



2017 ANNUAL REPORT

NZ HAIR AND BEAUTY INDUSTRY TRAINING ORGANISATION INC.

Vision:
100% Qualified

Mission:
To instill a passion for learning so our industries are highly qualified and full of successful businesses

Purpose:
The NZ Hair & Beauty ITO exists to provide leadership within the barbering, beauty and hairdressing industry so that trainees and employers experience the benefits of an excellent professional standard of qualifications and ensuring that training is meeting the needs of employees, employers, industry and the Tertiary Education Commission.

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Chair's Report

2017 was a year of change where the organisation had a serious refocus on direction and intent. A new strategic plan was developed with the ***Vision of 100% qualified*** and four Strategic Priorities:

- setting the standards in excellence
- developing and nurturing the next generation
- promoting transformational leadership
- building a sustainable future.

The Business Plan is set for the next three years. It is still focused on the 2015 board adopted strategy for growth, but this time has explicitly detailed how the growth will occur. Being able to measure information accurately gives the Board better tools to govern and direct how growth may be achieved. In order to do this, a lot of baseline functions have been reviewed and changed. Management skills have been reassessed and where required the organisation has gained these. Reconnecting positively with the hairdressing, beauty and barbering industries has been very worthwhile and is now starting to bear results. The organisation has delved into what drives the learning needs of our apprentices and industry trainees in this modern age and a better way of funding and achieving their on-job training has been developed. This does all come at a cost and the board approved a budget which meant digging deep into the reserves. But the Board is confident over the next two years that these changes will bring rejuvenation and allow the new mission to be achieved – ***“To instill a passion for learning so our industries are highly qualified and full of successful businesses”***.

While we are still not seeing the number of new trainees entering the industry as planned, we are seeing better engagement with schools through Gateway, Got A Trade and Fashion Week. This is the start of the “training pipeline” and is the hardest area to achieve growth in. Especially with the new Coalition Government’s First Year Fees-Free initiative which meant many possible new sign-ons in December were holding off until they could see what the impact of this policy would have on them. For HITO it meant not achieving the number of new sign-ons we were funded for in 2017 and has meant a return of over \$350,000 to TEC. This is disappointing, but we aim to see by the end of 2018 the change in direction and new sign-ons being greater than budgeted for. The good news is that we had more completions this year, culminating in a wonderful graduation ceremony in Auckland where we could all celebrate our new graduates. The other area of concern has been the number of terminations. This is where an apprentice terminates their training for a variety of reasons. Terminations have decreased which means that the new sign-ons are staying longer and going on to complete their training. This is good news.

We engaged Sharon van Gulik as a special advisor to the Board for the year and my thanks must go to her for her diligence and sage advice. The members voted Anne Millar as an industry representative and the Board appointed her Deputy Chair. My thanks go to her for the effort and the industry experience she brings to the Board. Jacqui Victor was also welcomed onto the Board as the other employer representative and she is coming up to speed in the governance arena and giving high quality industry insights for the Board.

In 2018, we see Julian Maloney step off the Board. He has given exceptional service and advice to the Board for the last three years. Barbering has always been part of our remit, but we were not making the cut through required until Julian came onto the Board. His value to the organisation has been immense and while we are sorry to see him go we must celebrate his input and the legacy he will leave.

To my other Board members, Louise Gray who is our co-opted beauty member, Amelia London our employee representative and Wayne Smith our other appointed representative go my grateful thanks for the effort and wisdom you bring to the Board. We are in the middle of a large transformational change that is hard work and having the Board's support means management can feel confident along the change journey. Last but not least is thanks to our Chief Executive Kay Nelson for her leadership, skills and huge commitment to engineering and driving through the necessary changes.

Flora Gilkison
HITO Board Chairperson

Chief Executive's Report

What a pleasure it has been to lead an organisation serving this exciting and vibrant industry over the last 12 months.

I feel fortunate to have met many of you in person at workshops and events throughout the year. Across the country I was welcomed, supported and challenged by members as we sought feedback to better understand business and industry needs and HITO's current relationships.

These research sessions provided us with practical changes for HITO qualifications and support and helped shape our business plan for 2018-2020. We have embarked on a comprehensive programme of qualification development in beauty therapy and streamlined the hairdressing apprenticeship training to meet the needs of industry and employers.

The 2017 year has also seen the organisation focus on internal changes to set us up for future success. We have shifted to an organisation that expects and values high performance, rewards people for exceptional outputs and invests in lifting performance. We are developing a culture that places our learners and our industries at the centre of everything we do. This is driving processes that are designed to remove barriers to the end goal of highly motivated industry professionals, and highly profitable and successful industry businesses.

None of these shifts happen without a huge amount of commitment from across the organisation. I appreciate the Board's appetite for change and thank them for their endorsement.

My thanks to HITO senior management and staff for their unwavering support through a year of substantial change, managing huge workloads and tight deadlines.

Our relationships with the agencies NZQA, the Tertiary Education Commission (TEC) and the Ministry of Education have been positive and productive. Maintaining these relationships is essential to ensuring the sustainability of our organisation and qualifications. Following a successful Tertiary Education Commission audit, we were officially reconfirmed as an Industry Training Organisation in June.

While apprenticeship numbers were slightly less than the previous year, the number of professionals entering our Qualified by Experience process almost doubled, standing the industry in good stead. We were also pleased to see beauty therapy apprenticeships more than double from 2016 to 2017. There was a small increase in the number of Māori students, a group of learners we will continue to focus on.

Through partnerships with government departments and commercial organisations HITO has leveraged the qualifications we have developed, creating new revenue streams and increasing our profile. The new Level 3 Certificate in Makeup and Skincare is well-timed to serve the fast-growing retail beauty industry. We are delighted that our business partnership with Green Cross Health will see the qualification offered to staff in many of their pharmacies through 2018.

Through new partnership agreements with the Department of Corrections, the Ministry of Social Development and L'Oreal, our qualifications will now become available to groups who may not have had access to any form of qualification previously.

Our new head office was designed as a central space for industry to meet, network, advise and learn and it's been great to see it being used by The New Zealand Association of Registered Hairdressers, The New Zealand Association of Registered Beauty Professionals, HITO regional committees and advisory groups. These groups play such an important role in our industries and I thank them for their input throughout the year.

For me, the highlight of the year was attending our graduation ceremony in November. It was wonderful to celebrate with graduates as they reached this milestone, the culmination of years of hard work. The potential career rewards for these graduates were clearly displayed later that evening at the Hair and Beauty Industry Awards, where we celebrated creative, business, training and apprentice success.

We look forward to continuing to engage with industry in 2018 as we work towards:

- stronger engagement with industry in Auckland
- moving our learning support materials online
- growing the number of beauty apprentices
- growing our profile in secondary schools to attract new apprentices.

Thanks to all of you who have supported us this year – your input is and will continue to be vital.

Kay Nelson
Chief Executive Officer

Highlights

INDUSTRY RESEARCH

In 2017 we held nine research workshops with employers and the wider industry. These gave us important insights into business needs and will inform how pathways and qualifications are developed. This year we will conduct an additional market analysis in Auckland and investigate the career decisions made by secondary school students.

QUALIFICATIONS FOR THE 21ST CENTURY

In 2017, a new apprenticeship programme for the New Zealand Certificate in Beauty Therapy (Level 4) and a new industry training programme for pharmacy and department stores, the New Zealand Certificate in Makeup and Skincare (Level 3), were introduced. A new programme for New Zealand Certificate in Nail Technology (Level 4), was written to offer a qualification opportunity to this industry.

After considerable consultation on the hairdressing suite of qualifications, the apprenticeship programme for the New Zealand Certificate in Hairdressing (Professional Stylist, Level 4) was rewritten and a new industry training programme introduced for the New Zealand Certificate in Hairdressing (Salon Support, Level 3).



Hairdressing apprenticeship programmes were streamlined

In 2018, HITO will review the barbering suite of qualifications and investigate training support and in-salon verification across programmes. The entire suite of hairdressing qualifications is due for review in 2020.

We reviewed how we recognise prior learning across all programmes to ensure we upskill our industries robustly.

Our advisory panels have been working on new standards and updating current standards and qualifications to ensure they are relevant and providing work-ready graduates. In 2018, HITO will move to a combined hair, barbering and beauty panel to ensure consistency and representation across all industries.

A number of our policies and processes were updated in our work as a Standard Setting Body. The criteria for Industry Assessors was redeveloped, new professional development options were introduced and a recruitment drive for new Assessors will begin in 2018.

Following a comprehensive tendering process for a new learning management platform, HITO selected iQualify, which offers interactive and social training support. Transfer of our materials and assessments and staff/salon training will begin in 2018.

100% QUALIFIED

The number of experienced hairdressers and barbers becoming qualified through our Qualification by Experience programme continues to grow. In 2017, 113 professionals qualified through this programme, almost double the previous year. The increased uptake indicates that the programme revisions introduced to simplify the process in 2016 were successful. With every certificate issued we enhance the credibility of both our qualification and profession. These newly-qualified professionals also add to the pool of potential apprentice trainers, particularly important in the barbering industry.

GROWING THE PIPELINE

Through the secondary school Gateway programme, 191 students started careers in hairdressing, beauty therapy and barbering, a 22% increase on the previous year.

HITO appointed 30 young apprentices as 'Talenteers' to help promote career opportunities at schools, career expos and HITO events.

Over 1000 students at 11 schools in Northland, Otago and Southland viewed videos on hairdressing, barbering and beauty therapy on visits to the INZONE careers coach, a mobile careers expo.

SALES AND TRAINING ADVISORS

Following our industry research, we altered the roles of HITO's sales and training team to provide better support to business owners and apprentices and better engage with secondary schools.

These faces of HITO are now known as STAs (Sales and Training Advisors) rather than SLMs (Sales and Liaison Managers).

We doubled the size of the Auckland STA team to re-energise HITO in this important market.

EFFECTIVE COLLABORATION

We have a collaborative relationship with other Industry Training Organisations, sharing best practice and leveraging investment to build apprentice numbers across the board. HITO was one of the contributors to the Industry Training Federation's Got a Trade, Got it Made campaign which used social media, tv, radio and offline advertising to target 15- 18-year olds and those that influence their



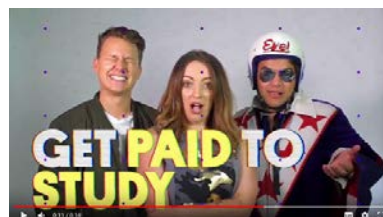
Michael Petrie shares his qualification through HITO's 100% Qualified social media campaign.



Gateway student Tui Moreli-Tuitaialili at Cuba Barbers, 2017.



HITO staff at Graduation, 2017.



The Edge promotion for the Got a Trade campaign.

career decisions. An online article featuring barber Peleti Oli was one of the more successful elements of the campaign, generating over 10,500 views.

The ITF led conversations with Waikato-Tainui throughout 2017 which culminated in a historic agreement being signed with the iwi and 11 ITOs in March 2018. The agreement is designed to give the iwi's members options to earn while they learn through training programmes and apprenticeships.



Kay Nelson and Waikato-Tainui CEO Donna Flavell.

BUSINESS DEVELOPMENT

Through partnerships with government departments and commercial organisations HITO has leveraged the qualifications we have developed, creating new revenue streams and increasing our profile.

We piloted a programme with the Ministry of Social Development in Hawkes Bay, assisting their clients keen to pursue a career in hairdressing or barbering.



Green Cross programme promotion.

Pharmacy staff at beauty counters across the country will soon be able to study for the Level 3 New Zealand Certificate in Makeup and Skincare developed by HITO. Green Cross Health will deliver the training, initially to supervisors in 90 Green Cross pharmacies.

From 2018, the Department of Corrections will offer HITO Hairdressing and Beauty qualifications at their women's prisons in Auckland, Christchurch and Wellington.

SOCIAL RESPONSIBILITY

In partnership with L'Oreal, HITO introduced the Face Your Future programme offering ten barbering, beauty therapy, or hairdressing scholarships to young people in the foster care system. The programme builds on L'Oréal's current work with Fostering Kids NZ and covers all apprentice fees and training costs.

BARBERCRAFT

Established by HITO in 2016 to recognise the professional skills of barbers and promote barbering as an exciting career option, BarberCraft has become the biggest barbering event in Australasia. Barbers from across the country come to compete in competition battles, find inspiration, share ideas and network in a fun setting. It has become an excellent platform for HITO to emphasise the value of qualifications to potential and experienced barbers. The event also attracts many men and women outside the industry, reflecting the growing interest in men's grooming.



BarberCraft competitions, 2017.

In 2017, HITO licensed the BarberCraft event concept to the Barbers Association of Western province, South Africa and a successful BarberCraft South Africa was held in October.

NEW ZEALAND FASHION WEEK

HITO held a Spring Runway Show at the New Zealand Fashion Week to demonstrate the styling skills of apprentices and promote career opportunities in hair and beauty. Over 300 Auckland secondary school students attended the show, with parents and teachers. The stylists were all regional winners of our HITO Apprentice of the Year award.

All HITO apprentices had the opportunity to win backstage styling experience through our popular HITO x NZFW photo competition. The four winners worked alongside professional stylists at the Next Generation and Wonderful Wool shows.

To further leverage our presence at the event, HITO held a mini BarberCraft activation during the public-facing New Zealand Fashion Weekend, offering free cuts from Maloney's Barbers.



HITO apprentice working backstage at NZFW 2017.

CELEBRATING SUCCESS

HITO hold an annual graduation ceremony to celebrate the achievements of newly qualified graduates, including professionals who recently completed the Qualified by Experience process. Over 60 graduates from across the country attended the 2017 ceremony in Auckland with family and friends. The ceremony included an inspiring guest speaker and was followed by the New Zealand Hair and Beauty Industry Awards.



2017 HITO graduation ceremony.

AWARDS

Once again HITO joined forces with the New Zealand Association of Registered Hairdressers and Kitomba to celebrate success and encourage growth in the hair and beauty industry at the annual Industry Awards.

HITO apprentice Machaela Robbins set a record for the awards, becoming the first beauty therapy apprentice ever to win the prestigious HITO Apprentice of the Year Award.

HITO was the Gold Sponsor of the first ever Beauty NZ Association Awards, held at Te Papa and run by the NZ Association of Registered Beauty Professionals.



Machaela Robbins, HITO Apprentice of the Year 2017.

SYDNEY HAIR EXPO

HITO also sponsored a team of New Zealand apprentices and recent graduates to participate in an international stage competition at the Sydney Hair Expo. In the buildup to the show, the teams were mentored by industry professionals. They also had the opportunity to get mentored by an industry expert. The winner of the HITO Apprentice of the Year 2016, Lana Biddulph-King, was part of the team and presented at seminars and demonstrations at the Expo.



Lana Biddulph-King speaking at Industry Awards 2016.

BUILDING A SUSTAINABLE ORGANISATION

To support culture change and brand positioning we relocated our head office to central Wellington. The new office was designed to be a welcoming workspace for members of our industry and has already been well-used.

Many roles across the senior management and wider team were redefined during the year. A corporate services role was introduced with more focus on our people and a Chief Technical Officer appointed to lead a digital strategy.



Tertiary Education Minister Paul Goldsmith officially opens the HITO office.

The Industry Support team was centralised to ensure consistent and efficient customer service. New accounting and payroll systems were introduced and IT infrastructure analysed. One of the risks identified was our ability to manage relationships and data for learners and employers with our current tools. Our Customer Relationship Management database will be upgraded in 2018.

All-staff HITO days have helped build a positive culture and place learners and employers at the centre of what we do.

Performance 2017

CONTINUING PROGRAMMES

NZA = New Zealand Apprenticeship

IT = Industry Trainee

MA = Modern Apprenticeship

NF = Non-Funded (not reported to TEC)

PROGRAMME	NZA 2016	NZA 2017	IT 2016	IT 2017	MA 2016	MA 2017	NF 2016	NF 2017	2016 TOTAL	2017 TOTAL
Hairdressing	709	691	54	65	85		21	17	869	773
Advanced Cutting			3	1			1		4	1
Barbering	9	25	36	4	2		6	8	53	37
Beautician			6				4	3	10	3
Nail Technology			6	2			5	5	11	7
Cosmetology							1	1	1	1
Business			10	5					10	5
Beauty Therapy	17	37						4	17	41
Total									975	868

QUALIFICATION COMPLETIONS

PROGRAMME	2016 NZA	2017 NZA
Hairdressing (Professional Stylist)	233	287
Hairdressing (Advanced Cutting)	2	4
Hairdressing (Salon Support)	32	
Barbering	26	21
Commercial Barbering	4	32
Beauty Services (Nail Technology)	10	1
Beauty Services (Cosmetology or Level 4)	1	2
Business	6	4

COMPLETED FINAL ASSESSMENTS

UNIT STANDARD	2016 COUNT	2017 COUNT
2757	223	233
2759	237	258
10650	22	49

GATEWAY SCHOOLS PARTICIPATION

PROGRAMME	SCHOOLS 2016	SCHOOLS 2017	STUDENTS 2016	STUDENTS 2017
Hairdressing Year 1	66	59	111	111
Hairdressing Year 2	9	7	10	7
Beauty	19	26	27	49
Barbering	7	23	8	24

LEARNER AGE RANGE

AGE	2016 COUNT	2017 COUNT
15-19	130	181
20-24	494	409
25-29	179	143
30-34	61	52
35-39	36	37
40-44	29	18
44-49	24	16
50-54	15	7
55+	7	5

GENDER COMPARISON

GENDER	2016	2017
Male	7.3%	7.8%
Female	92.7%	92.2%

LEARNER ETHNICITY

ETHNICITY	2016	2017
European	73.9%	67.8%
Maori	15.8%	17.6%
Other	8.8%	12.8%
Pasifika	1.5%	1.8%

Company Information

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