



Annual Report 2014



The world of education is changing and so are we.

We are creating a 21st century learning and teaching environment to better prepare our graduates for successful and rewarding careers.



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Report from the Chief Executive and Council Chair

As technological, economic and social changes reshape the world, education is increasingly challenged to modernise and remain relevant. Unitec must understand and respond to industry needs, ensuring its graduates contribute to the future prosperity of Auckland and New Zealand.

Unitec is committed to developing and delivering a learning and teaching environment for the 21st century. In 2014 progress has been made in a number of areas.

New teaching and learning models, delivery models and ways of engaging with external stakeholders have been tested, refined and implemented. Refreshed learning pathways have also been introduced to improve student transition from education to employment. At the same time a comprehensive case for change has been developed, which sets out how Unitec intends to transform.

Unitec continued to focus on the career outcomes for its students, with 73% of graduates employed in jobs related to their areas of study. It also focused on achieving the priorities set out in the Tertiary Education Strategy.

The organisation continued to build its capacity to respond to the needs of employers, grew international partnerships and income and focused on improving research activity.

Market dynamics & financial position

The economy and job market continued to pick up throughout 2014, with a corresponding impact on demand for education. The Auckland economy grew by 2.4% resulting in a 1.5% increase in the employment rate.

Demographic changes are also having an impact on the demand for education. The average age of the working population is increasing as more baby boomers delay retirement and the number of school leavers continues to decline. Auckland is becoming more diverse, with data from the 2013 census revealing that 39.1% of the population was born overseas.

It is well established that vocational education participation rates decline as employment prospects in the economy improve. Although Unitec expected softened demand, domestic enrolments were much lower than expected. Unitec's domestic equivalent full-time students (EFTS) were down 3.8% on 2013, resulting in a \$4.5 million reduction in specialist assessment circumstances (SAC) funding (and concomitantly \$2.7 million in student fees). Cumulatively, income from Unitec's domestic operations was down by \$7.2 million.

Unitec's international activities continued to perform strongly. Inbound student enrolments grew 15.8% and international income increased \$3.6 million over 2013.

Savings, mostly in depreciation, ensured costs were controlled. Overall, total revenue increased by \$0.6 million and the net result was \$1.8 million.

Industry connections

One of the world's foremost customer engagement services companies, Concentrix, a Fortune 500 company, joined IBM at the Delivery Centre on Unitec's Mt Albert Campus. One of the world's foremost customer engagement services companies, Concentrix recently joined with IBM to become a top 10 provider of customer engagement, technology and process innovation. The new partnership has increased the opportunities for Unitec students and the broader business community. In August the Minister of Tertiary Education, Skills and Employment, the Hon. Steven Joyce, attended an event at the Delivery Centre celebrating the creation of 500 new jobs since the Centre opened in February 2013. The relationship with IBM also adds value across Unitec and in particular to the programmes offered by the Computing Department.

Following the industry-led 'Auckland Construction and Infrastructure Industry Workforce Roadmap Forum' in 2013, the first skills roadmap for this sector was completed in 2014.



L to R: Dr Rick Ede, Unitec Chief Executive, Dr Lee Mathias, Unitec Council Chair.

Intended as a preliminary high-level roadmap of anticipated workforce growth in the Auckland construction sector over the next 10 years, its purpose is to help tertiary vocational education providers better respond to growth. Unitec, together with MIT and the four main construction-focused Industry Training Organisations, will adapt future offerings to align with the roadmap.

In September the Government's *Engineering – Education to Employment* initiative was launched to promote engineering as a career. Unitec will work with schools, Industry Training Providers and industry to encourage more young people into engineering careers.

International partnerships

In 2014 Unitec cemented new partnerships in China and India. In October Unitec signed an agreement with Shanghai Theatre Academy to commence a one-year foundation course preparing Chinese students for its undergraduate courses in Performing and Screen Arts. The Beijing Dance Academy also agreed to develop a joint undergraduate creative dance programme to be delivered from 2015. These academic partnerships with Chinese institutions strengthen Unitec's links to China, with flow-on benefits for the wider New Zealand economy.

In August 2013 Unitec launched its first academic alliance programme with CMC Limited in India – the CMC Postgraduate Programme in Construction Project Management. The one-year qualification was developed in collaboration with leaders in the Indian construction and infrastructure sector to develop highly skilled construction project managers. The programme includes real-world project experience and is aimed at engineering graduates and holders of engineering diplomas. The programme has grown from two centres in 2013 to five in 2014, and 81 students have now completed the programme.

Innovation in teaching and learning

Contemporary teaching and learning models offer a mix of face-to-face, online and work-based learning to prepare students for today's job market and deliver work-ready graduates to employers.

Two examples of these new models are Unitec's Centre for Interdisciplinary Scholarship (CIS) and The Mind Lab by Unitec. These initiatives support the delivery of new programmes aligned to industry needs, highly integrated with the world of work, delivered using a range of approaches, and flexible around the changing needs of learners.

The CIS brings together students from a number of specialisms to reflect the cross-disciplinary nature of their future careers. Students in the common semester study a range of courses together before moving into their chosen disciplines. Students can study in their own time using their own devices and work with peers from other disciplines. This models the workplaces they will move into on graduation.

The Mind Lab by Unitec is a joint venture with The Mind Lab founder and Chair, Frances Valintine. It provides an accessible and practical way for teachers to upskill in new teaching practices and apply new technologies. The Postgraduate Certificate in Applied Practice (Digital & Collaborative Learning) is part of the new qualification framework that sits within CIS. Teachers learn in a hands-on learning environment at The Mind Lab, complemented by school-based applied practice and online learning. The programme has been designed to fit around their work, and teachers can immediately apply and share their learnings in their school communities.

Similarly, the Bachelor of Creative Enterprise (the new offering from Design and Contemporary Arts available from February 2015), is a flexible, interdisciplinary degree with a common first semester. Students work with their peers across a range of disciplines before following specific pathways in their second and third years. Academic staff and industry professionals teach students the skills they need to run businesses in game design, animation or Māori entrepreneurship among other specialisms.



Unitec's programmes must reflect the current and future needs of industry. To this end, Unitec has been working with its employees to build industry connections and keep their skills and knowledge current.

Meeting the needs of learners

Unitec's success rates for Māori remained stable this year, with a positive long-term trend. Pasifika students performed better than in previous years, with particularly good progress made in retention and course/qualification completion rates. The Māori and Pasifika Trades Training initiative will enable more Māori and Pasifika learners to obtain meaningful trades apprenticeships and qualifications.

Another priority group is young people, and to provide clearer pathways from high school to employment Unitec launched Pathways West with Waitemata District Health Board and the New Zealand Careers College. This new initiative gives teenagers from four West Auckland secondary schools the opportunity to earn National Certificate of Educational Achievement (NCEA) level 2 credits in a tertiary environment and in the workplace, while remaining at school. It mirrors the future workforce needs of West Auckland, such as the need for health industry workers.

Enabling the future

In 2013 the Unitec Council approved a comprehensive property strategy to create a long-term endowment from its 55ha campus at Mt Albert.

In early 2014, Unitec made a submission to the Auckland Council's Unitary Plan Process outlining a long-term vision for the site. The submission outlines Unitec's plans to develop an education hub for the 21st century, concentrated in the southern end of the site. The hub will offer a flexible and technology-enabled teaching and learning environment.

Unitec's submission also seeks approval to change the zoning of the remaining land to allow for a mix of residential, commercial and recreational uses. The vision is a community space incorporating parks and recreation facilities, a network of walkways and cycle paths and improved connectivity between the town centres of Mt Albert and Pt Chevalier. While the concept is well aligned to the Auckland Plan, the Unitary Plan Process itself has created some challenges. Unitec was unable to engage with its communities as early in the process as desirable.



L to R: Students at the Mt Albert Campus, Auckland city, The Hub at Mt Albert Campus

The subsequent response from some local residents placed Unitec at the centre of the broader Unitary Plan debate. Above all, Unitec remains committed to getting the best outcomes from the redevelopment for students, its local community and the Auckland region.

Work at the southern end of the site is set to begin in early 2015, with construction of a rejuvenated hub area, a prototype teaching and learning space and a prototype office space. The new hub will offer students a one-stop-shop for services, delivered in a social space. The new teaching and learning workspace will be used to test innovative teaching and learning in a flexible, technology-enhanced space, while the open plan office space will reflect evolving workspace design. A new Trade, Engineering and Construction facility is proposed in 2015, featuring multi-purpose spaces that can be transformed from a workshop to a lecture theatre to a design studio.

Organisational and workforce development

Unitec's programmes must reflect the current and future needs of industry. To this end, Unitec has been working with its employees to build industry connections and keep their skills and knowledge current.

An increased number of industry professionals have been engaged to ensure curriculum content is aligned with industry needs and delivered by individuals already connected to students' future workplaces.

As an example, in 2013 the Design and Visual Arts Department (now known as Design and Creative Arts) created a pool of 100 industry professionals to teach on its programmes.

In the latter part of 2014 the focus was on continuous professional development and promotion of the 'Living Job' concept. The Living Job, Pou Hiringa, supports the creation of flexibility and variety in the Unitec workforce by encouraging alternatives to the traditional 9 to 5, single job model.

Business development

Throughout 2014 Unitec invested significantly in business development and strategic property. The business development unit seeks initiatives to supplement traditional income sources with additional revenue. An example is the joint venture with The Mind Lab. Meanwhile, increased capacity in the property team has resulted in new developments being ready to roll out in 2015.

Looking to the future

Of particular note in 2014 was the departure of Ted van Arkel as our Council Chair. Ted joined the Unitec Council in 2004 and started as Chair in 2006. His contribution over this period was significant and his leadership and guidance was a huge asset for Unitec. We also farewellled Emeritus Professor Charmian O'Connor after nine and a half years of service and Dinu Harry after six years, including four years as Chair of the Audit and Risk Committee. Unitec welcomed Dr Lee Mathias as Chair and Sarah Haydon (who was appointed chair of the Audit and Risk Committee in July), Alastair Carruthers and Vaughn Davis to the Council and acknowledged the reappointment of Anne Blackburn and Martin Udale and Dianne Kidd's appointment as Deputy Chair in December 2013, which took effect in early 2014.

Looking to 2015 and beyond, Unitec will progress its ambitious transformation programme. It has a clear road map, and growth will be managed carefully to meet objectives and lead the way in the tertiary education sector. The quality of Unitec's people and its relationships are vital to achieving transformational change. Without the continued support of industry partners and dedicated, high-quality staff, Unitec cannot meet the needs of its learners.


Richard M Ede *Dr Lee Mathias*


Dr Rick Ede
Chief Executive


Dr Lee Mathias
Chair


Key statistics


Student body

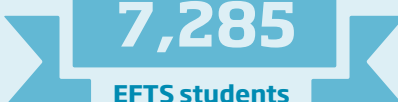

9,771
EFTS
(18,767 students)

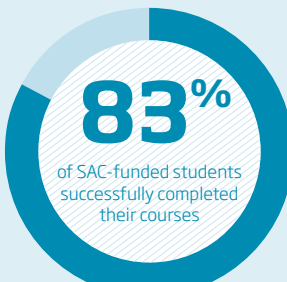
 **9.3%**
Māori

 **14.3%**
Pasifika

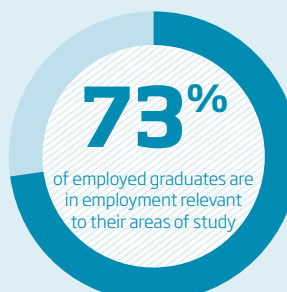
 **60.5%**
under 25

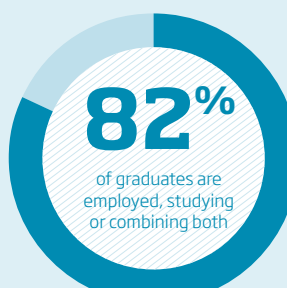

1,962
international EFTS
(3,315 students)

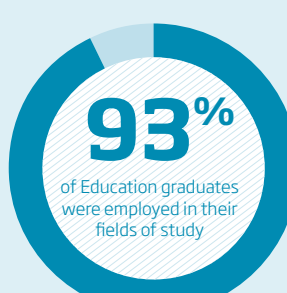

7,285
EFTS students
were SAC funded

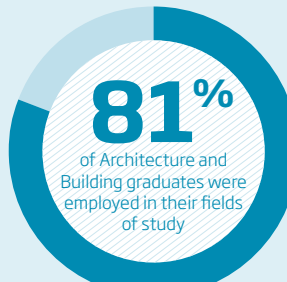

83%
of SAC-funded students
successfully completed
their courses

Graduate success


73%
of employed graduates are
in employment relevant
to their areas of study



82%
of graduates are
employed, studying
or combining both


93%
of Education graduates
were employed in their
fields of study


81%
of Architecture and
Building graduates were
employed in their fields
of study

Sustainability


Reduced our waste by
10.4%
(37 tonnes) from 2013


Paper usage went down
37%
from 2013 with
35 tonnes of paper saved



Delivery Centres

FORTUNE 500

company **Concentrix** joined IBM at the Delivery Centre on our Mt Albert Campus in May

MORE THAN



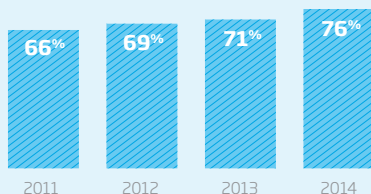
500

new jobs have been created since the Delivery Centre was opened in February 2013

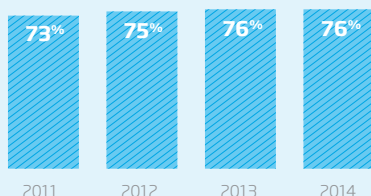


Priority groups

SAC-funded Pasifika students course completion rates



SAC-funded Māori students course completion rates



15 departments exceeded targets for successful course completion rates for SAC-funded Māori students and 16 for SAC-funded Pasifika students



Other

The number of Masters degrees conferred more than



doubled from 2013



Computing received two **Prime Minister's Scholarships for Asia**

INCREASED

Our wireless footprint to

90%

of our Mt Albert campus

Provided career workshops to

2,697 students up 40% from 2012

WON

An Ako Aotearoa Award for Tertiary Teaching Excellence

The 2014 International Racial Equity Leadership Award at the National Summit for Courageous Conversations About Race

Delivering skills for industry

Forging stronger ties with the industries and businesses that employ our graduates is vital to our success as an applied learning institute. This year these relationships have informed the development and delivery of innovative new programmes and teaching models to better prepare our graduates for successful careers, and given more of our students the opportunity to earn as they learn.

Innovative joint venture helps teachers adapt

- *"To stay relevant we need to think differently and work collaboratively, and this joint venture is a swift and innovative response to a new demand. It's about helping teachers adapt the way they do things so they can respond to the needs of a new generation of learners."*

DR RICK EDE, UNITEC CHIEF EXECUTIVE

In April a joint venture was announced between Unitec and The Mind Lab, a discovery-based education lab in Newmarket, Auckland, where children and teachers learn about science and technology.

While many teachers in New Zealand have already embraced new technologies and teaching practices, there is a growing need for schools to consistently integrate digital literacy into the curriculum and The Mind Lab by Unitec offers an innovative new postgraduate qualification in digital and collaborative learning.

The programme gives teachers the opportunity to gain practical, hands-on experience of the latest teaching practices, giving them the skills they need to prepare their students for successful careers in the 21st century.

The Postgraduate Certificate in Applied Practice (Digital & Collaborative Learning) is a New Zealand first, allowing teachers to try out new ways of using spaces, technology and collaboration to encourage entrepreneurship, risk taking, resilience and creative problem-solving skills amongst their students. The programme includes school-based applied practice and online learning and is flexible around teaching commitments.

When it first opened in 2013, The Mind Lab offered school students the opportunity to learn in a creative environment but it soon became clear that if every New Zealand child is to benefit, the focus would have to broaden from teaching students to teaching their teachers.



220

teachers enrolled in the
Postgraduate Certificate in Applied Practice
(Digital & Collaborative Learning) in 2014



100

teachers will graduate
from the course in 2015



L to R: Hon. Nikki Kaye, Rick Ede and Frances Valintine at the launch of The Mind Lab by Unitec. Hon. Steven Joyce at the Concentrix/IBM event.

By the end of 2014, 220 teachers were enrolled in the postgraduate programme, with the first group of 100 graduating in March 2015. The Mind Lab by Unitec will expand to Wellington, Gisborne and Christchurch in 2015 (with other openings yet to be announced) and 800 public school teachers will benefit from the generous support of NEXT Foundation scholarships to contribute towards the cost of their study.

- *"To reach every child we need to help empower teachers, supporting them to use new technology, learning platforms and problem-solving activities to transform their classrooms, their schools and their communities. We have the opportunity to dramatically improve the opportunities for our children and we want to help make that happen,"*

FRANCES VALINTINE, THE MIND LAB BY UNITEC'S FOUNDER AND CHAIR

- *"Every week I get at least one thing that I can immediately use with my students. These skills and ideas are so important, especially for my school - a Decile 1a - where many of my students have a lot going against them already. It is imperative that I teach them the skills that will allow them to be successful in the future."*

MICHAEL DAVIDSON, ROWANDALE SCHOOL

- *"One of the biggest advantages of this course is the flexible hours and the integration of an online community to continue learning."*

MELANIE WIERSMA, MANUREWA WEST PRIMARY SCHOOL

Concentrix joins the Delivery Centre

- *"We are hugely excited about the opportunities in New Zealand both in terms of jobs and also offering a great service to New Zealand businesses. We have the opportunity to work with highly skilled, talented students and the students have the opportunity to practise what they are learning in a real world environment before they graduate"*

CHRIS CALDWELL, CONCENTRIX PRESIDENT

In May, Fortune 500 company Concentrix joined IBM at the Delivery Centre on Unitec's Mt Albert Campus. One of the world's foremost customer engagement services companies, Concentrix has recently come together with IBM to become a top 10 provider of customer engagement, technology and process innovation.

The new partnership brings significant benefits for Unitec students and the broader New Zealand business community, and in August an event was held to celebrate a significant milestone: the creation of 500 new jobs since the Delivery Centre opened in February 2013.

MORE THAN



148

current and former Unitec students worked at the
Concentrix Delivery Centre in 2014



Unitec students accrued more than

86,000

hours of work experience at the
Concentrix Delivery Centre in 2014



While Unitec students benefit from real-world learning experiences, access to industry experts and the opportunity to learn vital soft skills like team work and collaboration, New Zealand businesses benefit from employing graduates who can hit the ground running and immediately add value.

- *"It's a great privilege to gain real-world experience with an international corporate while studying. I'm increasing my industry experience and the skills I'm getting are highly transferable"*

DOMINIC SHEEHAN, BACHELOR OF BUSINESS STUDENT

Design and Contemporary Arts builds closer ties with industry

- *"Our goal this year has been to increase our staff talent pool, so that students can benefit from broader and deeper networks with relevant industries and communities as well as exposure to new and current practices. We have grown our Industry Professional pool to 100, and are taking a proactive approach to spotting and continuously drawing in new talent."*

ATHENA TSOLIS, DEPUTY EXECUTIVE DEAN FACULTY CREATIVE INDUSTRIES AND BUSINESS

This year the Design and Contemporary Arts department transitioned into a new teaching model in response to industry feedback.

Academic leaders and industry professionals are now working alongside one another to deliver undergraduate and postgraduate programmes, better preparing students for successful careers in the design industry. The pool of industry professionals share their expertise with staff and students, have input into course content and connect students to live industry projects, ensuring our programmes are relevant now and into the future.

Two new programmes have also been developed this year for launch in 2015. The Bachelor of Creative Enterprise and Master of Creative Practice are interdisciplinary, collaborative, industry engaged and project based, embodying the philosophy behind our new learning and teaching models. They offer students the flexibility to create their own pathways across disciplines in a way not seen before in New Zealand.

Design and Contemporary Arts staff deserve particular commendation for their dedication this year, and the collaborations that have ensued indicate the possibilities yet to come.



MORE THAN

100

Design and Contemporary Arts students were engaged in
**5 live industry projects with 20
 partnering organisations**





L to R: Design students showcasing their work at Gradfest 2014. Gradfest opening night 2014.

CASE STUDIES

FASHION COLLABORATION LEADS STUDENT TO IN-STORE COLLECTION

Fashion designer Cybele Wiren from label Cybele briefed Contemporary Craft students to develop a jewellery range that could be situated alongside her new fashion range. She spent a lot of time with students talking through the design process, offering insights into the industry and providing feedback on students' work. From this collaboration student Niki White not only developed an extensive range of jewellery, which has been showcased in the Cybele Pop-up Shop on Ponsonby Road, but also had a necklace selected to be used as part of a Cybele collection for a Vogue International photo shoot.

UNITEC COLLABORATION WITH AUCKLAND CITY COUNCIL, WHAU BRIDGE PROJECT

The Design and Contemporary Arts department secured external funding from Auckland City Council for the Whau Bridge collaborative community design project. Students from Contemporary Craft/Product Design and Landscape Architecture are working with the Whau Local Board to assist in the redesign of the local area as part of the community development plan for the Whau area.

Industry-certified offerings in computing

The Computing Department is now offering students the opportunity to complete industry - certified courses through the Cisco Networking Academy and Microsoft Academy. These certifications prove to potential employers that Unitec computing graduates have the exact skills required to fill specific jobs in the Information Technology (IT) sector, significantly increasing their chances of securing employment. All of the courses in the Diploma in Applied Computing Systems Engineering are now certified (four through Cisco and four through Microsoft) and at degree level two optional courses are available for students who wish to gain certification.

The certified courses offered through the Cisco Networking Academy give students the skills they need to build, design and maintain computer networks, while the courses through Microsoft focus on designing and building innovative solutions across multiple technologies, both on-premise and in the cloud. Graduates must recertify on a regular basis, ensuring they stay up to date in their fields.



computing students were enrolled in
industry-certified courses in 2014

Boosting the achievement of Māori, Pasifika and youth

We are committed to improving educational outcomes for Māori, Pasifika and under 25s and this year we continued to see a positive long-term trend across all of the key indicators. Our Pasifika students performed better than in previous years, with particularly good progress made in both retention and course and qualification completion rates. We also joined forces with industry and other education providers to offer new pathways to successful and rewarding careers.

Trades initiative empowers Māori and Pasifika youth

This year Unitec became a partner in the Māori and Pasifika Trades Training initiative, which aims to empower young Māori and Pasifika into the trades and deliver successful pathways into jobs and apprenticeships. The initiative brings together trainers, industry, iwi and Pasifika communities and is supported by the Ministry of Business, Innovation and Employment and the Tertiary Education Commission. Eligible Māori and Pasifika candidates will be matched with trade courses from Unitec, Manukau Institute of Technology (MIT) or Te Wānanga o Aotearoa and supported throughout their training by community and industry partners.

Skilled tradespeople are already in demand in Auckland and nationally, and the Workforce Skills Roadmap for the Auckland Construction Sector shows that increases in residential construction and infrastructure investment in Auckland are expected to deliver around 32,000 trades jobs over the next three years.

The initiative will be officially launched in early 2015.

Bridgepoint - Village Sports Academy foundation course launches

► "We had always identified Unitec as an ideal partner for us. Their focus on West and Central Auckland, and commitment to engaging Pacific and Māori youth, aligns perfectly with our philosophy,"

MICHAEL JONES, CHAIRMAN AND FOUNDER OF THE VSA AND LEGENDARY FORMER ALL BLACK

A new partnership between Unitec and Village Sports Academy (VSA) was launched in February at a breakfast event attended by Sir John Kirwan, Minister of Pacific Island Affairs Hon. Peseta Sam Lotu-liga, Mayor Len Brown, Va'aiga Tuigamala and other community leaders.

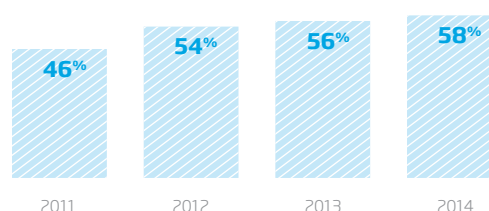
The partnership resulted in a new Level 2 foundation programme focused on sport that aims to lift the achievement of disengaged Pasifika and Māori youth who leave school without qualifications. The 16-week programme will build confidence, knowledge and encourage leadership skills, which are essential for a career in sport.

THE INITIATIVE WILL ENABLE NEARLY


500

Māori and Pasifika youth
to gain trades training in 2015

Māori student qualification completion rates





L to R: The launch of the Unitec and VSA partnership. Unitec's Te Noho Kotahitanga marae.

Sport has been used as the hook for the programme because it's something many Māori and Pasifika people are passionate about.

Students will be connected up to pathways in sport, nursing, early childhood education, construction, engineering and a number of other programmes.

Pathways West creates new career opportunities for school students

► *"We are hugely excited by the potential for this type of programme for our young people. Already we have seen some of the students gaining a clear idea of where they would like to go and how to get there. Many of these students may not have considered tertiary study as a viable option post school but the vocational pathways programme has provided them with the confidence and competence to consider further study."*

NICK SHEPPARD, UNITEC'S BRIDGEPOINT ACADEMIC DIRECTOR

In February we launched Pathways West in partnership with Waitemata District Health Board, the New Zealand Careers College and four West Auckland secondary schools (Green Bay High, Massey High, St Dominics' College and Waitakere College). This new initiative provides a visible study and career pathway in health and helps to break down the barriers between secondary and tertiary education that exist for some young people.

Students from participating schools have the opportunity to earn NCEA Level 2 credits in a tertiary environment and in the workplace, while also learning at school. It has been designed to meet the future workforce needs of West Auckland, and students complete health courses specifically designed to prepare them for future employment opportunities in the health industry.

The initiative is aimed at Year 12 students who have achieved NCEA Level 1 but are not currently considering tertiary education and have no clear career pathways.

Pathways West is the first such course to be delivered in West Auckland and is one of just a few pilots under way in New Zealand. The goal over time is to deliver similar courses in the Ministry of Education's six different vocational pathways.

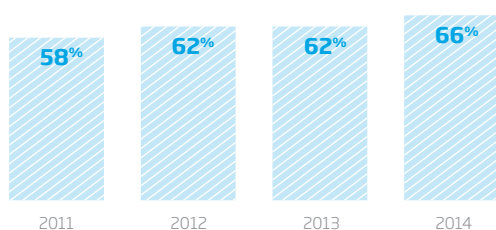
► *"I wanted to become a physiotherapist but wasn't sure how I would get there. Now I know just what I need to do to achieve my goal. We were taught how to take care of patients and move them carefully, and given a real insight".*

DEVON DE RUYTER, 17-YEAR-OLD STUDENT

► *"I want to be a midwife, and coming to the course has explained a lot more about what it will be like. I didn't know what courses I would need to take to become a midwife but I understand more now what I have to do."*

BELLA SANERIVI, 16-YEAR-OLD STUDENT

Pasifika student retention rates



65



students successfully completed NCEA Level 2
as part of the Pathways West initiative

Strengthening our applied research with impact

Research at Unitec is applied, practical, collaborative and industry-based. This year we focused our efforts on developing a new research and enterprise strategy that places the needs of our industries and communities at the core of the research process. We were also delighted to receive more funding in external research grants in 2014 than in the last five years combined.

Largest ever research grant for Computing

- ▶ *"The Unitec team will focus on developing smart algorithms to enable data resilience and recovery, using decentralised algorithms and data structures to protect users against both system failure and malicious actions."*

ASSOCIATE PROFESSOR PAUL PANG, CO-DIRECTOR CYBER SECURITY RESEARCH CENTRE

In September the Cyber Security Research Centre received Unitec's largest-ever funding allocation as part of its work on a research project led by the University of Waikato: the Security Technologies Returning Accountability, Transparency and User-centric Services in the Cloud (STRATUS) project.

The STRATUS project as a whole received a \$10.6 million (excl. GST) grant over six years from the High Value Manufacturing and Services Research Fund, which is administered by the Ministry of Business, Innovation and Employment. Unitec's team will be focused on one aspect of the overall project; a de-centralised backup system using cloud data backup and recovery – essentially cloud data security. This part of the project will be based in the Cyber Security Research Centre on Unitec's Mt Albert campus, under the leadership of Associate Professor Paul Pang.

The overall focus of the STRATUS project, which is led by Dr Ryan Ko, Head of the Cyber Security Lab at the University of Waikato, is to develop a suite of security tools, techniques and capabilities, which will return control of cloud-based data to users. The aim is to deliver a platform of software, human capability and technical resources easily accessible by a broad range of New Zealand industry and government organisations.

The project is a collaboration between the University of Waikato, Auckland University, Unitec and the Cloud Security Alliance, a not-for-profit organisation that promotes the use of best practice for providing security within cloud computing

Heart research to improve Māori and Pasifika health

- ▶ *"Differences in heart size are of a magnitude that would make a difference to whether you get treatment for a heart condition or not."*

PROFESSOR GILLIAN WHALLEY, ASSOCIATE DEAN FACULTY OF SOCIAL AND HEALTH SCIENCE

Unitec Professor Gillian Whalley was awarded \$200,000 this year by the Heart Research Council for a research project looking into the link between ethnicity and heart size. Based on her recent collaborative international study, there is strong evidence that heart size is determined by ethnicity – a controversial research outcome given the current diagnosis of heart disease. The funding will be used to gather ultrasound scans of 600 healthy Māori and Pasifika to create a more accurate chart to check against and avoid misdiagnosis, especially in Māori and Pasifika patients.

Heart disease, which can present as an enlargement of the heart, is often diagnosed using an ultrasound. But heart size charts commonly used by doctors to gauge whether a heart is healthy are based on research from the United States (US), which mainly include European people and don't allow for the physiological variances between people of different ethnicities. She hopes the research will give doctors better guidelines when working with Māori and Pasifika.



"The Cyber Security Research Centre has not only addressed issues of high importance to New Zealand and the global community, it also has other benefits. One of those has been linking us with industry, government and professional bodies."

PROFESSOR HOSSEIN SARRAFZADEH, HEAD OF DEPARTMENT OF COMPUTING

Growing our international partnerships

Building strong international relationships allows us to offer exciting opportunities to our students, share knowledge and expertise, and enhance our learning and teaching capabilities. This year our partnerships in India and China continued to grow with innovative new programmes developed and delivered.

Collaborations with China bring benefits for Unitec students

- ▶ *"We are delighted to collaborate with the Beijing Dance Academy and look forward to bringing our distinct creative flair to their disciplined rigor."*

ALEX LEE, HEAD OF PERFORMING AND SCREEN ARTS, UNITEC

In October Unitec Chief Executive Rick Ede attended the 60th Anniversary of the Beijing Dance Academy, a respected world leader in dance education that has produced many of China's leading dancers and teachers. While there he signed an agreement with Academy President, Guo Lei, to develop and deliver a new joint undergraduate creative dance programme and renew a long-standing collaborative agreement of academic and staff exchanges. The first intake of Chinese students will be enrolled in the programme from 2015, studying first at Beijing Dance Academy and then at Unitec.

An agreement with the Shanghai Theatre Academy, an internationally acclaimed leader in screen and performing arts education, was also signed in October. From 2015 Chinese students will be able to enrol in a one-year foundation course to prepare them for Unitec's undergraduate courses in Performing and Screen Arts. Following successful completion of the course students will complete a three-year Bachelor in Performing and Screen Arts at Unitec's Mt Albert Campus. The pivotal factors that led to the partnership include Unitec's highly supportive learning environment, a curriculum that encourages the development of creativity and staff who are active members of New Zealand's performing arts industry.

CMC India

In August 2013 we launched our first academic alliance programme with CMC Limited in India – the CMC Postgraduate Programme in Construction Project Management. India is experiencing rapid economic growth and has a target of upskilling 500 million workers by 2022. Unitec formed an alliance with CMC India in 2012 to help meet this target through the provision of vocational training programmes at CMC Academies across India.

The Postgraduate Programme in Construction Project Management was developed in collaboration with leading players in the Indian construction and infrastructure sector and aims to develop highly-skilled construction project managers. The programme includes real-world project experience and is aimed at engineering graduates and holders of engineering diplomas.

The programme has grown from two centres in 2013 to five in 2014 and is now available in Hyderabad, Pune, Chennai, Delhi and Bangalore.

81



students have completed the
CMC Postgraduate Programme in
Construction Project Management

96



students are
enrolled for 2015



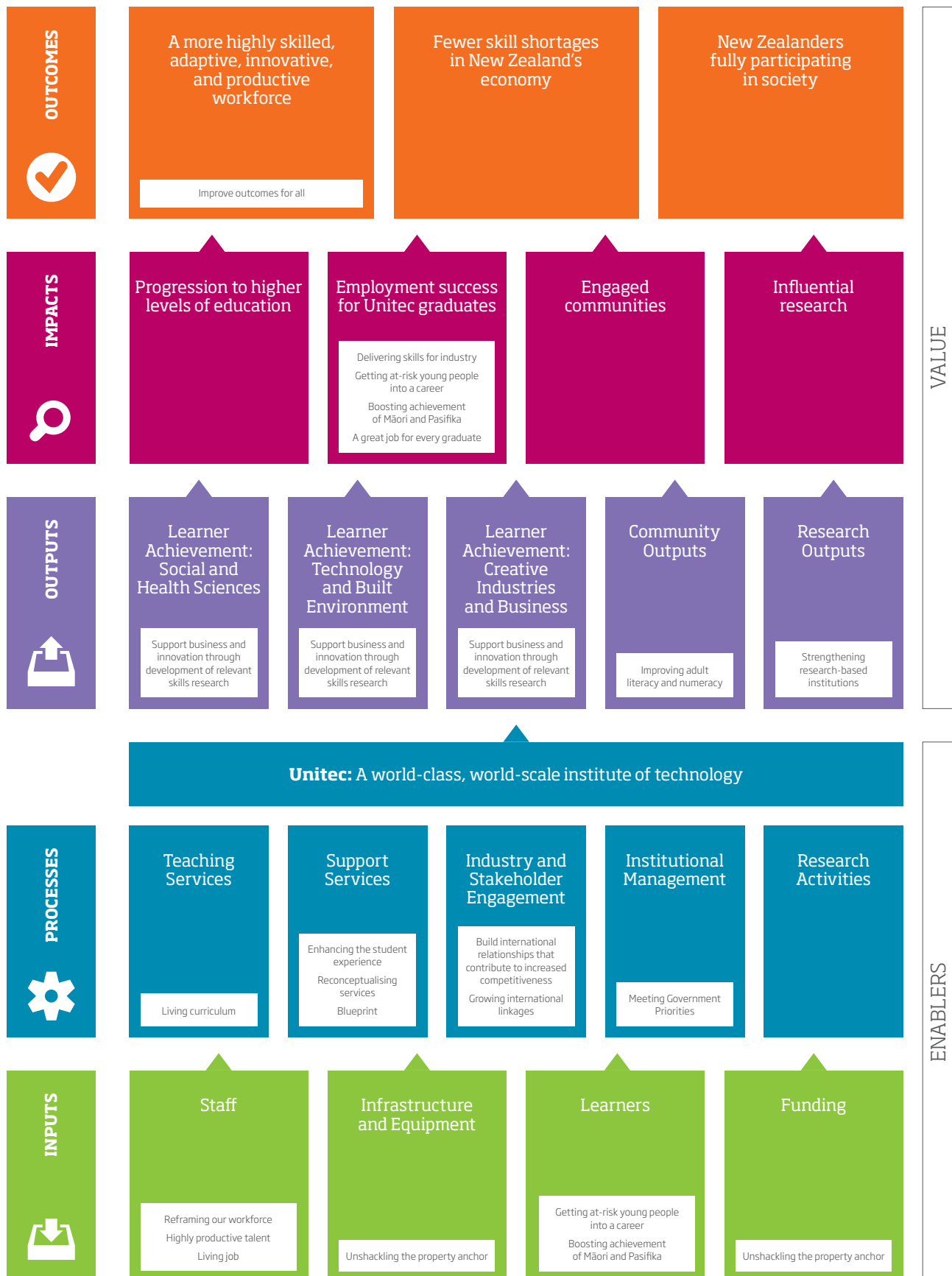
"In 2014, 3,314 students from more than 90 countries were part of our Unitec community. Our international reputation is widespread from the Pacific to the Americas and Asia, and we have more than 100 international relationships that cover everything from study abroad programmes to cross-credit relationships."

VIVIENNE KINGSBURY, INTERNATIONAL MARKETING MANAGER AT UNITEC

Statement of Service Performance

for the year ended 31 December 2014

Unitec's Outcomes Framework



Our outcomes framework shows how we will contribute to positive outcomes for New Zealand and the Government's vision for a *world-leading education system that equips all New Zealanders with the knowledge, skills, and values to be successful citizens in the 21st Century*.

At the highest level of the framework are our three Unitec outcomes, which relate to our core role in providing vocationally-focused education and producing applied research. Our influence over outcomes is limited, as we are but one factor amongst many, but we still aspire to see positive movement at that level.

Contributing to these three outcomes are our four Unitec impacts, which relate to progression in education, employment success, community engagement and the influence of research. Our influence over impacts is greater than our influence on outcomes but it is still mediated by external factors, such as the macroeconomic environment.

Outcomes and impacts reflect the result of our outputs, which are primarily related to learner achievement, research, like publications and conference presentations, and community activities. We are fully accountable for achievements at this level and below.

These outputs are linked to a number of internal processes that Unitec must conduct, which are in turn linked to our inputs – the resources we consume to produce the positive outcomes noted above. Learners are a key input to the process, as they are not merely passive recipients of knowledge – they are co-producers and partners throughout the educational process.

Tertiary Education Strategy (TES) priorities are incorporated into the framework at the appropriate level.

These priorities are:

- Delivering skills for industry
- Getting at-risk young people into a career
- Boosting achievement of Māori and Pasifika
- Improving adult literacy and numeracy
- Strengthening research-based institutions; and
- Growing international linkages.

Our framework also incorporates Unitec's strategic initiatives. These include:

- Meeting government priorities (this initiative is embedded in all elements of the framework)
- Highly productive talent
- Reconceptualising our services
- Reframing the workforce
- Unshackling the property anchor; and
- Being an excellent business.

Below, each element of the framework is discussed. Each section has a description of the performance element, numeric performance measures (where they exist), commentary on performance, and any highlights and achievements.

Historical performance may differ from that stated in previous annual reports owing to corrections of previous estimates with final data. Results stated in previous annual reports are provided in smaller text brackets.

N/Ap in the text means 'Not Applicable'.



OUTCOME ONE:

A more highly skilled, adaptive, innovative, and productive workforce

CONTRIBUTES TO:

N/Ap

ENABLED BY:

- > Employment success for Unitec graduates
- > Influential research

Unitec contributes indirectly to this outcome alongside all other tertiary education providers. Currently, we monitor measures in this area primarily for contextual information but over time we hope to gain a better understanding of our specific contribution.

Performance Measures

	2011	2012	2013	2014
Growth in Auckland Economy	3.2%	3.4%	2.3%	2.4% ¹
Auckland Unemployment Rate	7.2%	7.7%	6.8%	6.3% ²

Commentary

Growth in Auckland's economy has tapered off a little in the past couple of years. Treasury New Zealand predicts continued strong national growth through 2016, with a softening in the three years following that. The unemployment rate has declined two years in a row and is now at its lowest point following the 2008 Global Financial Crisis.

Unitec's contribution to the Auckland economy is relatively minor but we still aspire to see positive trends in this area. In particular, we aim to ensure the supply of qualified, productive and efficient graduates into the workforce, as well as the development of impactful research with positive economic effects. More specific measures relating to the above are found below in the section on our impacts.



OUTCOME TWO:

Fewer skill shortages in New Zealand's economy

CONTRIBUTES TO:

N/Ap

ENABLED BY:

- > Employment success for Unitec graduates
- > Influential research

Unitec contributes indirectly to this outcome alongside all other tertiary education providers.

Currently, we monitor developments in this area primarily for contextual information but over time we hope to gain a better understanding of our specific contribution.

We do not yet have any numeric performance indicators for this element. In the future, we hope to use information from Careers NZ and the Ministry of Business, Innovation and Employment to identify how our graduates are contributing to the reduction of skill shortages.



OUTCOME THREE:

New Zealanders fully participating in society

CONTRIBUTES TO:

N/Ap

ENABLED BY:

- > Engaged communities
- > Progression to higher levels of education
- > Employment success for Unitec graduates
- > Influential research

Unitec contributes indirectly to this outcome alongside all other tertiary education providers. We do not yet have any numeric performance indicators for this element but will develop them in the future.

¹ 2011-2013 data based on Infometrics Auckland profile using GDP(E). 2014 data based on Auckland Council Quarterly Economic Update released October 2014 and thus not including final CY2014 quarter.

² Statistics NZ Labour Force Status by Regional Council (Annual-Dec).

**IMPACT ONE:****Progression to higher levels of education****CONTRIBUTES TO:**

- > New Zealanders fully participating in society

ENABLED BY:

- > Learner achievement

Progression to higher levels of education is about students moving from level 1-3 (or 4) tertiary qualifications to certificate, diploma, and degree courses. This sort of progression is worthwhile in its own right as it helps individuals develop their knowledge, skills and capability.

Performance Measures

	2011	2012	2013	2014	Target
Progression Rate (L1-4) (EPI)³	37%	41%	38%	39%	N/Ap
Māori	43%	47%	49%	50%	N/Ap
Pasifika	45%	57%	56%	54%	N/Ap
Under 25	47%	51%	49%	51%	N/Ap
Progression Rate (L1-3)	38%	51%	56% (49-51)	49%	45-55%
Māori	52%	58%	69% (57-58)	57%	45-55%
Pasifika	44%	70%	73% (64-70)	65%	45-55%
Under 25	52%	62%	66% (58-62)	62%	45-55%

Commentary

Our performance in progression rate for level 1-3 students has dropped slightly. For level 1-4 students, we saw a slight improvement over 2013 results, with very little change for our priority groups of Māori, Pasifika, and Under 25s. Due to the nature of this measure, final and fully accurate results will not be available until mid-2015

³ Estimate based on current data. The Tertiary Education Commission (TEC) Educational Performance Indicator is level 1-4 progression. Unitec has historically used level 1-3 progression in its Investment Plan and Annual Report. As such we do not have targets for level 1-4 progression.

**IMPACT TWO:****Employment success for Unitec graduates****CONTRIBUTES TO:**

- > A more highly skilled, adaptive, innovative and productive workforce
- > Fewer skill shortages in New Zealand's economy

ENABLED BY:

- > Learner achievement

Employment success is about finding a job after graduation. It includes whether or not that job is linked to the qualification studied and the earning premium gained through receiving a Unitec qualification.

Unitec Specific Performance Measures

	2011	2012	2013	2014	Target
Graduates Employed, Studying or Combining Both	83%	82%	82%	82%	88-93%
Employed Only	57%	51%	55%	51%	N/Ap
Studying	16%	17%	16%	15%	N/Ap
Combining Both Study and Employment	10%	14%	11%	15%	N/Ap
All Employed	67%	65%	66%	66%	N/Ap
Graduates Employed by Field of Study					
Education	-	-	-	93%	N/Ap
Architecture and Building	-	-	-	81%	N/Ap
Health	-	-	-	78%	N/Ap
Management and Commerce	-	-	-	67%	N/Ap
Engineering and Related Technologies	-	-	-	67%	N/Ap
Natural and Physical Sciences	-	-	-	66%	N/Ap
Information Technology	-	-	-	63%	N/Ap
Creative Arts	-	-	-	63%	N/Ap
Society and Culture	-	-	-	62%	N/Ap
Relevance of Qualification to Graduate Employment	73%	74%	72%	73%	75-80%

New Zealand Tertiary Performance Measures

	2011	2012	2013	2014	Target
Reduction in Unemployment from Tertiary Qual	5.3%	4.8%	4.6%	4	N/Ap
Income Premium from Tertiary Quals (5 Years)⁵					
Masters Degree	-	-	86%	-	-
Bachelors Degree	-	-	53%	-	-
Level 5-7 Diploma	-	-	19%	-	-

Commentary

Performance in the omnibus measure of employed, studying or combining both has been very consistent since 2011. Sixty-six percent of graduates surveyed in 2014 were employed compared to 67% in 2011. We have seen a significant shift, however, in the proportion of graduates combining both employment and study. This may be reflective of broader environmental trends.

The relevance of qualifications to graduate employment has also remained remarkably consistent. We hope to improve our performance in this measure as we develop new approaches to learning and include additional work-integrated approaches.

The second table shows national-level measures. At the current time we cannot isolate the effect a Unitec qualification has on future income premiums or unemployment rates.

The reduction in unemployment from tertiary qualifications compares the unemployment rate of tertiary qualified individuals with that of individuals without any qualifications. The benefit of a tertiary qualification has declined over the past four years. The income premium measure compares the average earnings of an individual with the relevant qualification five years after completion against the national median income. It shows that higher-level qualifications have substantial benefits for graduate income.

Highlights

- > A Performing and Screen Arts graduate had two plays performed at the New Zealand Fringe Festival.
- > A Performing and Screen Arts film graduate won the Best Actress prize at the 2014 Rialto New Zealand Film Awards.
- > A Construction graduate won the Hays \$5-10m award at the NZIOB building industry awards.

⁴ No data available for this measure for 2014

⁵ This is not an annual measure per se



IMPACT THREE:

Engaged communities

CONTRIBUTES TO:

- > New Zealanders fully participating in society

ENABLED BY:

- > Learner achievement
- > Community outputs

Engaged communities links to our 'third role', helping create a better local, national and even global community. It is about the effect that our teaching, research and community outputs have on the external community.

We do not have any numeric performance indicators for this element but will develop them in the future.



IMPACT FOUR:

Influential research

CONTRIBUTES TO:

- > A more highly skilled, adaptive, innovative and productive workforce
- > Fewer skill shortages in New Zealand's economy

ENABLED BY:

- > Research outputs

Influential research is about the impact our research has in the wider world. This might be seen through subsequent citations or through the commercialisation of new ideas developed by Unitec.

We do not have any numeric performance indicators for this element but will develop them in the future. These might include citation indices or similar measures.



OUTPUT CLASSES ONE, TWO AND THREE: Learner Achievement

CONTRIBUTES TO:

- > Progression to higher levels of education
- > Employment success for Unitec graduates

ENABLED BY:

- > Teaching services
- > Support services
- > Industry and stakeholder engagement
- > Strategy and planning
- > Internal communications and governance
- > Research activities

Learner achievement is our 'core' output. It is reflected in learners developing their skills, knowledge and competencies and is primarily expressed through their successful completion of courses and qualifications.

Performance Measures

	2011	2012	2013	2014	Target
Qualifications Conferred	2728	3237	3802	3740	N/Ap
Masters Degrees	77	113	60	137	N/Ap
Bachelors Degrees	847	901	1027	1105	N/Ap
Postgraduate and Graduate Certificates	47	40	81	29	N/Ap
Postgraduate and Graduate Diplomas	248	352	338	310	N/Ap
Certificates	1050	1368	1687	1677	N/Ap
Diplomas	459	463	609	482	N/Ap
Qualification Completion Rate (SAC) (EPI)	57% (60)	64%	65% (64-66)	66%⁶	62-68%
Māori	46%	54%	56% (53-54)	58%	N/Ap
Pasifika	44%	49%	47% (49-51)	50%	N/Ap
Under 25	52%	55%	57% (55-57)	59%	N/Ap
Course Completion Rate (SAC) (EPI)	78% (79)	79% (81)	82% (81)	83%⁷	80-85%
Māori	73%	75%	76% (75)	76%	75-80%
Pasifika	66%	69%	71% (70)	76%	73-78%
Under 25	76%	77%	79% (78)	81%	78-83%
Graduate Willingness to Recommend Unitec to Others⁸	30	26	22	22	N/Ap

Commentary

The number of qualifications conferred this year has remained at similar levels to 2013. As declining numbers of enrolments over the last years filter through, we can expect to see a reduction in this measure in the future.

Particularly welcome was the increase in the number of higher-level qualifications conferred, with masters degrees more than doubling from 2013 and bachelors degrees also increasing. This is an indicator of the value we are adding to New Zealand society and economy through the provision of highly educated graduates.

We have seen a substantial decline in diplomas conferred, with the number dropping by over 100 from a 2013 peak. This brings the measure back into line with 2011 and 2012 historical performance.

Our qualification completion rate has remained largely constant, as has our course completion rate. As it is so early in the academic cycle, our 2014 results are estimates and may change once final data has been received in August 2015.

We have shifted to a Net Promoter Score approach in measuring graduate willingness to recommend Unitec. This measure shows a negative trend. Substantial efforts are under way to improve Unitec's reputation.

Highlights

- > The Department of Computing received two Prime Minister's Scholarships for Asia, which will allow students to travel to Japan and Brunei to learn about robotics and cyber security.
- > Six Civil Engineering students received awards at the NZ Contractors General Meeting.

⁶ Estimate only based on current data.

⁷ Estimate only based on current data.

⁸ We have shifted to Net Promoter Score (NPS) for graduate recommendation, which ranges from 100 (all people surveyed are promoters) to -100 (all people surveyed are detractors). We have converted historical scores from percentages to NPS. The raw recommendation scores were: 2013 90%; 2012 93%; 2011 93%.



OUTPUT CLASS FOUR:

Community Outputs

CONTRIBUTES TO:

- > Engaged communities

ENABLED BY:

- > Teaching services
- > Industry and stakeholder engagement
- > Research activities

Community outputs are how we contribute to our 'third role' They span the gamut from public lectures to staff commentary on topical matters through the broadcast media.

We do not have any numeric performance indicators for this element but will develop them in the future.

Highlights

- > The Sports Centre has hosted a range of community sports and recreation providers, including Auckland Basketball, Futsal New Zealand, and ETM Crossfit.
- > Twelve vet nurse students in association with the South Pacific Animal Welfare Charity were sent to Tonga to establish a free-to-use vet clinic.
- > Accounting and Finance students provided support to the Multiple Sclerosis Foundation during its appeal period.
- > A Design and Contemporary Art staff member received funding from the Henderson-Massey Local Board to undertake a programme of public art interventions.
- > Landscape Architecture worked closely with members of the Otara community, Auckland Council and overseas students on design strategies for the remediation of Otara Lake.
- > Design and Contemporary Art students worked closely with the Auckland Council to develop designs for the Great North Road overbridge across the Whau River, focusing on different settler cultures.
- > Osteopathy students provided clinical services following the Auckland Marathon and Run/Walk Series. Donations received for those services were forwarded to the Men's Health Trust.
- > The Sports Centre worked closely with the Waitemata District to improve community health outcomes, notably through the Green Prescription initiative.
- > The Te Hononga studio of Architecture began the restoration of Te Poti Marae near Pipiriki on the Whanganui River in conjunction with the local community and Heritage New Zealand.
- > Developed the Pathway to Podium initiative with High Performance Sport New Zealand, allowing high-potential athletes to use Sports Centre facilities free, paying only for training support.
- > The Department of Architecture contributed strongly to New Zealand's first entry into the Venice Architecture Biennale. New Zealand's entry was designed by four current staff and students, as well as one former staff member. New Zealand's Commissioner was Architecture's Head of Department.
- > A Performing and Screen Arts dance graduate was Unitec's ambassador for the Auckland Pride Festival.
- > Three Natural Sciences staff members attended the Ngati Whatua Science Youth Day, designed to attract more young Māori into the field.
- > The Department of Architecture's Studio 19 undertook the design and build of kaumatua housing for Ngati Whatua on Bastion Point.
- > Multiple departments (Community and Health Services, Architecture, Landscape Architecture, and Communications) helped facilitate the redevelopment of the former Parakai Tavern into Te Whare Oranga ō Parakai, a multi-use community wellbeing hub. Unitec will also provide Bridgepoint and other educational services to the people of North-west Auckland from the location.
- > Keith Rankin, an economics lecturer, published regular articles on economics issues online, contributing to our role as a critic and conscience of society.



OUTPUT CLASS FIVE:

Research Outputs

CONTRIBUTES TO:

> Influential research

ENABLED BY:

> Research activities

Research outputs are how we contribute to the store of human knowledge. They include articles, books and conference papers, as well as graduate research degree completions. Other outputs include new inventions for industry.

Performance Measures

	2011	2012	2013	2014	Target
Research Outputs (total quality assured)	455 (452)	355	398 (368)	365⁹	415-445
<i>By type</i>					
Books (edited, written or contributed to)	30	31	32	32	N/Ap
Journal Articles	196	169	167	141	N/Ap
Conference Presentations and Proceedings	117	89	132	109	N/Ap
Other Types	112	66	67	82	N/Ap
<i>By faculty</i>					
Faculty of Creative Industries and Business	251	167	156	177	N/Ap
Faculty of Social and Health Sciences	150	145	200	154	N/Ap
Faculty of Technology and Built Environment	44	29	35	32	N/Ap
Other	10	14	7	2	N/Ap

Commentary

Research outputs for 2014 are slightly lower than they were in 2013 and failed to meet even the lower limit of our target range of 415 to 445 quality assured outputs. We saw declines in two key types of research output: journal articles and conference presentations and proceedings. As these are some of the more prestigious types of outputs, this is concerning. Of our three faculties, two saw a year-on-year decline in research performance, while the Faculty of Creative Industries and Business saw a substantial improvement. There are no consistent longer-term trends in faculty performance. We have a substantial research improvement programme under way, which is covered later in the section on Research Processes.

Highlights

- > Natural Science staff and students presented at the New Zealand Ecological Society Conference, International Ornithological Conference and the New Zealand Biosecurity Institute Conference.
- > The Department of Computing secured funding of \$2 million as part of a \$10.6 million research project on cyber security involving the University of Waikato, the University of Auckland and the Cloud Security Alliance.
- > Electrotechnology and Marine Technology staff produced innovative research on moisture levels in timber, feeding into further work on Living Houses.
- > Student Support staff have conducted research into the long-term outcomes for Youth Guarantee students to assess the impact of pastoral support on this group.
- > Communications staff won a \$50,000 Ministry of Business, Innovation and Employment research grant to study education in a Māori setting.
- > Accounting and Finance staff received research grants from Ako Aotearoa to research mobile devices in schools, and from the Ministry of Primary Industries to study the deemed value rate of fish caught over quota.
- > Communications staff hosted a symposium on ethnic migrant media. This helped current and future practitioners understand the unique issues facing this growing demographic.
- > Students and staff from the Electrotechnology and Automotive Technology Department worked on a hydrogen quad bike research project.
- > The Department of Computing received funding from the Ministry of Primary Industries to develop a mechanism to automatically count the number of boats entering the sea at particular boat ramps.
- > Communications and Performing and Screen Arts staff collaborated to produce a set of six documentaries focusing on Unitec community research projects. These screened on Face TV.
- > Natural Science staff presented on a unique matauranga Māori approach to dealing with animal cadavers at the International Indigenous Research and Development Conference.
- > Planning has been completed by the Social Practice Department for the Community Development Conference 2015. This is the first time in many years New Zealand has hosted such a conference and over 80 abstracts were received. The conference will be presented in five streams over three days from 18-20 February 2015.
- > Hosted the National Wetlands Symposium in February 2014, involving 50 presenters and 150 attendees.

⁹ Estimated total based on raw figures as at 21 January 2015.



PROCESS ONE:

Teaching Services

CONTRIBUTES TO:

- > Learner achievement
- > Community outputs

ENABLED BY:

- > Staff
- > Infrastructure and equipment
- > Learners
- > Funding

Teaching services are our core process. This process encompasses classroom tuition, the setting and marking of assignments, as well as direct academic mentoring by lecturers and tutors. While teaching is changing as new pedagogical models are introduced, the vital role played by skilled teachers is as important as ever.

Performance Measures

	2011	2012	2013	2014	Target
Percentage of students in work-integrated learning¹⁰	51%	55%	55%	56%	N/Ap
Percentage of students retained in study (EPI)	59%	69%	72% (69-70)	72%¹¹	65-70%
Percentage of Māori students retained in study	52%	60%	66% (60-62)	64%	53-63%
Percentage of Pasifika students retained in study	58%	62%	62% (62-64)	66%	63-68%
Percentage of under 25 students retained in study	67%	70%	72% (70-71)	69%	65-70%
Proportion of academic portfolio at/higher than L 4¹²	81%	82%	84%	84%	N/Ap

Commentary

The percentage of students in work-integrated learning has remained consistent over the past three years.

Unitec has begun implementation of new learning and teaching models. All programmes will be allocated to one of the new models, which incorporate 21st century pedagogy. Unitec has developed a new, more centralised approach to programme development. The new approach better integrates expertise from Unitec and industry into programme structure. Unitec has modified the programme review process. Under the new approach, staff, graduates, students and industry attend workshops together and consider strengths and weaknesses.

Our retained in study rate has remained constant over the last year. As it is so early in the academic cycle, our 2014 results are estimates and may change once final data has been received in August 2015.

Highlights

- > Architecture staff and students helped design high-rise apartments for Auckland and an international educational facility in Prato, Italy, in examples of work-integrated learning undertaken in collaboration with the University of Florence and Shandong Jianzhu University.
- > Unitec's first new bachelors-level qualification for several years, the Bachelor of Health and Social Development, was launched. It features two majors: Social Development and Youth Promotion.
- > The Department of Natural Sciences implemented new team-based and work-integrated teaching methods into three courses: Ecological Evaluation and Management, Environmental Risk and Mitigation, and Animal Clinical Care.
- > Accounting and Finance Certificate in Business Introductory students ran 'real-world' businesses in semester one, raising capital, writing plans and then running their micro-businesses on campus for a day.
- > Electrotechnology received New Zealand Qualifications Authority (NZQA) and Institution of Professional Engineers New Zealand (IPENZ) approval to offer electrical engineering as a major in the Bachelor of Engineering Technology. This is a more specialised qualification than the existing Bachelor of Applied Technology.
- > First steps were taken towards the development of a Virtual Design and Construction Centre to create a collaborative space that facilitates the teaching of Virtual Design and Construction and Building Information Modelling (BIM).
- > The Department of Civil Engineering ran a series of short courses in conjunction with Dempsey Wood Civil, meeting industry demands
- > The Department of Building Technology developed new short courses in carpentry, painting, gib fixing/stopping, and joinery to meet industry, community and secondary school demands.
- > Fifteen Natural Sciences students spent two weeks in Borneo conducting conservation and biodiversity-related fieldwork in association with the United Kingdom (UK) Royal Society.

¹⁰ 2011 figures based on 2010 survey; 2012 and 2013 figures based on 2012; survey. 2014 figures based on 2014 survey.

¹¹ Estimate only based on current data.

¹² This measures the percentage of courses offered that are level 4 or above, not the percentage of enrolled students in such courses.

- A Performing and Screen Arts staff member was awarded an Ako Aotearoa Tertiary Teaching Excellence Award.
- The Department of Accounting and Finance launched the iBus initiative. This involved students purchasing iPads rather than paper textbooks, exposing them to the type of technology they will encounter in the workplace.
- Communications staff and students worked collaboratively on a project on First World War commemorations, culminating in an exhibition at the Henderson Library.
- Funding was received from the Packard Foundation for the Department of Community and Health Services to deliver a Graduate Certificate in Pacific Leadership and Management in Papua New Guinea.
- The Department of Education continued work on the development of new qualifications, including the Graduate Diploma in Teaching and the Master of Applied Practice.
- Bridgepoint established a new community relationship with the Village Trust to deliver a sports course within the level 2 and 3 Certificate in Foundation Studies programme.
- The Department of Community and Health Services provided level 1 and 2 support learning programmes to disabled students, which assisted several into paid employment after completion.
- Bridgepoint implemented a new online myPortfolio student orientation project that includes a range of new learning and teaching pedagogies, including digital learning, gamification and team-based learning.
- The Department of Community and Health Services received funding from the Tindall Foundation to provide qualifications in not-for-profit management.
- Third-year Communications students linked work and study by assisting the Integrated Kaipara Harbour Management Group in setting up a symposium, working with a diverse group of stakeholders.
- In a mutually beneficial relationship, one Accounting and Finance student is enhancing her workplace skills by conducting an audit of Unitec's art collection.
- Bridgepoint courses have been realigned to the new Ministry of Education Vocational Pathways Framework to help students find the courses that best contribute to their desired career path.
- Work began on the Virtual Construction Project Management Environment, with funding from Ako Aotearoa. This project will study the use of virtual design and construction in construction management education, in collaboration with Stratus New Zealand Ltd, University of Technology Sydney, Tampere University of Technology, and Christchurch Polytechnic Institute of Technology.
- The Department of Design and Contemporary Arts completed planning for the Bachelor of Creative Enterprise, a new degree designed to develop the creative, technical and entrepreneurial skills of students.
- Work is under way to develop a new Technology major for the Bachelor of Construction.



PROCESS TWO:

Support Services

CONTRIBUTES TO:

- > Learner achievement

ENABLED BY:

- > Staff
- > Infrastructure and equipment
- > Learners
- > Funding

Support services for students are an important complement to direct teaching services. They include the library, sports centre, counselling, administration and specialist academic mentoring and support. While satisfaction with the services is important, the most important question to consider is whether they contribute to learner achievement in terms of course and qualification completion.

Performance Measures

	2011	2012	2013	2014	Target
Percentage of Students Feeling Supported	-	-	-	75%	N/Ap
Sports Centre Membership	1,943	1,947	1,685	1,494	N/Ap
Library Performance¹³					
Loans	-	-	86,385	68,293	N/Ap
Number of People Borrowing Items	-	-	7,605	6,685	N/Ap
Logins on Library Computers ¹⁴	-	-	95,847	122,993	N/Ap
People Using Library Computers	-	-	9,879	16,163	N/Ap
Library Web Page/Session Visits	-	-	412,327	465,622	N/Ap
Database Searches	-	-	1.4m	1.24m	N/Ap
Teaching Sessions	-	-	584	463	N/Ap
Research Bank Downloads	-	-	259,931	291,656	N/Ap
Student Support Services¹⁵					
Students Attending Careers Workshops	-	1,602	-	2,697	N/Ap
Students Provided Individual Careers Advice	-	1,320	-	1,257	N/Ap
Students Provided General Counselling	-	457	-	514	N/Ap
Students Receiving Health Services	-	1,931	-	1,464	N/Ap

Commentary

This year was the first time we surveyed students to gauge the degree to which they felt supported at Unitec. We received 1,799 responses. Three-quarters of our students feel supported at Unitec. While this is a high proportion, we hope to improve this over the next few years.

Sports centre membership has declined over the past two years, mirroring broader EFTS trends.

Student use of library services continues to evolve, with fewer physical loans and a greater use of electronic resources. Particularly promising is the rise in Research Bank downloads, whereby students can access Unitec-developed research.

This is the first year we have started tracking student support measures in our Annual Report. Over time, we hope to see meaningful trends that can inform how we provide these services.

¹³ 2014 login numbers include Student Computer Centre and Northern Campus; 2013 numbers do not. The decrease in 2014 database searches is partially due to incomplete data.

¹⁴ Methodology for this measure changed between 2013 and 2014.

¹⁵ Data for 2013 not available.

Highlights

- Developed a mental health awareness programme for Unitec staff, which will be extended to students in 2015. The programme encourages recognising and responding to mental stress.
- Streamlined student interaction with the Faculty of Social and Health Sciences by developing a set of electronic forms for references and other required documentation.
- The Unitec Library received a score in the top quartile of the Australasian Insync survey, which gauges staff and student satisfaction. Unitec was the only non-university library surveyed.
- Provided career workshop assistance to over 2,500 students and one-on-one career counselling to over 1,000 students. Focused support for those applying to the IBM Concentrix delivery centre.
- Assisted over 300 students with disabilities, including the provision of note-takers, reader-writers and sign-language interpreters.
- The Sports Centre provided free membership to Residential Village residents, providing many students new to New Zealand with convenient recreational opportunities.
- Developed a more targeted approach to students who had issues with enrolment, including providing alternative options to those who had not secured their first preference.
- Re-tendered the contract for student engagement services for 2015-2016, which was won by EdCollective. EdCollective provides advocacy services, events and student representation.
- The Educational Collective distributed over 2,500 magazines, 9,500 student diaries and 19,000 wall planners as part of orientation and enrolment.



PROCESS THREE:

Industry and Stakeholder Engagement

CONTRIBUTES TO:

- > Learner achievement
- > Community outputs

ENABLED BY:

- > Staff
- > Infrastructure and equipment
- > Learners
- > Funding

To help create influential research, employment success for Unitec graduates and engaged communities, we need to work with industry and other stakeholders. This helps ensure that our offerings are suited for purpose. This might involve formal agreements or just regular informal discussions between Unitec staff and industry bodies. This also encompasses our exchange student programmes.

Performance Measures

	2011	2012	2013	2014	Target
Students on Inbound/Outbound Exchange	-	-	-	149	N/Ap
Alumni With Whom Unitec is Actively Engaged ¹⁶	-	-	28,632	29,039	N/Ap

Commentary

In 2014 Unitec hosted 79 inbound exchange students, 42 inbound Study Abroad students and sent out 28 outbound exchange students. The number of alumni with whom we are actively engaged has remained constant, although we saw a lower response rate to our Graduate Survey this year.

Highlights

- > Electrotechnology staff have worked on the development of components of the forthcoming New Zealand Certificate in Electrical Engineering with partners from Manukau Institute of Technology and other institutes.
- > The Department of Design and Contemporary Arts hosted a masterclass on transmedia story-telling by Starlight Runner Entertainment, which allowed staff and students to network with over 90 industry professionals.
- > The Department of Building Technology hosted the the Institute of Technology and Polytechnic (ITP) Deans Trades Forum, attended by 17 deans and heads of department from across New Zealand.
- > Unitec signed a new joint undergraduate programme with the Beijing Dance Academy that will see students study in China for 2.5 years before attending Unitec for 1.5 years.
- > The Department of Accounting and Finance hosted three visitors from Chinese tertiary institutions who came to learn about Unitec's approach to teaching. Professor Keith Hooper reciprocated their visits.
- > Various departments worked closely with a range of industry bodies, government departments and other tertiary institutions on the Construction and Infrastructure Workforce Roadmap.
- > The Sports Centre provided teaching facilities for the Village Sports Academy and Best Training.
- > The Department of Natural Sciences celebrated the ten-year anniversary of hosting exchange students from Green Rivers Community College in Seattle, Washington.
- > The Department of Electrotechnology has completed planning for a Vocational Academy with Massey High School, which will see high school students attending Unitec one to two days a week in 2015.
- > Following the implementation of the new departmental structure the Design and Contemporary Arts Department hosted over 85 industry professionals working with students on projects during semester two.
- > A ten-day taster in Building Technology was taken up by 15 Henderson High School students, with more than half subsequently enrolling in formal courses.
- > The Department of Accounting and Finance expanded a historical joint diploma with Shandong University of Finance and Economics, China, into a full joint degree programme.

¹⁶ All alumni whom we contacted for the alumni survey.



PROCESS FOUR:

Institutional Management

CONTRIBUTES TO:

- > Learner achievement

ENABLED BY:

- > Staff
- > Infrastructure and equipment
- > Learners
- > Funding

Institutional management includes the strategy and planning process, as well as our internal communications and governance. It also includes our staff-related actions, including safety and health activities. Good institutional management keeps us clearly focused and enables us to make best use of our resources.

Performance Measures

	2011	2012	2013	2014	Target
Total Recordable Injury Frequency Rate (TRIFR) ¹⁷	-	-	-	2.77	<5
Injuries Notified to Worksafe NZ	-	-	-	11	N/Ap

Commentary

Our TRIFR dropped from 14.88 in January 2014 to 2.77 in December 2014. This excellent performance was the result of substantial internal effort devoted to issues of safety and health. The target for TRIFR given above is not taken from specific Unitec documentation, rather it is regarded as international good practice.

Of the 11 injuries notified to Worksafe NZ, five involved students, five involved staff and one involved a contractor.

Highlights

- > Unitec received a secondary grade in its ACC Workplace Safety Management Practices audit, an excellent result that was the culmination of substantial work in creating internal health and safety processes. These include internal audits and the development of site safety risk profiles.

- > Two health and safety reward and recognition initiatives were implemented. 'Caught Ya' rewards individuals with vouchers for doing the right thing with safety. The Health and Safety Shield recognises team performance in improving safety.
- > Unitec's Annual Staff Awards were held in November, involving approximately 500 people. The awards are held to recognise employees who have made exceptional contributions to Unitec and the event helps to build strong relationships across the organisation.
- > An enhanced safety and health training programme for Tier 3 managers has been implemented with a focus on safety leadership and emerging regulatory requirements.
- > A celebration of Building Technology apprentices in November was attended by over 125 people.
- > The 'Do You Measure Up' campaign, aimed at increasing the use of protective equipment worn by staff, achieved recognition at the Staff Awards.



PROCESS FIVE:

Research Activities

CONTRIBUTES TO:

- > Research outputs

ENABLED BY:

- > Staff
- > Infrastructure and equipment
- > Learners
- > Funding

Before we can produce research outputs, such as articles and books, we need to engage in an internal process of research transformation. This involves time devoted to research, as well as knowledge-sharing and other related activities.

Highlights

- > Progressed development of the Doctorate in Professional Practice, a new applied learning qualification. Approval is expected by the middle of 2015.
- > Unitec received more funding in external research grants in 2014 than in 2009-2013 combined.

- > Developed a new Research and Enterprise Strategy that places community and industry needs at the centre of the research process.
- > Implemented an enhanced focus on the research productivity of staff teaching on degree programmes, with clear expectations set and improvement and development initiatives under way.

¹⁷ TRIFR is a 12-month rolling average. The figure above was as at December 2014. The target of <5 was not specified in any Unitec plan, rather, internationally it is good practice.



INPUT ONE: Staff

CONTRIBUTES TO:

- > Teaching services
- > Support services
- > Industry and stakeholder engagement
- > Strategy and planning
- > Internal communications and governance
- > Research activities

ENABLED BY:

N/Ap

Our staff are, along with our learners, the key input in achieving our outcome goals. Good staff, both academic and allied, can help us deliver great teaching, support, community and research processes and through that learner achievement, impactful research and a range of other valuable results. The quality and quantity of our staff is something we continually monitor, from morale through to workloads.

Performance Measures

	2011	2012	2013	2014	Target
Staff (Permanent and Part Time)¹⁸	1194	1188	1158	1109	N/Ap
Academic	621	619	595	556	N/Ap
Allied	573	569	563	553	N/Ap
Ratio Academic:Allied	1.1	1.1	1.1	1.0	N/Ap
Staff (FTE)¹⁹	1181	1185	1166	1115	N/Ap
Academic	608	614	573	544	N/Ap
Allied	573	571	593	571	N/Ap
Ratio Academic:Allied	1.1	1.1	1.0	1.0	N/Ap
Attrition (Voluntary)	-	-	7.9%	10.1%	N/Ap
Sick Leave Per Capita (hrs)²⁰	-	-	43.4	45.9	N/Ap
Professional Dev Leave Per Capita (hrs)²¹	-	-	34.8	32.3	N/Ap
Staff Engagement	61%	72%	72%²²	68%	70-80%

Commentary

The number of Full-time Equivalent (FTE) staff dropped over the past year owing to restructuring, notably in the Design and Visual Arts Department. The ratio of academic to allied staff has dropped slightly as a result of this. Over the next few years there is likely to be continued variance in this measure as Unitec embarks on its Transformation programme.

The voluntary attrition (churn) rate has increased since 2013. This may also be related to ongoing changes within Unitec.

Sick leave used per capita has increased very slightly since 2015, with substantial variance at the sub-organisational level. Increases and declines in this measure appear correlated with internal restructurings. The amount of professional leave taken has dipped slightly.

Staff engagement has dipped slightly since the last survey in 2012 but is substantially up since 2011. We can expect substantial variance in this measure over the next years as Unitec embarks on its Transformation programme.

Highlights

- > The Library completed phase one of its transformation with the implementation of a new organisational structure that will lay the foundation for major physical changes from 2015 onwards.
- > The Sports Centre worked closely with the Safety and Health Department to develop opportunities for staff to improve their health and wellbeing.
- > The Accounting and Finance Department appointed its second ever Professor of Accounting, Keith Hooper.
- > Three Natural Sciences staff members completed their PhDs, enhancing departmental capability.
- > An Electrotechnology staff member was appointed Vice President of the New Zealand Electrical Institute.

¹⁸ As at 31 December 2014.

¹⁹ Full Time Equivalent accrued over full calendar year and thus higher than staff numbers at 31 December 2014. Does not include 'paid on invoice' staff.

²⁰ Per full and part-time staff member, not per FTE.

²¹ Per full and part-time staff member, not per FTE.

²² No survey in 2013 so 2012 result is duplicated.



INPUT TWO:

Infrastructure and Equipment

CONTRIBUTES TO:

- > Teaching services
- > Support services
- > Industry and stakeholder engagement
- > Strategy and planning
- > Internal communications and governance
- > Research activities

ENABLED BY:

N/Ap

Unitec as a 'place' is reliant on infrastructure and equipment. This includes our physical grounds, our buildings and teaching spaces, as well as specialist equipment required for particular subjects. It encompasses both the infrastructure and equipment provided for students, as well as that provided for other staff.

Performance Measures

	2011	2012	2013	2014	Target
Total Useable Floor Area (UFA) m²	91,176	83,688	83,548	83,776	N/Ap
Faculty of Social and Health Sciences	-	-	-	17,426	N/Ap
Faculty of Creative Industries and Business	-	-	-	36,020	N/Ap
Faculty of Technology and Built Environment	-	-	-	27,093	N/Ap
UFA m² per Equivalent Full-time Student	8.58	7.77	8.23	8.57	N/Ap
Faculty of Social and Health Sciences	-	-	-	-	N/Ap
Faculty of Creative Industries and Business	-	-	-	-	N/Ap
Faculty of Technology and Built Environment	-	-	-	-	N/Ap
Resource Utilisation: Energy (MWh)²³	13.39	13.51	12.52	12.40	<12.14
Per Equivalent Full-time Student	0.0013	0.0013	0.0012	0.0013	<0.0012
Resource Utilisation: Water (m³)	100,642	83,468	77,835	82,371	<75,500
Per Equivalent Full-time Student	9.47	7.75	7.67	8.44	<7.44
Resource Utilisation: Waste (tonnes)	-	385	358	321	<340
Per Equivalent Full-time Student (kg)	-	35.75	35.26	32.85	<34
Resource Utilisation: Paper (kg)	140,808	114,322	94,767	59,672	<91,924
Per Equivalent Full-time Student	13.26	10.61	9.33	6.11	<9.05
Resource Utilisation: Waste Water (m3)	88,451	73,299	67,880	65,291	<65,844
Per Equivalent Full-time Student	8.33	6.81	6.68	6.69	<6.49
Resource Utilisation: Petrol (l)	60,936	58,266	44,894	46,409	<43,547
Per Equivalent Full-time Student	5.74	5.41	4.42	4.75	<4.29
Resource Utilisation: Diesel (l)	39,674	40,202	39,826	40,046	<38,631
Per Equivalent Full-time Student	3.74	3.73	3.92	4.10	<3.81
Library Collection Items	-	-	389,325	450,284	N/Ap
Electronic	-	-	274,000	335,400	N/Ap
Physical	-	-	115,325	114,884	N/Ap

Commentary

We have seen mixed results in our main environmental performance indicators. We had a particularly good result for paper usage and general waste, both in overall and per Equivalent Full-time Students (EFTS) terms but saw increases in resource consumption per EFTS for energy, water, petrol and diesel.

Useable Floor Area remained largely the same as for 2012 and 2013, as we have not embarked on any major building programmes or divested ourselves of any large assets. Over the next few years, we can expect major variability in this measure as our Transformation programme progresses.

Our mix of library assets continues to evolve, with substantial growth in electronic holdings and consistency in our physical stock.

Highlights

- > Major renovations were carried out on the Unitec Sports Centre to alleviate leaking problems. This will ensure the full operation of the centre until 2019 at least.

- > Introduced Windows 7 to replace the obsolete Windows XP. This involved upgrading 3,851 devices and had the effect of reducing login times to less than 90 seconds, improving staff productivity.
- > Maintained the Unitec Research Bank, which stores staff and student outputs. The Research Bank holds 1,201 items, with 160 new items added in 2014.
- > Expanded Unitec's wireless footprint and capacity by 33%, meaning 90% of the campus is now covered. This allows students to use their devices almost anywhere.
- > Implemented a new library management system, 'Alma', which will facilitate improved integration with other information systems. Also implemented 'Primo', a library resource discovery system.
- > Introduced Microsoft Outlook 365 to replace Groupwise, which involved the migration of 1,800 mailboxes. It is anticipated that this move will enhance staff productivity.
- > The Sports Centre was partially repainted. New rubber flooring was installed, and the dumb-bell area extended, to enhance the user experience.

²³ All sustainability targets have been calculated as follows: 5% reduction in waste, 3% reduction in other indicators.



INPUT THREE: Learners

CONTRIBUTES TO:

- > Teaching services
- > Support services
- > Industry and stakeholder engagement
- > Strategy and planning
- > Internal communications and governance
- > Research activities

ENABLED BY:

N/Ap

All learning relies on the presence of learners (often called students). They are partners in the educational process, labourers in the day-to-day business of the classroom and are transformed into individuals with greater skills, knowledge and competence. Understanding the nature of the mix of learners at the input stage, compared to when they emerge as outputs, is essential to accurately evaluating the effectiveness and efficiency of Unitec's processes.

Performance Measures

	2011	2012	2013	2014	Target
Student Headcount	21,848	21,221	19,771	18,767	N/Ap
Total Equivalent Full-time Students (EFTS)	10,622	10,770	10,152	9,771	10,491
% Māori	9.1%	9.5%	9.4%	9.3%	12.5-17.5%
% Pasifika	13.1%	14.6%	14.5%	14.3%	17.5-22.5%
% Under 25	56.7%	57.2%	55.7%	60.5%	60-65%
EFTS - Student Achievement Component	8,305	8,481	7,859	7,285	8,043²⁴
% Māori	10.6%	11.2%	11.2%	11.5%	12.5-17.5%
% Pasifika	15.1%	16.7%	16.9%	17.3%	17.5-22.5%
% Under 25	53.6%	55.2%	54.7%	58.7%	N/Ap
EFTS - International	1,714	1,677	1,695	1,962	1,748
EFTS by Programme Level					
Level 1-2	819	598	265	339	N/Ap
Level 3	742	809	823	937	N/Ap
Level 4	1643	1849	2042	1678	N/Ap
Level 5-6	2090	2128	1687	1303	N/Ap
Level 7	4393	4475	4493	4680	N/Ap
Level 8-10	500	498	437	475	N/Ap
EFTS Entering From Private Training Establishments (PTEs)²⁵	235	212	194	200	230-260
Students With Prior Not in Employment, Education or Training (NEET) Status	1,173	1,290	1,165	1,038	1325-1375
EFTS in Non-formal Education	435	413	402	247²⁶	N/Ap
Youth Guarantee EFTS	145	128	103	108	N/Ap

Commentary

There has been a continued decline in student headcount and Equivalent Full-time Students (EFTS). We failed to meet our overall EFTS target, as well as our Student Achievement Component (SAC) target. This occurred despite an approved revision of our initial 2014 target downwards, in relation to which we returned funding to the Tertiary Education Commission (TEC). Similar softening in learner demand has been noted at other tertiary institutions as well.

Our student mixture has shown very little variability, apart from a substantial increase in younger (under 25 students). The largest declines by level have been in levels 4-6 (sub-degree qualifications), while we have maintained numbers at degree and postgraduate levels.

A range of factors have impacted our learner numbers. Governmental initiatives in funding 4,000 additional apprenticeships within the Industry Training Organisation sector have had a negative effect on enrolments for a range of Unitec qualifications in the areas of applied technology, carpentry, furniture, and cabinetmaking. The recent government decision to not require early childhood education services to employ all qualified teachers has led to a softening of demand for Education Department programmes. We have seen a decline in automotive students as well, which may be linked to the recent Pathways in schools initiative.

Highlights

- > Bridgepoint implemented an online pre-diagnostic assessment programme that helps identify numeracy and literacy skills, which in turn facilitates placement of students at the appropriate level.

²⁴ Original target. Target was revised to 7,469 with TEC approval.

²⁵ Number of SAC students in Unitec system as at 31 December 2014 who had a prior activity of 'Private Training Establishment student'; historical numbers have been updated since publication of Unitec's 2013 Annual Report. The target has been revised since publication of the Investment Plan.

²⁶ We have modified our calculation methodology for this measure this year to ensure compliance with Single Data Return (SDR) standards.



INPUT FOUR: Funding

CONTRIBUTES TO:

- > Teaching services
- > Support services
- > Industry and stakeholder engagement
- > Strategy and planning
- > Internal communications and governance
- > Research activities

ENABLED BY:

N/Ap

Funding is an essential input, as without money we could not pay for staff or infrastructure and equipment. We receive money from two primary sources: income paid by government on the basis of enrolments and directly from students as tuition fees.

Performance Measures

	2011	2012	2013	2014	Budget ²⁷
Net Surplus/Average Equity (%)	2.4%	2.3%	0.9%	0.9%	1.9%
Gearing (%) / Net Debt to Equity (%)	5.1%	1.9%	1.1%	1.2%	2.8%
Total Revenue (\$,000)	142,658	152,533	146,898	147,680	152,960
Total Cash Expenditure (\$,000)	125,673	141,051	140,605	141,469	149,897
EBITDA* (\$,000)	16,985	19,225	14,162	15,123	19,615
Depreciation (\$,000)	12,193	13,386	12,824	12,816	16,338
Interest (\$,000)	161	318	(582)	189	214
Net Surplus (\$,000)	4631	5521	1,920	2,118	3,063
Net Cash (Debt) (\$,000)	(6,748)	(1,256)	5,026	6,358	(6,516)
EFTS: Total FTE	8.7	8.9	8.5	8.5	8.5

*Earnings Before Interest Taxation Depreciation and Amortisation

²⁷ Source is the Tertiary Education Institution Financial Performance Monitoring Return. This is a budget rather than target figure and thus differs from the nomenclature used in previous Annual Reports.

Governance Report

for the year ended 31 December 2014

1 Council functions and duties

Functions

The functions and responsibilities of Unitec Council, in accordance with Section 180 of the Education Act 1989, are:

- a. to appoint a chief executive in accordance with the State Sector Act 1988 and to monitor and evaluate his or her performance
- b. to prepare and submit a proposed plan if the institution is seeking funding under a funding mechanism that provides for funding via plans
- c. if the institution has a plan
 - i. to ensure that the institution is managed in accordance with that plan; and
 - ii. to determine policies to implement that plan
- d. to determine, subject to the State Sector Act 1988, the policies of the institution in relation to the management of its affairs; and
- e. to undertake planning relating to the institution's long-term strategic direction.

Duties

The duty of Unitec Council, in accordance with Section 181 of the Education Act 1989, is:

- a. to strive to ensure that the institution attains the highest standards of excellence in education, training and research
- b. to acknowledge the principles of the Treaty of Waitangi
- c. to encourage the greatest possible participation by the communities served by the institution so as to maximise the educational potential of all members of those communities with particular emphasis on groups in those communities that are under-represented among the students of the institution
- d. to ensure that the institution does not discriminate unfairly against any person
- e. to ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution's long-term viability; and
- f. to ensure that proper standards of integrity, conduct and concern for
 - i. the public interest; and
 - ii. the wellbeing of students attending the institution are maintained.

2 Accountability and communication

Under the Education Act 1989, Council is accountable to the responsible Minister and provides regular reports and other informal communication. In addition, transparency of decision-making and process is maintained by conducting open meetings, and by making minutes, papers and other publications available upon request.

3 Council structure and membership

In accordance with the Education Act 1989, Unitec Council comprised eight members. Initially four members were appointed by the Minister for Tertiary Education, Skills and Employment and four by the Appointments Committee.

Members are now appointed by the Appointments Committee in accordance with a Unitec Appointment Statute that reflects the skills required. Members retire on a regular rotational basis and are eligible to be reappointed for Unitec Council if they meet criteria in the Act.

Members of the Unitec Council during 2014 were:

Name		Date appointed
Alastair Carruthers		3/11/2014
Anne Blackburn		9/7/2007
Aroha Hudson		1/5/2010
Charmian O'Connor		1/5/2005 (last meeting 3/11/14 ¹)
Dianne Kidd	Deputy Chair of Council (from 17/12/2013)	1/05/2011
Dinu Harry	Chair, Audit and Risk (from 1/5/2010 to 30/6/2014).	5/5/2008 (resigned from Council effective 30/6/2014)
Kaye Turner	Deputy Chair of Council (to 17/12/2013).	15/12/2009 (last meeting 28/4/2014 ²)
Lee Mathias	Chair of Council (from 1/5/2014)	1/5/2014
Martin Udale	Chair of Property Committee.	1/05/2011
Sarah Haydon	Chair of Audit and Risk (from 1/7/2014)	1/5/2014
Ted van Arkel	Chair of Council and Chair of the Executive Committee (to 31/4/2014)	28/2/2005 (term ended 30/4/2014)
Vaughn Davis		3/11/2014

In accordance with Section 193 of the Education (Polytechnics) Amendment Act 1990, the Council has the authority to form committees to enable it to perform its functions efficiently and effectively.

Accordingly, Unitec Council has five committees as follows:

1. The Audit and Risk Committee
2. The Property Committee
3. The Appointments Committee
4. The Executive Committee (no meetings held in 2014)
5. Fono Faufautua – Pasifika Committee.

The Unitec Council is also advised by the Unitec Rūnanga on all issues affecting Māori.

¹ Charmian O'Connor's term ended 30 April 2013 but she continued to serve as a Council member until a replacement was appointed in November 2014. This was on agreement of the Council.

² Kaye Turner's term ended 30 April 2013 but she continued to serve as a Council member until the April 28 meeting. This was on agreement of the Council.

4 Council and committee attendance

Council meets on a monthly basis. Council holds extra meetings when required for strategic planning or other specific issues. Attendance at Council and Committee meetings during 2014 was as follows:

January - December 2014

Council members

Council Member	Council		Property		Audit & Risk	
Name	Held	Attended	Held	Attended	Held	Attended
Anne Blackburn	11	10	2	2	5	4
Aroha Hudson	11	10	2	1	5	3
Charmian O'Connor	11	10	2	2	-	-
Dinu Harry	6	6	1	0	-	-
Dianne Kidd	11	10	2	2	5	5
Kaye Turner	4	3	0	0	-	-
Martin Udale	11	9	2	2	-	-
Ted van Arkel	4	4	0	0	-	-
Lee Mathias	7	7	2	2	3	3
Sarah Haydon	7	7	2	2	3	3
Vaughn Davis	2	2	0	0	-	-
Alastair Carruthers	2	1	0	0	-	-

Non-Council committee members

Fono Fauautua

Name	Held	Attended
Panama Le'Au'Anae	6	6
Nafetalai Ngaluafe	6	5
Dorothy McGeady	6	2
Sam Sefuiva	6	4
Ken Williams	6	6
George Gavet	6	5
Nuhisifa Williams	6	6

The above tables record attendance of those Council members who are members of the relevant committees and are recorded as being present. Other Council members are welcome to attend committee meetings and a number do take this opportunity to keep themselves fully informed. Members of Council also attended a full-day strategy planning meeting.

5 Council and committee fees

Unitec Council members are paid fees, in accordance with the Cabinet Office Circular Co (09) 5 Fees Framework for Members of Statutory and Other Bodies Appointed by the Crown. Unitec Council members' fees were set within the maximum levels established for polytechnics by the Minister for Tertiary Education, Skills and Employment.

Fees paid during the year to Council members are as follows

Name	Council Fees
Aroha Hudson	16,000
Dinu Harry	8,000
Dianne Kidd	20,000
Lee Mathias	21,333
Kaye Turner	5,000
Martin Udale	16,000
Charmian O'Connor	13,490
Sarah Haydon	10,667
Ted van Arkel	10,667
Anne Blackburn	16,000
Alistair Carruthers	2,667
Vaughn Davis	2,667
	142,655

Fees paid to non-Council committee members

Name	Fees
Panama Le'Au'Anae	\$1,440
Nafetalai Ngaluafe	\$1,200
Dorothy McGeady	\$480
Sam Sefuiva	\$960
Ken Williams	\$1,440
George Gavet	\$1,200
Nuhisifa Williams	\$1,440
Total	\$8,160

The total fees paid to all Council and committee members in 2014 was \$150,815.

6 Council register of interests

Council maintains an interest register and ensures members are aware of their obligations to declare conflicts of interest. The register identifies areas where a Council member has an interest that could lead to a potential conflict. In addition to the register, members are invited to declare any specific conflicts at the commencement of each meeting.

The following Council member interests were recorded in the Interest Register as at 31 December 2014:

Name	Interest	Date of new disclosure
Anne Blackburn	A Director of New Zealand Venture Investment Fund	
	A Director of Auckland Council Property Ltd	27-Sept-10
	Chair of Royal District Nursing Service (NZ) Ltd	27-Sept-10
	Chair of Centre for Clinical Research and Effective Practice	
	A beneficiary and/or legal shareholder of Ten Gracie Square Ltd	
	A Director of Warren and Mahoney architectural practice	01-Apr-11
	A Director of Eastland Group Ltd (and subsidiaries)	26-Sept-11
	A Director of Fidelity Life	31-Oct-11
	A Director of TSB Bank	24-Sept-12
	A Director of Committee for Auckland	25-Feb-13
	A Director of Fisher Funds Management	24-Jun-13
	A member of Commercial Operations of the Advisory Board to the Treasury	25-Jun-14
Alastair Carruthers	Chief Executive, Kensington Swan Lawyers (NB: Kensington Swan acts for various entities that may interact with Unitec)	Jan-2013
	A Director of Carruthers Consulting Limited. Interests in film production and advisory work to known agencies and professional services firms	Jan-2011
	A member of Ministry of Transport Performance and Risk Board	2012
	A Trustee of Royal New Zealand	Oct-2011
	Life Partner – Peter Gordon	
	Numerous companies and interests in food and restaurants, notably Air New Zealand and Sky City Group	
Vaughn Davis	No disclosures	Nov-14
Sarah Haydon	A Director of Cavalier Corporation Ltd	26-May-14
	Chairman of NZ Riding for the Disabled	26-May-14
	An associate of the Boardroom Practice Ltd	26-May-14
	An executive committee member of Waste Disposal Services	26-May-14
	A Trustee of R&E Seelye Trust	26-May-14
	An associate of Dial a CFO	26-May-14
	Chair of Unitec Audit & Risk Committee	30-Jun-14
	A Director of The Institute of Geological and Nuclear Sciences Ltd Board (GNS Science)	01-July-14

Name	Interest	Date of new disclosure
Aroha Hudson	A Director of Auckland Primary Health Organisation (PHO)	01-Nov-10
	A Director of Te Hononga o Tamaki me Hoturoa	
	A Director of Heart Foundation	
	A Trustee of Wellness Out West Trust	
	An employee of Healthwest Ltd	
	A board member of Spectrum Care Trust	29-July-13
Dianne Kidd	A Director of the Co-operative Bank Ltd	
	A Director of AsureQuality Ltd	
	Chairman of the Helensville District Health Trust	
	A Director of Helensville Birthing Centre Ltd	
	A member of Women in Super	29-Aug-11
	A Director and Chairman of Kaipara Medical Centre Ltd	01-Feb-13
Lee Mathias	Chairman of Counties Manukau District Health Board	26-May-14
	Deputy Chairman of Auckland District Health Board	26-May-14
	Chairman of Health Promotion Agency	26-May-14
	Shareholder/Director of Pictor Ltd	26-May-14
	Chair IAP IP Ltd	26-May-14
	Advisory Chair, Company of Women Ltd	26-May-14
	A Trustee of Lee Mathias Family Trust	26-May-14
	A Trustee of Awamoana Family Trust	26-May-14
	A Director of Lee Mathias Ltd	26-May-14
	A Director of Health Innovation Hub	29-Sept-14
	A Director of Health Alliance Ltd	16-Oct-14
	A Director of Health Alliance (FPSC) Ltd	16-Oct-14
	Chair of Unitec Institute of Technology	Jun-14
	A Director of John Seabrook Holdings Ltd	23-Oct-14
	A Trustee of Mathias Martin Family Trust	23-Oct-14
Martin Udale	A Director of Waikato Innovation Park (and related entities)	10-Dec-12 (name change from Innovation Waikato Ltd)
	A Director and shareholder of Essentia Consulting Group	
	A Trustee of Eladu Trust	
	A Trustee of Auckland Community Housing Trust	
	A Director of Canvas Investments (and related entities)	31-Dec-11
	A Director of Primary Wool Co-operative Ltd	25-Feb-13
	A Director of Tamaki Redevelopment Company Ltd	20-Dec-12
	A Director and Shareholder of Paparata Ltd	28-Jul-14
	A Director of Tall Wood Ltd	28-Oct-14

Financial Statements

for the year ended 31 December 2014

Statement of Responsibility

For the year ended 31 December 2014

The Council and management are responsible for the preparation of the Unitec Institute of Technology and Group's financial statements and statement of service performance and for the judgements made in them.

The Council and management of the Unitec Institute of Technology have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

The Council and management have the responsibility for establishing and maintaining a system of internal control for non-financial information.

In the Council and management's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Unitec Institute of Technology and Group for the year ended 31 December 2014.

Signed by:



Dr L Mathias

Chair



Dr R Ede

Chief Executive

30 March 2015

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Unitec Institute of Technology and group's financial statements and non-financial performance information for the year ended 31 December 2014

The Auditor-General is the auditor of Unitec Institute of Technology (the Institute) and group. The Auditor-General has appointed me, David Welker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Institute and group on her behalf.

We have audited:

- the financial statements of the Institute and group on pages 50 to 91, that comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Institute and group in the statement of service performance on pages 20 to 39.

Opinion

In our opinion:

- the financial statements of the Institute and group on pages 50 to 91:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Institute and group's:
 - financial position as at 31 December 2014; and
 - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the Institute and group on pages 20 to 39 fairly reflects the Institute and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2014.

Our audit was completed on 30 March 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we

comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Institute and group's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control 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 Institute and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Institute and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that fairly reflects the Institute and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, the performance based research fund engagement and the audit of the group subsidiaries; we have no relationship with or interests in the Institute or any of its subsidiaries.



David Walker

Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	Group		Parent			
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Income							
Government grants	3(a)	71,228	76,607	75,224	71,228	76,607	75,224
Student tuition fees	3(b)	59,272	59,658	58,374	59,272	59,658	58,374
Student services fees	3(e)	2,252	2,444	2,340	2,252	2,444	2,340
Trading income	4(a)	4,963	5,178	4,422	4,032	3,816	3,352
Interest income	3(c)	866	388	652	861	382	645
Other income	3(d)	10,016	9,769	6,936	10,035	9,790	6,963
Total Income		148,597	154,044	147,948	147,680	152,697	146,898
Expenditure							
Personnel costs	5(a)	90,569	92,829	92,445	90,569	92,829	92,445
Depreciation and amortisation	4(b), 5(b), 10, 11	12,817	16,330	12,825	12,816	16,330	12,824
Class materials		2,888	2,961	3,184	2,888	2,961	3,184
Trading expenditure	4(b)	5,570	5,098	4,541	4,612	3,775	3,538
Finance costs	5(c)	189	596	(582)	189	596	(582)
Administration costs and other expenses	5(d)	34,479	33,166	33,578	34,488	33,150	33,569
Total Expenditure		146,512	150,980	145,991	145,562	149,641	144,978
Surplus/(Deficit) from Operations		2,085	3,064	1,957	2,118	3,056	1,920
Share of investment's surplus/(deficit)	9	(267)	-	-	-	-	-
Net Surplus/(Deficit)		1,818	3,064	1,957	2,118	3,056	1,920
Other comprehensive income							
Property revaluations	16	(656)	-	33,752	(656)	-	33,752
Total other comprehensive income/(expense)		(656)	-	33,752	(656)	-	33,752
Total comprehensive income/expense)		1,162	3,064	35,709	1,462	3,056	35,672

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 25.

Statement of Financial Position

As at 31 December 2014

	Note	Group		Parent			
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Assets							
Current assets							
Cash and cash equivalents	6	9,432	1,320	7,836	9,148	1,157	7,585
Trade and other receivables	7	3,502	3,797	3,556	3,412	3,696	3,435
Inventories	8	324	669	583	324	669	583
Prepayments		1,183	1,280	1,255	1,183	1,280	1,255
Total current assets		14,441	7,066	13,230	14,068	6,802	12,858
Non-current assets							
Investment	9	-	278	278	-	278	278
Loan to joint ventures	9	753	-	33	1,020	-	33
Property, plant and equipment	10	247,197	265,235	252,470	247,192	265,231	252,466
Intangible assets	11	7,787	8,435	8,062	7,787	8,435	8,062
Capital work in progress	10(a)	5,378	3,449	2,053	5,378	3,449	2,053
Total non-current assets		261,115	277,397	262,896	261,377	277,393	262,892
Total assets		275,556	284,463	276,126	275,445	284,195	275,750
Liabilities							
Current liabilities							
Trade and other payables	12	11,561	13,317	12,363	11,479	13,410	12,316
Revenue received in advance	13	9,247	11,068	10,259	9,247	11,068	10,259
Borrowings	14	1,501	5,968	1,468	1,501	5,968	1,468
Employee entitlements	15	8,658	8,194	9,184	8,625	8,137	9,151
Total current liabilities		30,967	38,547	33,274	30,852	38,583	33,194
Non-current liabilities							
Borrowings	14	1,289	1,091	1,091	1,289	1,091	1,091
Employee entitlements	15	900	923	923	900	923	923
Lease make good provision		400	-	-	400	-	-
Total non-current liabilities		2,589	2,014	2,014	2,589	2,014	2,014
Total liabilities		33,556	40,560	35,288	33,441	40,597	35,208
Net assets		242,000	243,902	240,838	242,004	243,598	240,542
Equity							
General funds	16	104,285	105,531	102,467	104,289	105,227	102,171
Property revaluation reserves	16	137,715	138,371	138,371	137,715	138,371	138,371
Total equity		242,000	243,902	240,838	242,004	243,598	240,542

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 25.

Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Group		Parent			
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Balance at 1 January		240,838	240,838	205,129	240,542	240,542	204,870
Comprehensive income							
Net surplus/(deficit)		1,818	3,064	1,957	2,118	3,056	1,920
Other comprehensive income		(656)	-	33,752	(656)	-	33,752
Total comprehensive income		1,162	3,064	35,709	1,462	3,056	35,672
Balance at 31 December	16	242,000	243,902	240,838	242,004	243,598	240,542

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 25.

Statement of Cash Flows

For the year ended 31 December 2014

	Group			Parent		
	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Cash flows from operating activities						
<i>Cash was provided from:</i>						
Government grants	68,244	78,950	77,775	68,244	78,950	77,775
Tuition fees	65,812	70,771	68,379	65,812	70,771	68,379
Interest received	871	645	645	863	640	642
Other operating receipts	20,930	13,291	13,259	19,827	11,930	12,233
	155,857	163,657	160,058	154,746	162,291	159,029
<i>Cash was applied to:</i>						
Payment to employees	84,685	88,472	84,242	83,842	87,121	83,464
Goods and services tax (net)	1,165	1,088	1,087	1,032	1,088	1,233
Interest paid	187	448	243	187	448	243
Payment to suppliers	56,877	53,834	56,087	56,775	53,731	55,665
	142,914	143,842	141,659	141,836	142,388	140,605
Net cash flows from operating activities	12,943	19,815	18,399	12,910	19,903	18,424
Cash flows from investing activities						
<i>Cash was provided from:</i>						
Sale of property, plant and equipment	159	-	93	159	-	93
Sale of investments	67	-	-	67	-	-
	226	-	93	226	-	93
<i>Cash was applied to:</i>						
Purchase of property, plant and equipment	7,260	28,440	11,267	7,260	28,440	11,267
Purchase of intangible assets	1,484	391	256	1,484	391	256
Loan to joint ventures	1,020	-	-	1,020	-	-
	9,764	28,831	11,523	9,764	28,831	11,523
Net cash flow from investing activities	(9,538)	(28,831)	(11,430)	(9,538)	(28,831)	(11,430)
Cash flows from financing activities						
<i>Cash was provided from:</i>						
Loan raised	-	4,500	-	-	4,500	-
	-	4,500	-	-	4,500	-
<i>Cash was applied to:</i>						
Repayment of finance lease liabilities	1,809	2,000	1,955	1,809	2,000	1,955
	1,809	2,000	1,955	1,809	2,000	1,955
Net cash flow from financing activities	(1,809)	2,500	(1,955)	(1,809)	2,500	(1,955)
Total net cash flows	1,596	(6,516)	5,015	1,563	(6,428)	5,039
Cash and cash equivalents at 1 January	7,836	7,836	2,821	7,585	7,585	2,546
Cash and cash equivalents at 31 December	9,432	1,320	7,836	9,148	1,157	7,585
Closing cash and cash equivalents						
Cash and bank	2,493	1,320	2,015	2,209	1,157	1,764
Short-term investments	6,939	-	5,821	6,939	-	5,821
Closing cash and cash equivalents at 31 December	9,432	1,320	7,836	9,148	1,157	7,585

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued)

For the year ended 31 December 2014

Reconciliation of net surplus/(deficit) to the net cash flows from operating activities

	Note	Group		Parent			
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Surplus/(deficit) from operation		2,085	3,064	1,957	2,118	3,056	1,920
Add/(less) non-cash items:							
Depreciation/amortisation	5(b)	12,840	16,338	12,833	12,839	16,338	12,832
Bad debts	5(d)	311	109	335	320	101	327
Impairment on investments	5(d)	268	-	-	268	-	-
Adjustment to finance lease	5(c)	-	-	(825)	-	-	(825)
Increase/(decrease) in non-current employee entitlements		(23)	-	(119)	(23)	-	(119)
Total non-cash items		13,396	16,447	12,224	13,404	16,439	12,215
Add/(less) items classified as investing and financing items:							
(Gain)/loss on disposal of investments	3(d)	(29)	-	-	(29)	-	-
(Gain)/loss on disposal of property, plant and equipment	3(d), 5(d)	189	-	(11)	189	-	(11)
Total items classified as investing and financing items		160	-	(11)	160	-	(11)
Add/(less) movements in working capital items:							
(Increase)/decrease in inventories		271	(86)	55	271	(86)	55
(Increase)/decrease in trade and other receivables		53	(242)	(434)	23	(261)	(415)
(Increase)/decrease in prepayments		76	(25)	(612)	76	(25)	(612)
Increase/(decrease) in trade and other payables		(816)	838	1,748	(852)	984	1,782
Increase/(decrease) in revenue received in advance		(1,756)	809	2,350	(1,764)	809	2,350
Increase/(decrease) in current employee entitlements		(526)	(990)	1,122	(526)	(1,013)	1,140
Net movements in working capital items		(2,698)	304	4,229	(2,772)	408	4,300
Net cash flows from operating activities		12,943	19,815	18,399	12,910	19,903	18,424

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1 Statement of accounting policies

Reporting entity

Unitec Institute of Technology (the Institute) is a Tertiary Education Institution (TEI) domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The Institute and group consists of Unitec Institute of Technology and its subsidiaries, Unitec Apprenticeship Training Trust (100% interest) and Unitec Trust (100% interest).

The Institute has a 51% share in the limited partnership The Mind Lab by Unitec and has 51% share of The Mind Lab Limited, which is the general partner.

The Institute has 50% interest in the joint ventures, Tepu Limited and the film production joint venture 'Stars In Her Eyes'. All subsidiaries and jointly controlled entities are incorporated and domiciled in New Zealand.

The primary objective of the Institute and Group is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the Institute has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Institute and Group are for the year ended 31 December 2014. The financial statements were authorised for issue by the Council on 30 March 2015.

Basis of preparation

Statement of compliance

The financial statements of the Institute and Group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land, buildings and certain financial instruments to fair value. The Institute does not hold derivative instruments.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Institute and its subsidiaries is New Zealand dollars (NZ\$).

Changes in accounting policies

There has been a change in accounting policies regarding the treatment of Course Development Costs.

From the commencement of the 2014 Financial Year, costs that are directly associated with the significant development of existing and new educational courses are recognised as an intangible asset to the extent that such costs are expected to be recovered. The development costs primarily consist of employee costs. Previously all course development costs were treated as expenditure in the period in which they had been incurred.

Significant accounting policies

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and are relevant to the Institute and Group, are:

NZ IFRS 9 Financial Instruments has replaced NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 has been replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Institute is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards (PAS). These standards have been developed by the XRB and are mainly based on current International Public Sector Accounting Standards.

The effective date for the new standards for public sector entities was for reporting periods beginning on or after 1 July 2014. This means the Institute expects to transition to the new standards in preparing its 31 December 2015 financial statements.

The Institute has not yet fully assessed the implications of the new Accounting Standards Framework at this time.

Basis of consolidation

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, income, expenses, and cash flows on a line-by-line basis. All significant intragroup balances, transactions, income, and expenses are eliminated in full on consolidation.

Subsidiaries

The Institute consolidates in the Group financial statements all entities where the Institute has the capacity to control the financing and operating policies of an entity so as to obtain benefits from the activities of the entity. This power exists where the Institute controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Institute or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are carried at cost in the Institute's parent entity financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

A limited partnership is a form of partnership involving General Partners and Limited Partners. Both types of partners can contribute to the limited partnership. Capital contributions can take any form (including services) but loans are excluded as capital contributions.

The Institute has a 50% interest in Tepu Limited, which is a joint venture with Rosebank Business Association and has a 50% interest in the film production joint venture's investment 'Stars In Her Eyes' with Ample Film Limited.

The Institute has 51% share in The Mind Lab by Unitec which is a limited partnership established between the Institute and Edlab Limited in April 2014 and 51% share of The Mind Lab Limited, which is the general partner.

The Institute's joint venture investments in Tepu Limited and 'Stars In Her Eyes' have been fully impaired in 2014. The Institute's joint venture investments are accounted for in the Group financial statements using the equity method.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Government grants

Government grants are recognised as revenue upon entitlement.

Student tuition fees

Student tuition fees are recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Research income

Funding received for research, which will provide reciprocal benefits to the research funding provider, is recognised as revenue on a percentage completion basis. The percentage of completion is measured by reference to the research expenditure incurred as a proportion to total expenditure expected to be incurred. Funding received that provides no reciprocal benefit to the research funding provider is recognised as revenue when the funding is received.

Donations

Donations are recognised as income when the right to receive the fund or asset has been established.

Sale of materials

Sale of materials is recognised as revenue when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established.

Other revenue

Other revenue is recognised on an accrual basis. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Institute are recognised as revenue when control over the asset is obtained.

Borrowing costs

The Institute and Group has elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Institute and Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Foreign currency translation

The consolidated financial statements are presented in New Zealand dollars, which is the functional, and presentation currency for the Institute and its subsidiaries.

Foreign currency transactions are converted to New Zealand dollars at the date of the transaction using the rate of exchange applicable on that day.

Monetary assets and liabilities are denominated in functional currency only.

The Institute did not hold during the year or at reporting date any assets or liabilities denominated in a foreign currency.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables represent student fee income and other receivables.

Short-term debtors and other short-term receivables are recorded at their face value, less any provision for impairment.

Receivables from related parties resulting from commercial dealings, are made on commercial terms and conditions, and are settled regularly.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through

surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Institute and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institute and Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit;
- loans and receivables; and
- fair value through other comprehensive income.

Classification of the financial asset depends on the purpose for which the instruments were acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or is part of a portfolio that are managed together and for which there is evidence of short-term profit-taking.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading, are classified as a current asset. After initial recognition financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Related party receivables that are repayable on demand are classified as non-current assets because repayment of the receivables is not expected within 12 months of balance date.

After initial recognition loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date.

The Institute and Group designates in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance date, the Institute and Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the First-In First-Out (FIFO) method), adjusted when applicable, for any loss of service potential.

Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write down.

Property, plant and equipment

Property, plant, and equipment consists of the following asset classes: land, buildings, plant & equipment, furniture & fittings, motor vehicles, computer equipment, office equipment, and library collection.

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually by independent valuers to ensure that they do not differ materially from fair value.

If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant and equipment revaluation movements are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive income and is accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive income.

At the end of 2014, a desktop review of land and buildings was carried out by Beca Limited and the land and buildings values were not materially different from the 2013 full review and valuation completed by Beca Limited. The full valuation and desktop review exercises were componentised on a notional basis.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Institute and Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, amounts included in property revaluation reserves in respect of those assets are transferred to general funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Building			
Structure	5-80 years	1.25-20%	straight line
Fitout	5-80 years	1.25-20%	straight line
Services	5-70 years	1.43-20%	straight line
Computer Equipment			
Network Equipment	4-10 years	10-25%	straight line
Other Computer Equipment	3-4 years	25-33.33%	straight line
Plant and Equipment	3-20 years	5-33.33%	straight line
Furniture and Fittings	10 years	10%	straight line
Motor Vehicles	5 years	20%	straight line
Office Equipment	4-10 years	10-25%	straight line
Library Collections			
Books	8.5-10 years	10-11.76%	straight line
Periodicals	5 years	20%	straight line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software at the date of acquisition.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs.

Course development

The significant costs that are directly associated with the development of new educational courses or redevelopment of existing courses are recognised as an intangible asset to the extent that such costs are expected to be recovered. The development costs primarily consist of employee costs.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit as follows:

Computer Software	3-10 years	10-33.33%	Straight line
Course Development	5 years	20%	Straight line

Impairment of property, plant and equipment and intangible assets

Intangible assets that have indefinite useful lives, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have finite useful lives are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is depreciated

replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Institute and Group would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at revalued amounts, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

Investment property

The Institute does not hold properties classified as investment properties. The Institute's assets are strategic and are held with the aim of being New Zealand's leading provider of applied higher and further education.

Creditors and other payables

Short-term creditors and other short-term payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Institute or Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability for sick leave earned but not taken is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense is recognised for bonuses where contractually obliged or where there is a past practise that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities expected to be settled within 12 months of the balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Employer contributions to Kiwisaver, the Government Superannuation Fund and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- capital contributions from the Crown
- quality reinvestment capital fund
- revaluation reserve of land; and
- revaluation reserve of building.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Institute and Group is exempt from income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures are those approved by the Council at the start of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Institute and Group has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property revaluations

Note 10 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 31 December 2014.

Crown-owned land and buildings

Property in the legal name of the Crown that is occupied by the Institute and Group is recognised as an asset in the statement of financial position. The Institute and Group consider it has assumed all the normal risks and rewards of ownership of this property, despite legal ownership not being transferred, and accordingly, it would be misleading to exclude these assets from the financial statements.

The Institute and Group has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years from 1 December 1995 at nil rent.

The institute has formerly initiated a Crown Land Transfer process (through the TEC) with the Ministry of Education for all Crown land that it currently occupies in relation to this lease.

Distinction between revenue and capital contributions

Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the Institute and Group accounts for the funding as a capital contribution directly in equity. Information about capital contributions recognised in equity is disclosed in the statement of changes in equity and note 16.

2 Summary cost of services

	Parent	
	Actual 2014 \$000	Actual 2013 \$000
Income		
Creative Industries & Business	51,913	51,406
Social & Health Sciences	45,521	47,094
Technology & Built Environment	37,727	39,536
Total income from services	135,161	138,036
Commercial Activities	2,709	547
Commercial activities	2,709	547
Other income	12,087	10,374
Internal sales eliminated	(2,277)	(2,059)
Other income	9,810	8,315
Total income	147,680	146,898
Expenditure		
Creative Industries & Business	24,992	25,531
Social & Health Sciences	26,675	27,136
Technology & Built Environment	18,688	18,830
Total cost of services	70,355	71,497
Commercial activities	950	484
Commercial activities	950	484
Finance costs	189	243
Other costs	76,345	74,813
Internal purchases eliminated	(2,277)	(2,059)
Other costs	74,068	72,754
Total expenditure	145,562	144,978
Surplus/(deficit)	2,118	1,920

3 Income

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
(a) Government grants				
Operational bulk grant (SAC funding)	65,160	69,626	65,160	69,626
Performance-Based Research Fund (PBRF)	3,532	2,655	3,532	2,655
Youth Guarantee Fund	1,239	1,485	1,239	1,485
Māori & Pasifika Grant	354	331	354	331
Refugee Study Grant	709	577	709	577
Other grants	234	550	234	550
	71,228	75,224	71,228	75,224
(b) Student tuition fees				
Domestic student tuition fees	31,929	34,659	31,929	34,659
International student tuition fees	27,343	23,715	27,343	23,715
	59,272	58,374	59,272	58,374
(c) Finance income				
Interest income	866	652	861	645
	866	652	861	645
(d) Other income				
Donations	45	1	2	1
Contract education	293	228	293	228
Copying	2,097	1,920	2,097	1,920
Consultancy and student projects	4,666	2,130	4,666	2,130
Research	260	263	260	263
Gain on sale of property, plant and equipment	38	25	38	25
Gain on sale of investments	29	-	29	-
Revenue from other operating activities	4,886	4,456	4,927	4,455
Less internal sales	(2,298)	(2,087)	(2,277)	(2,059)
	10,016	6,936	10,035	6,963
(e) Student services fees income				
Student services fees income	2,252	2,340	2,252	2,340
	2,252	2,340	2,252	2,340

4 Trading Revenue and Expenditure

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
(a) Revenue				
Building training projects	889	739	889	739
Sports centre	630	708	630	709
Student village	2,513	1,904	2,513	1,904
Trust income	931	1,071	-	-
Total revenue	4,963	4,422	4,032	3,352
(b) Expenditure				
Trading materials	953	659	953	659
Class materials	1	2	1	2
Salaries and wages	938	867	938	867
Depreciation	23	8	23	8
Student village	2,262	1,750	2,262	1,750
General expenses	435	252	435	252
Trust expenditure*	958	1,003	-	-
Total expenditure	5,570	4,541	4,612	3,538
Surplus/(deficit) on trading activities	(607)	(119)	(580)	(186)

* Trust expenditure for 2013 has been restated to incorporate the impact of including Trust's personnel costs.

5 Expenditure

	Note	Group		Parent	
		Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
(a) Personnel costs					
Salaries and wages*		88,367	89,208	88,367	89,208
Employee benefits expenses	5 (e)	513	557	513	557
Employee entitlements expenses	5 (f)	974	558	974	558
Redundancies		715	2,122	715	2,122
		90,569	92,445	90,569	92,445

* Salaries and wages for 2013 has been restated to exclude the Trust's personnel costs.

5 Expenditure (continued)

	Note	Consolidated		Parent	
		Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
(b) Depreciation/amortisation	10, 11				
Crown buildings		973	1,626	973	1,626
Institute buildings		5,457	5,633	5,457	5,633
Lease incentive asset		65	-	65	-
Plant and equipment		1,095	697	1,095	697
Leased plant and equipment		94	142	94	142
Furniture and fittings		263	180	262	179
Motor vehicles		344	337	344	337
Office equipment		207	54	207	54
Software		1,578	1,536	1,578	1,536
Computer equipment		500	775	500	775
Leased computer equipment		1,692	2,003	1,692	2,003
Library collection		572	579	572	579
		12,840	13,562	12,839	13,561
Adjustment to finance lease assets	10	-	(729)	-	(729)
		12,840	12,833	12,839	12,832
Depreciation in trading expenditure		(23)	(8)	(23)	(8)
		12,817	12,825	12,816	12,824
(c) Finance cost					
Interest paid		2	-	2	-
Finance lease interest		187	243	187	243
Adjustment to finance lease liability	14	-	(825)	-	(825)
		189	(582)	189	(582)
(d) Administration costs and other expenses					
Annual report expenses		32	53	32	53
Audit fees - paid to principal auditor for parent and subsidiaries - current year audit	20	177	154	177	154
Audit fees - paid to principal auditor for parent and subsidiaries - prior year audit		72	25	72	25
Audit fees - paid to principal auditor for external research income audit		6	6	6	6
Bad debts written off		220	175	220	174
Change in provision for doubtful debts		90	160	100	153
Councillors' fees	5(g)	143	148	143	148
Research		850	738	850	738
Operating lease charges		4,679	4,589	4,679	4,589
Impairment of investments		268	-	268	-
Loss on disposal of fixed assets		227	14	227	14
Other administrative expenses		27,715	27,516	27,714	27,515
		34,479	33,578	34,488	33,569

5 Expenditure (continued)

	Note	Group		Parent	
		Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
(e) Employee benefits expenses					
Superannuation contribution		132	163	132	163
Group life assurance		369	382	369	382
Employee Assistance Programme		12	12	12	12
		513	557	513	557
(f) Employee entitlements expenses					
Retirement leave		(86)	(78)	(86)	(78)
Long service leave		26	(27)	26	(27)
Sick leave		166	(50)	166	(50)
Holiday pay		(114)	(258)	(114)	(258)
Staff recruitment		178	234	178	234
Staff training & development		758	714	758	714
Other		46	23	46	23
		974	558	974	558
(g) Councillors' Fees					
The following fees were earned by members of the Institute's Council during the year:					
E Van Arkel (Council Chair - retired 30 Apr 2014)		11	32	11	32
L Mathias (Council Chair - appointed 1 May 2014)		21	-	21	-
K Turner (Council Deputy Chair - retired 31 Mar 2014)		5	20	5	20
D Kidd (Council Deputy Chair - appointed 17 Dec 2013)		20	16	20	16
A Blackburn		16	16	16	16
A Hudson		16	16	16	16
C O'Connor (retired 3 Nov 2014)		13	16	13	16
D Harry (retired 30 Jun 2014)		8	16	8	16
M Udale		16	16	16	16
S Haydon (appointed 1 May 2014)		11	-	11	-
A Carruthers (appointed 3 Nov 2014)		3	-	3	-
V Davis (appointed 3 Nov 2014)		3	-	3	-
Total		143	148	143	148

6 Cash and Cash equivalents

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and on hand	2,262	2,015	2,209	1,764
Short-term deposits less than 3 months	7,170	5,821	6,939	5,821
Cash and cash equivalents	9,432	7,836	9,148	7,585

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and 90 days, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

7 Trade and other receivables

	Note	Group		Parent	
		Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Trade and other receivables					
Student fees receivables	7(a)	1,624	1,606	1,624	1,606
Trade receivables	7(b)	2,274	2,252	2,182	2,122
Accrued interest		6	9	5	6
Less: provision for impairment	7(c)	(402)	(311)	(399)	(299)
Total Trade and other receivables		3,502	3,556	3,412	3,435

Fair value

Student fees are due before a course commences or are due upon enrolment if the course has already begun. For courses that span more than one semester, domestic students can arrange for fees to be paid in instalments. Student fee receivables are non-interest bearing and are generally paid in full by course commencement date. Therefore, their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally settled on 30-day terms. Therefore, the carrying value of other receivables approximates their fair value.

Impairment

The ageing profile of student fee and trade receivables at year end are detailed below:

(a) Student fee receivables

	2014			2013		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Group						
1-30 days	433	-	433	684	-	684
31-60 days	216	-	216	128	-	128
61-90 days	37	-	37	22	-	22
>90 days	938	399	539	772	299	473
Total student fee receivables	1,624	399	1,225	1,606	299	1,307
Parent						
1-30 days	433	-	433	684	-	684
31-60 days	216	-	216	128	-	128
61-90 days	37	-	37	22	-	22
>90 days	938	399	539	772	299	473
Total student fee receivables	1,624	399	1,225	1,606	299	1,307

7 Trade and other receivables (continued)

(b) Trade receivables

	2014			2013		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Group						
1-30 days	2,247	-	2,247	2,191	-	2,191
31-60 days	14	-	14	4	-	4
61-90 days	-	-	-	20	-	20
>90 days	13	3	10	37	12	25
Total trade receivables	2,274	3	2,271	2,252	12	2,240
Parent						
1-30 days	2,158	-	2,158	2,073	-	2,073
31-60 days	14	-	14	4	-	4
61-90 days	-	-	-	20	-	20
>90 days	10	-	10	25	-	25
Total trade receivables	2,182	-	2,182	2,122	-	2,122

All receivables greater than 30 days in age are considered to be past due.

Due to the large number of student fee receivables, the impairment assessment is performed on a collective basis, based on an analysis of past collection history and debt write-offs.

(c) Movements in the provision for impairment are as follows:

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Student fee receivables				
At 1 January	299	146	299	146
Additional provisions made during the year	100	153	100	153
At 31 December	399	299	399	299
Trade receivables				
At 1 January	12	5	-	-
Additional provisions made during the year	(9)	7	-	-
At 31 December	3	12	-	-

8 Inventories

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Materials and consumables	105	86	105	86
Houses built for sale	219	497	219	497
Total materials and consumables	324	583	324	583

9 Investments

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Polytechnics International NZ Limited (PINZ)	-	43	-	43
Tepu Limited	-	-	-	-
Film production 'Stars In Her Eyes'	-	235	-	235
The Mind Lab Limited	-	-	-	-
Total Investment	-	278	-	278
Tepu Limited	-	33	-	33
The Mind Lab Limited	753	-	1,020	-
Total loans to joint ventures	753	33	1,020	33

Investment in Polytechnics International NZ Limited (PINZ) was sold in 2014.

Name of the subsidiaries	Country of incorporation	Control Interest (%)		Investment (\$000)	
		2014	2013	2014	2013
Unitec Apprenticeship Training Trust	New Zealand	100	100	-	-
Unitec Trust	New Zealand	100	100	-	-
		-	-	-	-

The Institute's subsidiaries include Unitec Apprenticeship Training Trust and Unitec Trust.

Name of joint venture	Country of incorporation	Equity/Interest (%)		Investment (\$000)	
		2014	2013	2014	2013
Polytechnics International NZ Limited (PINZ)	New Zealand	-	12	-	43
Tepu Limited	New Zealand	50	50	-	-
Film production 'Stars In Her Eyes'	New Zealand	-	50	-	235
The Mind Lab Limited	New Zealand	51	-	-	-
The Mind Lab by Unitec	New Zealand	51	-	-	-
		-	-	-	278

9 Investments (continued)

The Institute has a 50% equity interest in Tepu Limited, which was established in 2012.

The Institute provided a loan of \$32,500 to Tepu Limited in 2012. This has been fully impaired in 2014.

The Institute had a 50% joint interest in the production of the film 'Stars In Her Eyes'. The joint venture partner is Stars in Her Eyes Limited, which is owned by Ample Film Limited. The investment has been fully impaired in 2014.

There was no income generated from these two joint ventures in 2014 (2013: Nil). The Institute has no liabilities on the joint ventures.

The Institute acquired 51% equity share in The Mind Lab Limited in April 2014.

The Institute acquired 51% partnership share in The Mind Lab by Unitec, which is a limited partnership established between the Institute and Edlab Limited in April 2014.

The Mind Lab by Unitec is a specialist education lab dedicated to enhancing digital literacy capability and specialist teaching practices. The limited partnership investment is accounted for in the Group financial statements using the equity method.

The following amounts represent the Group's share of the assets, liabilities, income and expenses of the investment:

	Actual 2014 \$000	Actual 2013 \$000
Group		
Loan to The Mind Lab Limited	1,020	-
Share of net assets	(267)	-
	753	-
Group		
<i>Assets</i>		
Current assets	162	-
Non-current assets	713	-
Total Assets	875	-
<i>Liabilities</i>		
Current liabilities	122	-
Non current liabilities	1,020	-
Total liabilities	1,142	-
Net assets	(267)	-
Income	497	-
Expenses	764	-
Net surplus/(deficit)	(267)	-

No dividend was received from The Mind Lab Limited during the year.

The Institute has no capital commitment in relation to The Mind Lab Limited.

There is no share of contingent liabilities for The Mind Lab Limited.

10 Property, plant and equipment

	Parent												
	Land (Crown)	Land (Institute)	Building (Crown)	Building (Institute)	Plant & equipment	Plant & equipment (leased)	Furniture & fittings	Motor vehicles	Computer equipment	Computer equipment (leased)	Office equipment	Library collection	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation													
Balance at 1 January 2013	21,231	49,009	30,345	109,009	9,101	438	3,376	2,143	8,932	5,671	1,005	6,836	247,097
Additions	-	-	-	10,316	682	-	1,244	429	95	1,544	32	574	14,916
Revaluation increase/decrease	8,763	20,068	(1,187)	(7,914)	-	-	-	-	-	-	-	-	19,730
Reclassification	-	-	-	-	(1)	-	5	-	(4)	-	-	-	-
Adjustment	-	-	-	-	-	(40)	-	-	-	587	-	-	547
Disposals	-	-	-	-	(8)	-	-	(232)	(19)	(2,711)	-	-	(2,970)
Balance at 31 December 2013	29,994	69,077	29,158	111,411	9,774	398	4,625	2,340	9,005	5,091	1,037	7,410	279,321
Balance at 1 January 2014	29,994	69,077	29,158	111,411	9,774	398	4,625	2,340	9,005	5,091	1,037	7,410	279,321
Additions	-	-	-	2,159	470	-	470	180	567	2,040	31	343	6,260
Revaluation increase/decrease	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(81)	-	(77)	(7)	(309)	-	(261)	-	(1,837)	-	-	(2,573)
Balance at 31 December 2014	29,994	68,996	29,158	113,493	10,237	89	5,095	2,259	9,572	5,294	1,068	7,753	283,008
Accumulated depreciation and impairment losses													
Balance at 1 January 2013	-	-	1,630	5,133	5,571	10	2,569	1,058	7,262	3,614	669	4,241	31,757
Depreciation expense	-	-	1,626	5,633	697	142	178	337	775	2,003	54	579	12,025
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminate on disposal	-	-	-	-	-	-	-	(160)	(15)	(2,548)	-	-	(2,723)
Eliminate on revaluation	-	-	(3,256)	(10,766)	-	-	-	-	-	-	-	-	(14,022)
Adjustment	-	-	-	-	-	125	-	-	-	(307)	-	-	(182)
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2013	-	-	-	-	6,268	277	2,747	1,235	8,022	2,762	724	4,821	26,854
Balance at 1 January 2014	-	-	-	-	6,268	277	2,747	1,235	8,022	2,762	724	4,821	26,854
Depreciation expense	-	-	973	5,522	1,095	94	262	344	500	1,692	207	572	11,261
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminate on disposal	-	-	-	4	(5)	(309)	-	(152)	-	(1,837)	-	-	(2,299)
Eliminate on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	-	-	973	5,526	7,356	62	3,009	1,427	8,522	2,617	931	5,393	35,816
Carrying amounts													
At 1 January 2013	21,231	49,009	28,715	103,876	3,530	428	807	1,085	1,670	2,057	336	2,595	215,340
At 31 December 2013 and 1 January 2014	29,994	69,077	29,158	111,411	3,507	121	1,878	1,106	983	2,329	314	2,589	252,466
At 31 December 2014	29,994	68,996	28,185	107,967	2,881	27	2,086	832	1,050	2,677	137	2,360	247,192

	Group												
	Land (Crown)	Land (Institute)	Building (Crown)	Building (Institute)	Plant & equipment	Plant & equipment (leased)	Furniture & fittings	Motor vehicles	Computer equipment	Computer equipment (leased)	Office equipment	Library collection	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation													
Balance at 1 January 2013	21,231	49,009	30,345	109,009	9,108	438	3,379	2,143	8,946	5,671	1,006	6,836	247,121
Additions	-	-	-	10,316	682	-	1,244	429	95	1,544	32	574	14,916
Revaluation increase/decrease	8,763	20,068	(1,187)	(7,914)	-	-	-	-	-	-	-	-	19,730
Reclassification	-	-	-	-	(1)	-	5	-	(4)	-	-	-	0
Adjustment	-	-	-	-	-	(40)	-	-	-	587	-	-	547
Disposals	-	-	-	-	(8)	-	-	(232)	(19)	(2,711)	-	-	(2,970)
Balance at 31 December 2013	29,994	69,077	29,158	111,411	9,781	398	4,628	2,340	9,019	5,091	1,038	7,410	279,345
Balance at 1 January 2014	29,994	69,077	29,158	111,411	9,781	398	4,628	2,340	9,019	5,091	1,038	7,410	279,345
Additions	-	-	-	2,159	470	-	470	180	567	2,040	31	343	6,260
Revaluation increase/decrease	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	(13)	-	-	-	(13)
Disposals	-	(81)	-	(77)	(7)	(309)	(2)	(261)	-	(1,837)	(1)	-	(2,575)
Balance at 31 December 2014	29,994	68,996	29,158	113,493	10,244	89	5,096	2,259	9,573	5,294	1,068	7,753	283,017
Accumulated depreciation and impairment losses													
Balance at 1 January 2013	-	-	1,630	5,133	5,572	11	2,571	1,058	7,275	3,614	670	4,241	31,775
Depreciation expense	-	-	1,626	5,633	698	142	178	337	775	2,003	54	579	12,027
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminate on disposal	-	-	-	-	-	-	-	(160)	(15)	(2,548)	-	-	(2,723)
Eliminate on revaluation	-	-	(3,256)	(10,766)	-	-	-	-	-	-	-	-	(14,022)
Adjustment	-	-	-	-	-	125	-	-	-	(307)	-	-	(182)
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2013	-	-	-	-	6,270	278	2,749	1,235	8,035	2,762	725	4,821	26,874
Balance at 1 January 2014	-	-	-	-	6,270	278	2,749	1,235	8,035	2,762	725	4,821	26,874
Depreciation expense	-	-	973	5,522	1,095	94	262	344	500	1,692	207	572	11,261
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Eliminate on disposal	-	-	-	4	(5)	(309)	(2)	(152)	-	(1,837)	(1)	-	(2,302)
Eliminate on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	(13)	-	-	-	(13)
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	-	-	973	5,526	7,360	62	3,009	1,427	8,522	2,617	931	5,393	35,820
Carrying amounts													
At 1 January 2013	21,231	49,009	28,715	103,875	3,537	427	808	1,085	1,671	2,057	336	2,595	215,346
At 31 December 2013 and 1 January 2014	29,994	69,077	29,158	111,410	3,511	120	1,879	1,106	984	2,329	313	2,589	252,470
At 31 December 2014	29,994	68,996	28,185	107,967	2,885	27	2,087	832	1,050	2,677	137	2,360	247,197

10 Property, plant and equipment (continued)

Legal ownership of land and buildings

Legal ownership of land and buildings at cost is detailed as follows:

	Land		Buildings	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Institute owned	68,996	69,077	107,708	111,410
Crown owned	29,994	29,994	28,185	29,158
Total	98,990	99,071	135,893	140,568

Crown-owned land & buildings

Crown-owned land and buildings are included as part of the Institute's property, plant and equipment. These were first recognised on 1 January 1995 and although legal title has not yet been transferred, the Institute has assumed all the normal risks and rewards of ownership.

The Crown has established a process for the transfer of land and buildings to the tertiary education institutes that are responsible for them. The Institute has made such an application for the transfer of Crown-owned land and buildings to the Institute for which the Institute is responsible. While the transfer is not yet approved it is expected that title will formally transfer to the Institute in the near future.

Valuation

At the end of 2014, a desktop review of land and buildings was carried out by Beca Limited. This review indicated that land and buildings values were not materially different from the 2013 full review and valuation by Beca Limited. The full valuation and desktop review exercises were componentised on a notional basis.

Land and buildings

Land and buildings are measured at fair value less accumulated depreciation and subsequent accumulated impairment losses.

Subsequent to initial recognition as assets, land and buildings revaluations are made to ensure that the carrying amount of these classes of assets does not differ materially from their fair value at the reporting date. Land and buildings are therefore carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Land and buildings are revalued and impairment tested annually. Full reviews and revaluations are made when there has been a material change in value, but not less than once every three years.

All buildings, whether owned by the Crown (via the Ministry of Education) or purchased or built since 1991, have been valued using the ODRC (Optimised Depreciated Replacement Cost) methodology by Beca Limited according to the requirements of NZ IAS 16.

It has been determined that all of the building assets at Mt Albert are specialised.

The teaching block at Waitakere, 800/3,650 residual share of the library and 197/308 share of the carpark on a strata title basis are also specialised.

The remaining assets at Waitakere are not specialised and have been valued on an open market basis, being 10 Trading Place and the four strata floors at 7 Ratanui Street.

A number of factors have been considered in determining the specialised nature of the assets at Mt Albert and Waitakere. A decision has been made that there are no minor properties to be valued on an open market basis other than those referred to above.

The following factors have been taken into account in determining that the appropriate methodology is ODRC for Mt Albert and Waitakere:

- the availability of market-based evidence that enables the value of the asset to be reliably determined
- evidence that there would be demand for the asset in its current use in the absence of the educational operations
- the materiality of the particular asset in the context of the overall value of the assets
- whether the property is part of a campus, or a single building, or a group of buildings with a single use, on a separate title; and
- the configuration and floor layout of the building.

Risks associated with earthquakes

The earthquakes experienced by Christchurch since September 2010, and particularly the tragic experiences of 22 February 2011, have highlighted the potential risks from an earthquake on various types of buildings. The Institute owns and operates buildings at Mt Albert, Waitakere and Albany of various ages and construction methods. All buildings met earthquake standards when constructed.

Auckland Council is currently carrying out an assessment of earthquake risks for buildings across the city, in accordance with its Earthquake-Prone, Dangerous and Insanitary Buildings Policy 2011.

The Policy requires buildings or parts of buildings identified to be strengthened to no less than 34% of the current National Building Standard and encourages higher levels wherever possible. Under the Policy, any buildings identified as being less than 34% of the current standard will be considered earthquake prone and require seismic strengthening.

The Policy provides the following deadlines for assessment:

- buildings that contain people in crowds or contents of high value to the community, such as schools, should have been carried out by December 2012. Owners will have 10 years to complete any strengthening
- heritage buildings scheduled in district plans and/or registered by the New Zealand Historic Places Trust will be assessed by December 2015. Owners will have 30 years to complete any strengthening; and
- other potentially earthquake-prone buildings are to be assessed by December 2015. Owners will have 20 years to carry out seismic strengthening.

Following the Christchurch earthquake inquiry, the Government introduced the Building (Earthquake-prone Buildings) Amendment Bill, which proposes amendments to the Building Act 2004 to improve systems for managing earthquake-prone buildings. The rationale behind this legislation is to provide a nationally consistent policy for the management of earthquake-prone buildings, as many territorial authorities were not actively identifying earthquake-prone buildings or requiring building owners to deal with them. However, because Auckland Council's Policy is already relatively comprehensive, there will be little difference to Aucklanders should the Bill be passed. The key changes will be in relation to the current timeframes regarding identification of earthquake-prone buildings and the period for upgrading, ie a Council will have to complete a seismic assessment of all non-residential buildings and all multi-unit, multi-storey residential buildings within five years of changes to the new legislation taking effect.

All earthquake-prone buildings will then have to be strengthened, or demolished, within 20 years of the new legislation taking effect (owners of category 1 heritage buildings may apply for exemptions).

For the Institute's purposes, the current strengthening requirements for earthquake-prone buildings will not change. Owners will still have to strengthen to 34% of the National Building Standard.

Submissions on the Bill were due in April last year and the Local Government and Environment Committee Report is due in July 2015. If the Bill is passed into law, it is likely there will be a transition period before the law takes effect, while detailed implementation issues are worked through.

Initial Auckland Council assessments indicate Building 1, 6, 48, 76 and part of Building 28 at Mt Albert Campus may be considered "potentially earthquake prone" buildings in accordance with current Auckland Council's policy. As a result, they require additional strengthening or impairment. The valuation of these buildings is \$10,906,000 as valued by Beca Limited at 31 December 2013.

The Institute has established a process to review the use of these buildings and the need for strengthening (if any) in the future. As the valuation has considered the current requirements and the resultant useful lives of these buildings, no further impairment is considered to be needed until final decisions are made as to their use, strengthening or replacement.

Restrictions on title

Under the Education Act 1989, the Institute and Group is required to obtain consent from the Ministry of Education to dispose or sell of property where the value of the property exceeds an amount determined by the Minister.

There are also various restrictions in the form of historic designations, reserve and endowment encumbrances attached to land. The Institute and Group does not consider it practical to disclose in detail the value of land subject to these restrictions.

10(a) Capital work in progress

The total amount of property, plant and equipment in the course of construction is \$5,378,000 (2013: \$2,053,000).

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Work in progress projects				
Information management projects	504	532	504	532
Property development projects	4,818	1,521	4,818	1,521
Other projects	56	-	56	-
Total capital work in progress	5,378	2,053	5,378	2,053

11 Intangible assets

	Computer software \$000	Course development \$000	Total \$000
Parent			
Cost or valuation			
Balance at 1 January 2013	13,340	-	13,340
Additions	256	-	256
Disposals	-	-	-
Balance at 31 December 2013	13,596	-	13,596
Balance at 1 January 2014	13,596	-	13,596
Additions	965	338	1,303
Disposals	-	-	-
Balance at 31 December 2014	14,560	338	14,899
Accumulated amortisation and impairment losses			
Balance at 1 January 2013	3,998	-	3,998
Depreciation expense	1,536	-	1,536
Eliminate on disposal	-	-	-
Impairment losses	-	-	-
Balance at 31 December 2013	5,534	-	5,534
Balance at 1 January 2014	5,534	-	5,534
Depreciation expense	1,578	-	1,578
Eliminate on disposal	-	-	-
Impairment losses	-	-	-
Balance at 31 December 2014	7,112	-	7,112
Carrying amounts			
At 1 January 2013	9,343	-	9,343
At 31 December 2013 and 1 January 2014	8,062	-	8,062
At 31 December 2014	7,449	338	7,787

11 Intangible assets (continued)

Group	Computer software \$000	Course development \$000	Total \$000
Cost or valuation			
Balance at 1 January 2013	13,340	-	13,340
Additions	256	-	256
Disposals	-	-	-
Balance at 31 December 2013	13,596	-	13,596
Balance at 1 January 2014	13,596	-	13,596
Additions	965	338	1,303
Disposals	-	-	-
Balance at 31 December 2014	14,560	338	14,899
Accumulated amortisation and impairment losses			
Balance at 1 January 2013	3,998	-	3,998
Depreciation expense	1,536	-	1,536
Eliminate on disposal	-	-	-
Impairment losses	-	-	-
Balance at 31 December 2013	5,534	-	5,534
Balance at 1 January 2014	5,534	-	5,534
Depreciation expense	1,578	-	1,578
Eliminate on disposal	-	-	-
Impairment losses	-	-	-
Balance at 31 December 2014	7,112	-	7,112
Carrying amounts			
At 1 January 2013	9,343	-	9,343
At 31 December 2013 and 1 January 2014	8,062	-	8,062
At 31 December 2014	7,449	338	7,787

There are no restrictions over the title of the Institute and Group's intangible assets nor are any intangible assets pledged as security for liabilities.

For the year ended 31 December 2014, computer software and course development are capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised using the straight-line method.

There has been a change in accounting policies regarding the treatment of Course Development Costs from 2014.

Course Development Costs are recognised as an intangible asset to the extent that such costs are expected to be recovered.

The development was completed towards the end of the financial year and as such there is no amortisation. Previously, all course development costs were treated as expenditure in the period in which they had been incurred.

The amount of Course Development Costs expensed in 2013 was \$180,381.

12 Trade and other payables

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Trade payables	936	767	869	721
Other payables-accruals	10,625	11,596	10,610	11,595
	11,561	12,363	11,479	12,316

Trade payables are non-interest bearing and are normally settled on 30-day terms. For terms and conditions relating to related parties refer to note 20.

13 Revenue received in advance

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Government grant in advance	290	3,580	290	3,580
Student fees in advance	8,957	6,679	8,957	6,679
	9,247	10,259	9,247	10,259
Current portion	9,247	10,259	9,247	10,259
	9,247	10,259	9,247	10,259

14 Borrowings

	Note	Group		Parent	
		Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Current					
Obligations under finance leases and hire purchase contracts	14(a)	1,501	1,468	1,501	1,468
		1,501	1,468	1,501	1,468
Non-current					
Obligations under finance leases and hire purchase contracts	14(a)	1,289	1,091	1,289	1,091
		1,289	1,091	1,289	1,091
Total borrowings		2,790	2,559	2,790	2,559

Bank facilities

The Institute has a revolving facility with ANZ Bank at a fixed margin on the prevailing bank bill rate up to a maximum of \$20 million as at 31 December 2014.

This facility was undrawn at 31 December 2014 (2013: \$Nil).

14 Borrowings (continued)

Loans and finance leases

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Opening balance	2,559	3,802	2,559	3,802
Finance lease repayments	(1,809)	(1,962)	(1,809)	(1,962)
Loan raised	-	-	-	-
Finance lease raised	2,040	1,544	2,040	1,544
Adjustment	-	(825)	-	(825)
Closing balance	2,790	2,559	2,790	2,559
Analysis of loan and finance leases				
Current portion:				
Lease liabilities	1,501	1,468	1,501	1,468
Other loan liabilities	-	-	-	-
Current portion 31 December	1,501	1,468	1,501	1,468
Term portion:				
Lease liabilities: 2-5 years	1,289	1,091	1,289	1,091
Term portion 31 December	1,289	1,091	1,289	1,091
Closing balance 31 December	2,790	2,559	2,790	2,559

14(a) Finance leases

Finance leases have been entered into for computers and electronic equipment for teaching, research and administrative purposes. The finance leases can be renewed at the Institute and Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Institute and Group does have the option to purchase the asset at the end of the lease term but it is likely the option to purchase will not be exercised because the leased assets are usually technologically obsolete at lease expiry.

The Institute and Group is not permitted to pledge the leased assets as security nor can it sublease the leased equipment without the permission of the lessor. There are no other restrictions placed on the Institute and Group by any of the finance leasing arrangements.

Analysis of finance leases

	Group / Parent			
	2014 Minimum payments \$000	2013 Minimum payments \$000	2014 Present value of payments \$000	2013 Present value of payments \$000
Group				
Within one year	1,640	1,657	1,501	1,468
After one year but not more than five years	1,385	1,225	1,289	1,091
Future finance charges	(235)	(323)	-	-
Total minimum lease payments	2,790	2,559	2,790	2,559

15 Employee entitlements

	Group		Parent	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Employee entitlements				
At 1 January	10,107	9,104	10,074	9,052
Adjustments during the year	(549)	1,003	(549)	1,022
At 31 December	9,558	10,107	9,525	10,074
Current portion	8,658	9,184	8,625	9,151
Non-current portion	900	923	900	923
	9,558	10,107	9,525	10,074
<i>Comprising of:</i>				
Salaries and wages	2,029	1,597	2,029	1,597
Annual leave	6,126	6,240	6,093	6,207
Retirement leave	478	564	478	564
Long service leave	413	387	413	387
Sick leave	472	306	472	306
Redundancy provisions	40	1,013	40	1,013
	9,558	10,107	9,525	10,074
<i>Redundancy provisions</i>				
Opening balance	1,013	-	1,013	-
Provision for the year	755	1,013	755	1,013
Utilised	(1,728)	-	(1,728)	-
Closing balance	40	1,013	40	1,013

Employee entitlements

A provision is recognised for post-employment benefits payable to employees. Employees are entitled to annual leave pay, long service leave pay and retirement gratuities. Annual leave entitlements expected to be settled within 12 months of the balance sheet date are measured at the current rates of pay and classified as current liabilities. The actuarial calculations of sick leave have been classified as a current liability.

Entitlements related to long service leave and retirement gratuities have been calculated at present value of future cash flows determined on an actuarial basis.

The provision is affected by a number of assumptions, including expected length of service, attrition rates and salary changes.

The termination costs made in 2014 are \$0.715 million (include severance \$nil and redundancies \$0.715 million) (2013: severance \$0.045 million, redundancies \$2.122 million).

16 Equity

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
General funds				
Balance at 1 January	102,467	100,510	102,171	100,251
Net surplus/(deficit) for the year	1,818	1,957	2,118	1,920
Balance at 31 December	104,285	102,467	104,289	102,171
Property revaluation reserves				
Balance at 1 January	138,371	104,619	138,371	104,619
Revaluation gain/(loss) on Land	-	28,831	-	28,831
Revaluation gain/(loss) on buildings	-	4,921	-	4,921
Revaluation adjustment	(656)	-	(656)	-
Total revaluation gain/(loss)	(656)	33,752	(656)	33,752
Balance at 31 December	137,715	138,371	137,715	138,371
Total equity at 31 December	242,000	240,838	242,004	240,542

Property revaluation reserves consist of:

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Land	90,684	90,684	90,684	90,684
Buildings	47,031	47,687	47,031	47,687
Total property revaluation reserves	137,715	138,371	137,715	138,371

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another. A full revaluation review of land and buildings was carried out in 2013 and a desktop revaluation exercise was carried out in 2014. The desktop values were not materially different from the 2013 full review and valuation. The revaluation exercises were carried out by Beca Limited.

17 Capital commitments and operating leases

Operating leases as lessee

The Institute and Group has entered into commercial leases on land and buildings, as well as certain items of small machinery and office equipment where it is not in the best interest of the Group to purchase these assets.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases of commercial land and buildings as at 31 December 2014 are as follows:

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Non-cancellable operating lease commitments				
<i>Land and buildings</i>				
Within one year	2,024	2,066	2,024	2,066
Later than one year and not later than two years	1,857	1,708	1,857	1,708
Later than two years and not later than five years	2,108	3,482	2,108	3,482
	5,989	7,256	5,989	7,256

Operating leases as lessor

The Institute and Group has entered into commercial leases with tenants on land and buildings. These leases have a non-cancellable remaining term of 2 to 10 years.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Non-cancellable operating lease commitments				
<i>Land and buildings</i>				
Not later than one year	3,001	2,934	3,001	2,934
Later than one year and not later than two years	2,526	2,321	2,526	2,321
Later than two years and not later than five years	1,917	2,964	1,917	2,964
Later than five years	1,515	1,781	1,515	1,781
	8,959	10,000	8,959	10,000

No contingent rents have been recognised in the statement of financial performance during the year.

Operating lease commitments - student village accommodation

The agreements to lease the building complexes 310 and 1,510 with the owners of the student village units expires in January and February 2015 respectively. The commitment disclosed reflects the current exposure to rents payable to the owners for the agreements.

The Institute and the owners of the student village complexes 310 and 1,510 agree that the agreements will not be extended.

The liability is calculated on the basis of agreed rent rates paid to the owners and the maximum exposure for rentals payable as at 31 December 2014 are as follows:

17 Capital commitments and operating leases (continued)

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Operating lease commitments				
<i>Student village</i>				
Within one year	189	1,811	189	1,811
Later than one year and not later than two years	-	226	-	226
	189	2,037	189	2,037

Other non-cancellable contracts

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Other non-cancellable contracts				
Details of commitments under these contracts are as follows:				
Not later than one year	1,017	898	1,017	898
Later than one year and not later than two years	307	427	307	427
Later than two years and not later than five years	-	540	-	540
	1,324	1,865	1,324	1,865

Capital commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

At 31 December 2014 the Institute and Group has capital contractual commitments of \$3.970 million (2013: \$1.027 million) principally relating to various building projects and capital projects.

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Council-approved contractual capital commitments	3,970	1,027	3,970	1,027
Total capital commitments	3,970	1,027	3,970	1,027

18 Contingent Liability

Personal grievances

There is one (2013: three) open personal grievance claim, which, if successful, the estimated settlement costs would be approximately \$nil (2013: \$163,000).

Guarantee

Under a Deed of Novation of Lease the lease of the premises of The Mind Lab Limited (TML) was novated from EdLab to TML. As a condition of this novation the landlord, Mawson Textiles Limited, required the Institute to guarantee the payment of the rent and the performance of other covenants by the tenant. The annual rent payable by TML under the lease is \$224,680 (2013: Nil).

19 Contingent assets

The Institute and Group have no contingent assets.

20 Related party transactions

The Institute is the Parent of the Group and controls two entities, being Unitec Apprenticeship Training Trust and Unitec Trust as at 31 December 2014.

Crown and government

Significant transactions with government-related entities

The Government influences the roles of the Institute as well as being a major source of revenue.

The Institute has received funding and grants from the Tertiary Education Commission totalling \$68.045 million (2013: \$77.730 million) to provide education and research services for the year ended 31 December 2014.

The Institute also leases, at a nil rental amount, land and buildings legally owned by the Crown. Further information on the accounting for Crown-owned land and buildings is disclosed in note 1 under the heading 'critical judgements in applying accounting policies'.

Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities, the Institute is required to pay various taxes and levies (such as GST, PAYE and ACC levies) to the Crown and entities related to the Crown.

The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Institute is exempt from paying income tax and Fringe Benefit Tax (FBT).

The Institute purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and provision of goods and services to government-related entities for the year ended 31 December 2014 were \$4.0 million (2013: \$3.907 million). All purchases were conducted on an arm's length basis. The purchase of goods and services included the purchase of electricity from Meridian Energy Ltd, clinical placement for students at District Health Boards, research services from universities and other institutes, air travel from Air New Zealand and postal services from New Zealand Post. The provision of services to government-related entities mainly related to the provision of educational courses.

Related party transactions with subsidiaries

All members of the Group are considered to be related parties of the Institute.

The Institute invoiced the Unitec Apprenticeship Training Trust a total of \$20,949 (2013: \$28,352) for training and administrative services.

		Ancillary services provided to related parties \$000	Purchases from related parties \$000	Donation to related parties \$000	Amounts owed to related parties \$000	Amounts owed by related parties \$000
Unitec Apprenticeship Training Trust	2014	21	3	-	-	-
	2013	28	-	-	-	-
Unitec Trust	2014	-	-	-	-	-
	2013	-	-	-	-	-

20 Related party transactions (continued)

Outstanding balances at 31 December 2014 and 2013 are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the year ended 31 December 2014, the Group did not raise any provision for doubtful debts relating to amounts owed by related parties, as the payment history has been excellent (2013: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates in. When assessed as required the Group raises such a provision.

The Institute paid audit fees for the subsidiaries of Unitec Apprenticeship Training Trust and Unitec Trust.

Members of Council and key management

Mr E Van Arkel was a Council member and a trustee of the Unitec Trust.

Dr L Mathias is a Council member and a trustee of the Unitec Trust.

Dr R Ede is the Chief Executive and a trustee of the Unitec Apprenticeship Training Trust and the Unitec Trust.

Mr G Hodge was the Executive Dean of the Faculty of Technology & Built Environment and is a trustee of the Unitec Apprenticeship Training Trust.

S Haydon is a Council member and a trustee of the Unitec Trust.

Transactions with key management personnel

Key management personnel compensation

	Group		Parent	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Salaries and other short-term employee benefits*	2,546	2,611	2,546	2,611
Post-employee benefits	62	70	62	70
Termination benefits	84	106	84	106
	2,692	2,787	2,692	2,787

Key management personnel includes 12 senior executives of the parent and all members of Council. Councillors' fees are included in the above and separately disclosed in note 5g.

* Salaries and other short-term employee benefits are restated for 2013 to include the Councillors' fees.

20 Related party transactions (continued)

Related party transactions with Council members

During the year the following Council members were members of organisations that have entered into transactions with the Institute as part of normal operations. Council fees are included in the following table only when the payments were made to their companies.

Name of Council member	Company name	Director/ shareholder	Types of transactions	2014 Transaction amount (\$)	2013 Transaction amount (\$)	2014 balance date Amount (\$) owed to/by	2013 balance date Amount (\$) owed to/by
Payments:							
Anne Blackburn	Ten Gracie Square Ltd	Beneficiary and/or legal shareholder	Council fees	16,000	16,000	-	-
Anne Blackburn	Committee for Auckland	Director	Corporate membership fee, contributions to study	14,500	15,000	-	-
Anne Blackburn	The Boardroom Practice Ltd	Associate	Consultancy	6,000	-	-	-
Aroha Hudson	Te Hononga o Tamaki me Hoturoa	Director	Student fees refund	-	1,746	-	-
Dinu Harry	Bertelsen Harry Waters Ltd	Director	Council fees	8,000	16,000	-	1,533
E Van Arkel	Auckland Chamber of Commerce	Director	Membership fee and courses, events	17,230	1,600	-	-
E Van Arkel	The Warehouse	Director	Cleaning and office supplies	46	686	-	-
Kaye Turner	Manukau Institute of Technology	Chair of Council	Delivery of courses and miscellaneous	1,630	62,838	-	-
Kaye Turner	Waikato Institute of Technology	Consultant	Conference	560	977	-	-
Dr Lee Mathias	Manukau District Health Board	Chairman	Clinical placement	3,850	-	-	-
Dr Lee Mathias	Auckland District Health Board	Deputy Chairman	Clinical placement	29,861	-	-	-
Sarah Haydon	The Boardroom Practice Ltd	Associate	Consultancy	6,000	-	-	-
Receipts:							
Aroha Hudson	National Heart Foundation of NZ	Director	Grants	-	27,232	-	-
Aroha Hudson	Healthwest Ltd	Employee	Sponsorship	-	10,000	-	-
Charmian O'Connor	The Kate Edger Education Charitable Trust	Consultant	Scholarship, graduation	32,225	4,348	-	-
Kaye Turner	Waikato Institute of Technology	Consultant	Chair meeting, curriculum review fee, sponsorship, collaboration agreement meetings, catering	2,284	23,938	-	-
Kaye Turner	Manukau Institute of Technology	Chair of Council	Chair meeting, conference fee, rental charges, Advances in Materials & Processing Technologies initiative, purchase e-books, other	54,269	77,109	20,843	-

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2013:\$Nil).

20 Related party transactions (continued)

Related party transactions with joint ventures

Company name	Types of transactions	2014	2013	2014	2013
		Transaction amount (\$)	Transaction amount (\$)	balance date Amount (\$) owed (to) / by	balance date Amount (\$) owed (to) / by
Tepu Limited	Share of travel and related expenses	-	2,626	-	-
The Mind Lab Limited	Loans	1,020	-	1,020	-
		1,020	2,626	1,020	-

The Institute's joint venture loan of \$32,500 to Tepu Limited has been fully impaired in 2014.

The Institute's joint venture investment of \$235,000 in 'Stars In Her Eyes' has been fully impaired in 2014.

The Group's loan of \$1,020,000 to The Mind Lab Limited was impaired to \$753,000 in 2014.

21 Events after the balance sheet date

There were no post balance date events that would materially affect the Institute's financial statements for the year ended 31 December 2014. (2013: Nil).

22 Financial risk management objectives and policies

The Institute has a series of policies providing risk management for interest rate, foreign currency and credit.

The Group's financial instruments comprise bank loans, bank deposits, cash and short-term deposits. The Group has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Audit Committee reviews and agrees policies for managing each of these risks and they are summarised below.

The Group also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the year is discussed in note 22.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has fixed debts through finance leases. The Institute manages its interest rate risk with a majority of its exposure through utilisation of fixed interest rates.

Foreign currency risk

The Group has transactional currency exposures. The Group's exposure to such risk is minimal.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Institute and Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which give rise to credit risk.

The Institute and Group limits the amount of credit exposure to any one financial institution for term deposits to no more than 50% of total investments held. The Group invests funds only with registered banks that have a Standard and Poor's credit rating of at least A+ for short-term and AA- for long-term investments.

The Institute and Group holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

Concentration of credit risk

Financial instruments that potentially subject the Institute to concentrations of risk consist primarily of cash, short-term investments, accounts receivables and finance leases.

The Institute places its cash and short-term investments with high-credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to accounts receivables are limited due to the low level of revenue generated by customers other than the New Zealand Government.

Short-term investments

The Institute invests in call and short-term Bank deposits. Such investment funds are apportioned amongst such banking institutions to ensure that deposits with any particular institution do not exceed 50% of the total available investments at that point in time.

23 Financial instruments

Fair values

Short-term investments

The carrying amounts of all short-term investments are stated at the lower of cost or market value.

Accounts receivables

The carrying value of all accounts receivables as at 31 December 2014 is after making allowance for doubtful debts of \$320,072 (2013: \$311,275).

The estimated fair value of the Institute's financial instruments as at 31 December 2014 is not significantly different from the carrying value.

Financial instrument categories

A comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements at other than fair values is set out below.

	Carrying amount		Fair value	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Group				
Financial assets				
Cash	9,432	7,836	9,432	7,836
Trade and other receivables	3,502	3,556	3,502	3,556
	12,934	11,392	12,934	11,392
Financial liabilities				
Trade and other payables	8,614	8,972	8,614	8,972
<i>Interest-bearing loans and borrowings:</i>				
Obligations under finance leases and hire purchase contracts	2,790	2,559	2,790	2,559
	11,404	11,531	11,404	11,531
Parent				
Financial assets				
Cash	9,148	7,585	9,148	7,585
Trade and other receivables	3,412	3,435	3,412	3,435
	12,560	11,020	12,560	11,020
Financial liabilities				
Trade and other payables	8,546	8,926	8,546	8,926
<i>Interest-bearing loans and borrowings:</i>				
Obligations under finance leases and hire purchase contracts	2,790	2,559	2,790	2,559
	11,336	11,485	11,336	11,485

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Institute and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Flexibility in funding is maintained by keeping committed credit lines available.

The Institute and Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

23 Financial instruments (continued)

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1 - <2 years \$000	>2 - <3 years \$000	>3 - <4 years \$000	>4 - <5 years \$000	>5 years \$000	Total
Year ended 31 December 2014									
Group									
Cash	9,432	9,432	9,432	-	-	-	-	-	9,432
Trade and other receivables	3,502	3,502	3,502	-	-	-	-	-	3,502
	12,934	12,934	12,934	-	-	-	-	-	12,934
Parent									
Cash	9,148	9,148	9,148	-	-	-	-	-	9,148
Trade and other receivables	3,412	3,412	3,412	-	-	-	-	-	3,412
	12,560	12,560	12,560	-	-	-	-	-	12,560
Year ended 31 December 2013									
Group									
Cash	7,836	7,836	7,836	-	-	-	-	-	7,836
Trade and other receivables	3,556	3,556	3,556	-	-	-	-	-	3,556
	11,392	11,392	11,392	-	-	-	-	-	11,392
Parent									
Cash	7,585	7,585	7,585	-	-	-	-	-	7,585
Trade and other receivables	3,435	3,435	3,435	-	-	-	-	-	3,435
	11,020	11,020	11,020	-	-	-	-	-	11,020

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1 - <2 years \$000	>2 - <3 years \$000	>3 - <4 years \$000	>4 - <5 years \$000	>5 years \$000	Total
Year ended 31 December 2014									
Group									
Trade and other payables	9,014	9,014	9,014	-	-	-	-	-	9,014
<i>Interest-bearing loans and borrowings:</i>									
Obligations under finance leases and hire purchase contracts	2,790	3,025	1,641	1,385	-	-	-	-	3,025
	11,804	12,039	10,655	1,385	-	-	-	-	12,039
Parent									
Trade and other payables	8,945	8,945	8,945	-	-	-	-	-	8,945
<i>Interest-bearing loans and borrowings:</i>									
Obligations under finance leases and hire purchase contracts	2,790	3,025	1,641	1,385	-	-	-	-	3,025
	11,735	11,970	10,586	1,385	-	-	-	-	11,970

23 Financial instruments (continued)

	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1 - <2 years \$000	>2 - <3 years \$000	>3 - <4 years \$000	>4 - <5 years \$000	>5 years \$000	Total
Year ended 31 December 2013									
Group									
Trade and other payables	8,972	8,972	8,972	-	-	-	-	-	8,972
<i>Interest-bearing loans and borrowings:</i>									
Obligations under finance leases and hire purchase contracts	2,559	2,882	1,657	1,226	-	-	-	-	2,882
	11,531	11,854	10,629	1,226	-	-	-	-	11,854
Parent									
Trade and other payables	8,926	8,926	8,926	-	-	-	-	-	8,926
<i>Interest-bearing loans and borrowings:</i>									
Obligations under finance leases and hire purchase contracts	2,559	2,882	1,657	1,226	-	-	-	-	2,882
	11,485	11,808	10,583	1,226	-	-	-	-	11,808

Sensitivity analysis

The tables below illustrate the potential surplus or deficit and equity (excluding general funds) impact for reasonably possible market movements, with all other variables held constant, based on financial instrument exposures at the balance date.

Interest rate risk

	Group Actual 2014 \$000	Parent Actual 2014 \$000	+/- 1% Group Actual 2014 \$000	+/- 1% Parent Actual 2014 \$000
2014				
Cash and cash equivalents	9,432	9,148	94	91
	9,432	9,148	94	91
	Group Actual 2013 \$000	Parent Actual 2013 \$000	+/- 1% Group Actual 2013 \$000	+/- 1% Parent Actual 2013 \$000
2013				
Cash and cash equivalents	7,836	7,585	78	76
	7,836	7,585	78	76

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%. The other financial instruments of the Group and Parent that are not included in the above tables are non-interest bearing.

24 Capital management

The Institute and Group's capital is its equity, which comprises general funds, and property valuation. Equity is represented by net assets.

The Institute is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The Institute manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Institute's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the Institute's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

25 Major budget variances

Explanations of major variations against the budget are as follows:

Statement of comprehensive income

Government grants/student tuition fees/student services fees

Revenue from Government grants reflects the amount funded by the New Zealand Government (via the Tertiary Education Commission or 'TEC') for each domestic student.

Unitec Institute of Technology ('the Institute') also earns student tuition fees from each domestic or international student enrolled. For domestic students this is the portion not funded by the New Zealand Government and paid by the student themselves, while for international students it is the entire revenue received for the student for their tuition.

A student services fee is also collected from students to contribute toward the costs of non-core support services, including health, social and student community activities.

The budget for Government grants and domestic student tuition fees is set based on a target range agreed between the Institute and the TEC for the likely level of enrolments for the coming year. The Institute also estimates the level of expected international student enrolments and therefore International student tuition fees.

In 2014 there was a significant decrease in domestic student enrolments, continuing a trend that commenced in 2012. This was more severe than the Institute had predicted. This principally related to a strengthening New Zealand economy, with associated improved employment opportunities.

As a result, income from domestic students earned through Government grants and domestic student tuition revenue reduced in the 2014 year and was less than expected. This was partially offset by an increase in international student tuition revenue, reflecting continued growth in this market by the Institute. Government grants reduced by \$5.787 million, student tuition revenue for domestic and international students reduced by a net \$0.524 million and student services fees reduced by \$0.192 million.

Trading income

Trading income includes a range of services supplied directly by the Institute closely associated with, but not directly related to, tuition activities, including external activities by the Institute Copy Centre and the sale of houses constructed by students (recovering the costs of this tuition activity). The budget is the estimated likely income expected for the coming year.

Overall, trading income was higher than last year.

Interest income

Despite the decreasing student numbers the Institute has been able to improve its cash position during the year, with a resulting increase in interest income in 2014.

Other income

Other income includes a range of activities and services indirectly associated with our tuition activities, including lease and rental income, research, consultancy, etc.

Research revenue was lower than expected due to lower numbers of projects in 2014 and sale of houses was also lower than expected.

Personnel costs

Personnel costs reflect the direct and ancillary costs of employing staff. This includes wages and salaries, as well as benefits such as leave, KiwiSaver or employment costs, such as recruitment, relocation and redundancies.

The Institute budgets for these based on the level of domestic and international student tuition activity expected.

Underlying personnel costs related to student tuition were held to below budget, reflecting the reduced student activity. However, the reduction is smaller than the reduction in student numbers because the Institute must commit to teaching classes and programmes, to provide certainty to students, before final enrolments are known. This can result in teaching costs being incurred for smaller than expected class sizes.

During 2014 the Institute continued to undertake reviews of some programmes and other activities. This has resulted in restructuring costs of \$0.715 million being incurred in 2014 above the level budgeted.

The Institute has also invested in its long-term strategy, particularly costs associated with the development of its property strategy.

Depreciation and amortisation

Capital expenditure was tightly controlled and significant campus redevelopment projects originally budgeted in 2014 were deferred, resulting in lower depreciation expenses as compared with budget.

Trading expenditure

Trading expenditure has increased in line with activity.

Finance costs

Finance costs were lower than expected as there was no borrowing in 2014.

Administration costs and other expenses

Administration costs and other expenses were \$1.312 million higher than expected. This is principally related to higher professional fees related to business and strategy development.

Statement of financial position

Property revaluations

At the end of 2014 a desktop review of land and buildings was carried out by Beca Limited. The land and buildings values were not materially different from the 2013 full review and valuation by Beca Limited.

Cash and cash equivalents

The Institute has carefully managed its available cash reserves during 2014 in light of uncertainty associated with reducing student enrolments. In particular, capital expenditure has been tightly controlled and deferred where appropriate. As a result, cash holdings have increased to a level above that expected when the budget was prepared.

In addition, due to online enrolments and other initiatives, the Institute has increased the level of students prepaying for tuition, which is reflected in the cash holdings and the level of revenue received in advance (current liabilities).

As a result, the Institute also has no bank borrowings or overdraft at 31 December 2014.

Prepayments

Prepayments were at a similar level as 2013 at the end of 2014.

Property, plant and equipment

The variance to budget is due to less capital spending than expected in 2014.

Equity

The level of equity reflects the increase in surplus in 2014.

Statement of cash flows

Operating activities

The net cash flows from operating activities were \$6.810 million lower than the budget and was mainly due to lower levels of receipts from government grants and student tuition fees.

Investing activities

The net cash flows from investing activities were \$19.232 million higher than the budget and was mainly related to lower capital expenditure than budgeted.

Financing activities

The net cash flows from financing activities were \$4.309 million lower than the budget due to no borrowings in 2014.

Appendix

Student services fee

In accordance with the Education Act 1989, the Minister for Tertiary Education, Skills and Employment issues directions annually to providers relating to Compulsory Services Fees. Providers are required to comply with the Ministerial Direction, within given timeframes and ensure there are appropriate mechanisms for enrolled students to be involved in specific aspects of the process.

The direction allows for a student services fee or levy to be charged for some types of services and includes requirements to account separately for these fees. Unitec complies with this aspect by using a unique general ledger account for student services fees.

The direction also requires institutions to report a description of the services funded out of the fee and a statement of the fee income and expenditure for each type of student service in the institution's Annual Report, as well as, the levy charged per Equivalent Full-time Student.

The levy per EFT in 2014 was \$305 and the accompanying table provides an overview of the income and expenditure related to this.

The Direction also requires providers to make decisions jointly or in consultation with students or their representatives on the amount of the fee, the types of services to be delivered, how these are procured and how expenditure is authorised. Unitec consulted with students through the Unitec Student Council on these matters prior to providing a proposal to the Unitec Council for the setting and use of these fees for 2014.

Total income	2,340,153	2,258,839	81,314
Advocacy and legal advice	392,081	488,742	(96,661)
Careers information, advice and guidance	339,893	307,788	32,105
Counselling services and pastoral care	1,522,871	1,593,774	(70,903)
Employment information	77,000	95,000	(18,000)
Financial support and advice	63,750	26,463	37,287
Health services	238,007	398,295	(160,288)
Media	295,000	194,000	101,000
Childcare services	154,860	77,430	77,430
Clubs and societies	470,000	509,000	(39,000)
Sports, recreation and cultural activities	70,000	70,000	0
Total costs	3,623,462	3,760,492	(137,030)
Net cost to Unitec	1,283,309	1,501,653	(218,343)

Key staff statistics

Ethnic mix

British/Irish	4.95%
Chinese	6.03%
Fijian	2.09%
Indian	6.30%
Māori	7.57%
NZ/European/Pākehā	48.07%
Other	18.68%
Pasifika	6.31%
	100.00%

Age profile

Age band	All staff	Academic staff
20 - 29	44	7
30 - 39	229	85
40 - 49	297	137
50 - 59	317	182
60 - 69	199	125
70 - 79	22	19
80 - 89	1	1
Total	1,109	556

Occupational group

Occupational group	Full-time	Part-time
Academic	414	142
Allied	337	92
Management	116	8
Total	867	242

Our staff mix by gender

Female	616	55.55%
Male	493	44.45%
	1,109	100.00%

Our staff by department

Faculty/Directorate	Staff
Academic Development	97
Business Development	27
Creative Industries & Business	215
Finance & Infrastructure	39
Governance and External Relations	10
Office of the Chief Executive	10
Organisational Development	171
Social & Health Sciences	308
Strategic Property Development	45
Technology & Built Environment	187
	1,109

Total remuneration over \$100,000.00

Bands	Management	Academic	Other staff	Total
100,000 - 110,000	9	15	7	31
110,001 - 120,000	11	11	3	25
120,001 - 130,000	5	10	-	15
130,001 - 140,000	9	8	-	17
140,001 - 150,000	6	3	-	9
150,001 - 160,000	-	2	-	2
160,001 - 170,000	3	3	-	6
170,001 - 180,000	1	-	-	1
190,001 - 200,000	2	-	-	2
210,001 - 220,000	1	-	-	1
230,001 - 240,000	1	-	-	1
240,001 - 250,000	1	-	-	1
260,001 - 270,000	3	-	-	3
280,001 - 290,000	1	-	-	1
370,001 - 380,000	1	-	-	1
	54	52	10	116

Our staff remuneration by gender

Bands	Management			Academic			Other Staff			Total		
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
100,000 - 110,000	5	4	9	9	6	15	5	2	7	19	12	31
110,001 - 120,000	6	5	11	8	3	11	3	-	3	17	8	25
120,001 - 130,000	3	2	5	7	3	10	-	-	-	10	5	15
130,001 - 140,000	4	5	9	5	3	8	-	-	-	9	8	17
140,001 - 150,000	4	2	6	2	1	3	-	-	-	6	3	9
150,001 - 160,000	-	-	-	2	-	2	-	-	-	2	0	2
160,001 - 170,000	2	1	3	2	1	3	-	-	-	4	2	6
170,001 - 180,000	1	-	1	-	-	-	-	-	-	1	0	1
190,001 - 200,000	2	-	2	-	-	-	-	-	-	2	0	2
210,001 - 220,000	-	1	1	-	-	-	-	-	-	0	1	1
230,001 - 240,000	1	-	1	-	-	-	-	-	-	1	0	1
240,001 - 250,000	-	1	1	-	-	-	-	-	-	0	1	1
260,001 - 270,000	2	1	3	-	-	-	-	-	-	2	1	3
280,001 - 290,000	1	-	1	-	-	-	-	-	-	1	0	1
370,001 - 380,000	1	-	1	-	-	-	-	-	-	1	0	1
	32	22	54	35	17	52	8	2	10	75	41	116



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