	Depreciation	41,871
5,310	Electricity	6,395
-140	Fringe Benefit Tax	-
15,572	General Expenses	6,212
48,985	Information Technology	41,008
13,537	Insurance	16,383
7,278	Leases	6,947
-	Legal Expenses	742
850	Loss on Disposal of Fixed Assets	500
4,777	Postage & Courier	8,446
27,749	Printing & Stationery	20,610
108,965	Rent	120,444
2,958	Repairs & Maintenance	12,552
1,029,184	Salaries & Wages	1,109,340
911	Sponsorship	1,350
42,527	Staff Development	23,550
4,900	Staff Recruitment	38,870
40,418	Staff Kiwisaver Contribution	50,219
8,780	Staff Other	8,769
18,789	Subscriptions	20,973
43,224	Telephone	49,968
1,176	Travel	118
<u>1,501,261</u>	TOTAL	<u>1,607,734</u>

NOTE 7: Statement of Commitment

There is a commitment of \$107,823.38 in respect of ITF training contracts entered at 31 December 2010 and due to be assessed before 31 December 2012. (2009: \$468,765.08) As at balance date, Fire & Rescue Services Industry Training Organisation had the following Lease commitments in respect of the premises located at 181 Vivian Street, Wellington.

		2010
2009		
68,843	Current	74,693
<u>149,526</u>	Non-Current	<u>92,207</u>
<u>218,369</u>		<u>166,900</u>



FRSITO is proud to represent an industry that protects the safety of New Zealanders,
their property, communities, and our environment.

www.frsito.org.nz