



**Unitec**  
Institute of Technology  
TE WHARE WĀNANGA O WAIRAKA

ANNUAL  
REPORT  
**2015**





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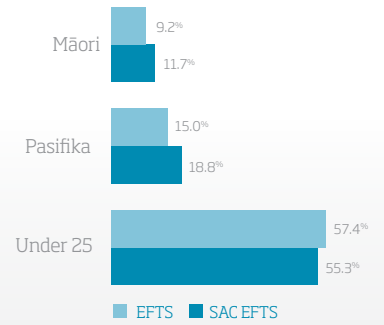
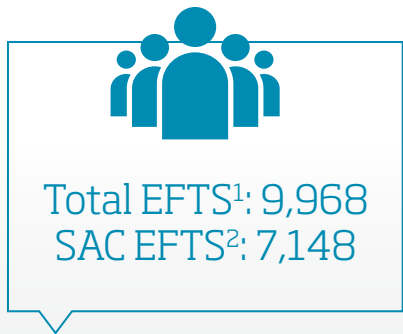
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Unitec aspires to be a world leader in contemporary applied learning and an agent of positive economic and social change.

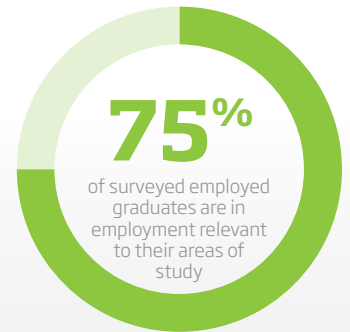
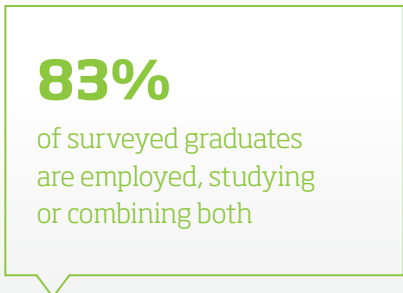
We enable better futures for students, communities, and public and private enterprise.



# Year in review



# Delivering skills for industry



# Māori, Pasifika and youth success

**MĀORI**  
10 out of 27 departments exceeded targets for course completion rates

**PACIFIC**  
9 out of 27 departments exceeded targets for course completion rates



# Research with impact



# Growing our international partnerships

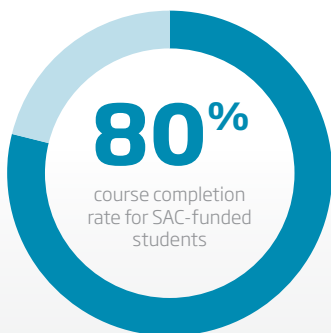
Computing received a \$93,000 grant for students to research the Internet of Things in China



<sup>1</sup>Equivalent full-time student  
<sup>2</sup>Student achievement component



International  
EFTS<sup>1</sup> 2,262



Construction lecturer  
Lara Tookey received  
an Ako Aotearoa  
Award for Tertiary  
Teaching Excellence

YEAR IN REVIEW

**More than 750 jobs**  
were created at the Concentrix  
and IBM Delivery Centres

**55,846 hours**

of work experience were accrued by  
students working at the IBM Delivery Centre

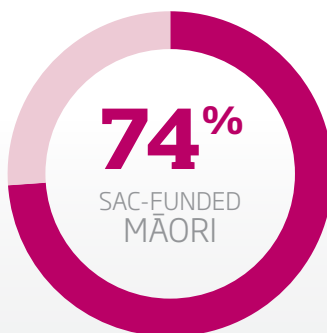


DELIVERING SKILLS

**60**

number of students who  
graduated from from the  
Māori & Pasifika Trades  
Training Initiative

**Course  
completion  
rates**



MĀORI/PASIFIKA/YOUTH

**Successfully bid**  
for the 2016 International  
Conference on Privacy,  
Security and Trust which  
will focus on cyber  
security



Hosted the  
Construction and  
Deconstruction  
Conference

RESEARCH WITH IMPACT

**Signed an agreement**

with the National Institute of  
Information and Communications  
Technology in Japan to deliver a dual  
doctorate in computing



Entered a new relationship  
with Al Khaleej Training and  
Education in Saudi Arabia,  
a leading training and  
education company



INTERNATIONAL PARTNERSHIPS



Unitec is transforming to stay at the forefront of rapid changes in the education environment and deliver better outcomes for students, communities, and public and private enterprise.

## Report from the Chief Executive and Council Chair

The needs of learners and employers are rapidly changing due to new technologies and increased expectations of relevance and value. To prepare graduates for tomorrow's workplaces, Unitec must do things differently.

Staying relevant requires contemporary approaches to learning and teaching that give learners the mix of technical knowledge and soft skills they require to meet employer needs. Adopting these new approaches requires transformative change that touches all aspects of the organisation: people, campuses, approaches to learning and teaching, and technology use.

This year significant progress was made in advancing the whole-of-organisation transformation programme that will enable such a significant level of change.

A whole-of-organisation transformation business case was completed and approved by the Unitec Council, following significant engagement with key Wellington agencies - especially the Tertiary Education Commission. The Secretary for Education granted approval for Unitec to take on the level of debt required to implement the transformation programme, and the Unitec Council signed off the first tranche of activities, including two large-scale building projects, and the financing arrangements with two major banks. Covenants were also negotiated with the Ministry of Education and banks to change how Unitec will report on financial progress in the coming year.

Capacity and capability building to support change of this scale was a priority, along with the development of new leadership and change management capabilities, and ongoing improvements to technology. Work also began on transforming student engagement, aligning the organisation with the key sectors of Auckland's economy, and building leadership to support collaborative and networked ways of working. The roll-out of new learning and teaching models continued, including the development and testing of prototype learning and teaching spaces to activate these new models. Work was also undertaken to better align programmes with the changing needs of industry, and significant investment was made in the capability development of teaching staff.

In the face of such significant change, it was also important to ensure the continued delivery of positive outcomes for students, communities, industry and employers.

Graduate outcomes improved slightly on 2014, with 75% of employed graduates working in jobs related to their areas of study. Several measures were developed this year that adjusted this rate to account for regional unemployment, graduates not actively seeking work, and differences in graduate aspirations. These new measures indicate that Unitec graduates are progressing into fitting jobs at the highest rate in four years, and that the increase in graduate employment is not solely due to improving economic circumstances but also reflects an improvement in work-readiness. A survey of employers revealed that in their experience Unitec students have the knowledge, skills and attributes required to do their current jobs, and are willing and able to develop and adapt to future workplaces.

### Financial position

As predicted, the number of domestic equivalent full-time students (EFTS) continued to fall this year as a result of improving employment conditions and ongoing demographic declines in the number of students leaving school. The Auckland economy continued to grow strongly, with a 1.5% increase in the employment rate.

Domestic EFTS numbers were down 5% on 2014, resulting in a \$2,310,000 reduction in SAC (Student Achievement Component) funding. Student fees conversely increased by \$440,000 due to course mix and fee increases cumulatively, and income from Unitec's domestic operations was down by \$1,432,000. This decline was effectively managed and offset by sustained growth in international EFTS numbers. Unitec is the largest international provider in the ITP (institutes of technology and polytechnics) sector and ongoing investment in reputation and relationship building with overseas partners has continued to pay off, with inbound student enrolments growing by 5% and international income increasing by \$5,965,000 over 2014.

Savings, mostly in depreciation, ensured that costs were controlled. Overall, total revenue increased by \$4,008,000, and the net result was \$1,221,000.

Of particular note this year, the Ministry of Education gave permission for Unitec to take on the level of debt required to implement the transformation strategy. Furthermore, from 2016 EBITDAR (earnings before interest, taxation, depreciation, amortisation and restructuring) will replace operating surplus as the core measure of operating performance, allowing more robust reporting on the actual health of financial operations in a period when there will be significant variations in debt levels.

In the longer term, Unitec's strategic goal is to create an endowment by maximising the use of its 64.5-hectare Mt Albert campus to fund the ongoing developments required to stay relevant in a rapidly changing sector.





Unitec is transforming to stay at the forefront of rapid changes in the education environment and deliver better outcomes for students, communities, and public and private enterprise.

## Report from the Chief Executive and Council Chair (contd)

The current-year financial statements are presented in a new format that removes unnecessary disclosures, with the resulting financial statements being easier to read and understand than they used to be.

### Meeting the needs of learners

Boosting the achievement of Māori and Pasifika students and equipping young people with the skills and qualifications they need to start their careers were ongoing focus areas in learning and teaching. This year course completion and progression rates were down slightly for Māori, Pasifika and under-25s, but this was in line with institutional results. Notably, progression was higher for Level 2 qualifications than Level 3, indicating the economy might be strong enough for those with Level 3 qualifications to gain employment. More positively, the percentage of students retained in study improved for Māori, Pasifika and youth. Further analysis will be undertaken to get a clearer picture of what is currently driving Māori and Pasifika success at Unitec.

During the course of the year significant progress was made with the use of the Student Net Promotor Score (NPS) and other survey tools to make targeted improvements to the overall student experience. This included addressing inconsistencies in some areas in the quality and style of teaching, refining the enrolment process, and improving facilities. Some of the feedback will be addressed more substantively through the implementation of key elements of the transformation programme.

This year also saw a redesign of the student engagement process to provide a faster, personalised and more consistent service for students. New technology to be introduced in 2016 includes a new student portal and app, live online chat, and an online relationship-management tool, with more self-service options. These will allow students to access services at times and places that suit them.

From April 2016, frontline customer services (enquiries and support for prospective and current students) will be delivered in partnership with Concentrix, a global customer service provider that works with a number of New Zealand clients including Westpac and Air New Zealand.

### Industry and community engagement

Aligning with industry is fundamental to Unitec's transformation, and work began on replacing the current faculties and academic departments with eight networks that align with the key sectors of Auckland's economy and the school system. These networks will be supported by new senior positions responsible for building relationships with industry and community stakeholders, and aligning Unitec's programme offerings to their needs. The networks have been designed to encourage collaboration, giving students the opportunity to learn in an environment that closely mirrors their future workplaces. These decisions were made following extensive consultation with staff and students and will be implemented in early 2016.



A number of new industry relationships were initiated. Unitec and New Zealand Police launched a new national distance-learning foundation training programme with 450 police trainees undertaking the programme in 2015. In March, the Unitec Computational Intelligence and Environmental Engineering Research Centre [see <http://www.unitec.ac.nz/about-us/ciee-research-centre>] was opened in partnership with NIWA (the National Institute of Water and Atmospheric Research), China's Wuhan University and Chinese technology company LJDY. The Centre will focus on improved environmental monitoring in Auckland. In December, a Skills Exchange was established at Auckland Airport in response to the Workforce Roadmap, a high-level roadmap of anticipated workforce growth in the Auckland construction sector for the next ten years. Run by the Auckland Construction Skills Alliance, comprising BCITO, Skills, Competenz, Connexis, Manukau Institute of Technology (MIT) and Unitec, the Skills Exchange offers a range of training opportunities for employees of the airport expansion project.

The existing relationship with Concentrix and IBM through the Delivery Centres on Unitec's Mt Albert campus continued to thrive. By mid-year the number of people employed at both Centres exceeded 750, with more than 300 being Unitec students supporting the live, learn, work and earn philosophy.

### Learning and teaching

Work continued this year on further developing and testing new learning and teaching models that will be adopted by all Unitec programmes in the next three years. The models offer a mix of on-campus, online, and work-based learning opportunities, and employ innovative practices such as team-and-project-based learning, gamification and studio-based learning. They are designed to enhance the learning process and build vital skills such as teamwork, problem-solving and collaboration.

Two prototype learning and teaching spaces were created at the Mt Albert campus to test the new models in flexible, collaborative and technology-enhanced spaces. Evaluation, including feedback collected from staff and students, has informed the development of further spaces as the redevelopment of the Mt Albert campus progresses. Data collected to date indicates that students are responding very positively to the new approaches, particularly the more interactive teaching styles.

A new capability centre, known as Te Waka Urungi, was established in July to better align programmes with the changing needs of industry and ensure they reflect new approaches to learning and teaching. The team is also working with teaching staff to ensure they have the capabilities required to deliver the new learning and teaching models. Professional development will continue through 2016, with the goal of up-skilling all staff by the end of 2018.



YEAR IN REVIEW

DELIVERING SKILLS

MĀORI/PASIFIKA/YOUTH

RESEARCH WITH IMPACT

INTERNATIONAL PARTNERSHIPS



Unitec is transforming to stay at the forefront of rapid changes in the education environment and deliver better outcomes for students, communities, and public and private enterprise.

## Report from the Chief Executive and Council Chair (contd)

The Mind Lab by Unitec is an exemplar of contemporary applied learning in action and this year expanded to Gisborne, Rotorua, Whanganui, Wellington and Christchurch. A total of 754 teachers undertook the Postgraduate Certificate in Applied Practice (Digital and Collaborative Learning) across all six Labs, with Next Foundation scholarships allowing most to study at no cost.

### Property redevelopment

Mid-year, resource consent was granted for the development of a much more compact campus within nine hectares at the southern end of the existing Mt Albert campus. The \$250 million project will get underway in early 2016 with a new student hub and the development of a trades, engineering and construction facility.

Earlier in the year prototype spaces were created to test new ways of learning and working. These included two learning and teaching spaces, a refurbished area in the Hub, and a new open-plan working space for staff. Feedback from staff and students has been included in plans for the new campus.

Ongoing engagement with the local community informed proposed plans for the remainder of the Mt Albert site, which were submitted through the Proposed Auckland Unitary Plan. Unitec's vision is to make a significant contribution to Auckland through the development of a vibrant urban precinct where students, staff and the local community can live, learn, work and earn. The Unitary Plan hearing is expected to take place in February 2016, and in October Unitec initiated a formal mediation process to give local residents the opportunity to consider the evidence and information gathered to date.

In the latter part of the year the Wairaka Land Company was created as a wholly owned, special purpose vehicle to implement the property strategy. The Wairaka Land Company will be the master developer responsible for developing the new compact campus at the heart of the proposed new precinct. As well as driving the campus transformation plan, the Wairaka Land Company Board will be accountable for providing good governance for advice on the urban redevelopment, and supporting significant engagement with staff and the wider community.

### Organisational and workforce development

A new leadership model to encourage networked and collaborative ways of working was developed for implementation in 2016. It will connect staff and students across the eight new networks and create leaders at all levels of the organisation who can support transformation. A new approach to working collaboratively was trialled successfully by a number of teams for roll-out in 2016. The executive leadership team will role model new ways of working, and some changes were announced in December to align their positions with changes happening across the organisation.

A Programme Management Office was established to oversee and co-ordinate the management of transformation activities and a Transformation Director was appointed. This role will focus on the governance and delivery mechanisms for transformation, and continue to build change-management capabilities.

Technology upgrades progressed, with a number of new tools put in place to help enable transformation, including Office 365. Looking to 2016, Windows 10 and Office 2016 will be introduced alongside Skype for Business.

A significant number of staff were affected by the transformation in 2015, with some reductions in overall staffing levels. In line with Unitec's commitment to supporting all staff through this major period of transformation, voluntary redundancy was offered and taken up by a number of people.

Staff wellness was a high priority, with all staff offered a range of support services for mental and physical health. A more comprehensive wellness programme will be launched in 2016.

### Looking ahead

Transformation of this scale is challenging, but necessary if Unitec is to remain relevant in a rapidly changing environment. It has been a particularly difficult year for staff, who have been asked to absorb a large amount of change while at the same time build new capabilities and meet operational, financial and education targets.

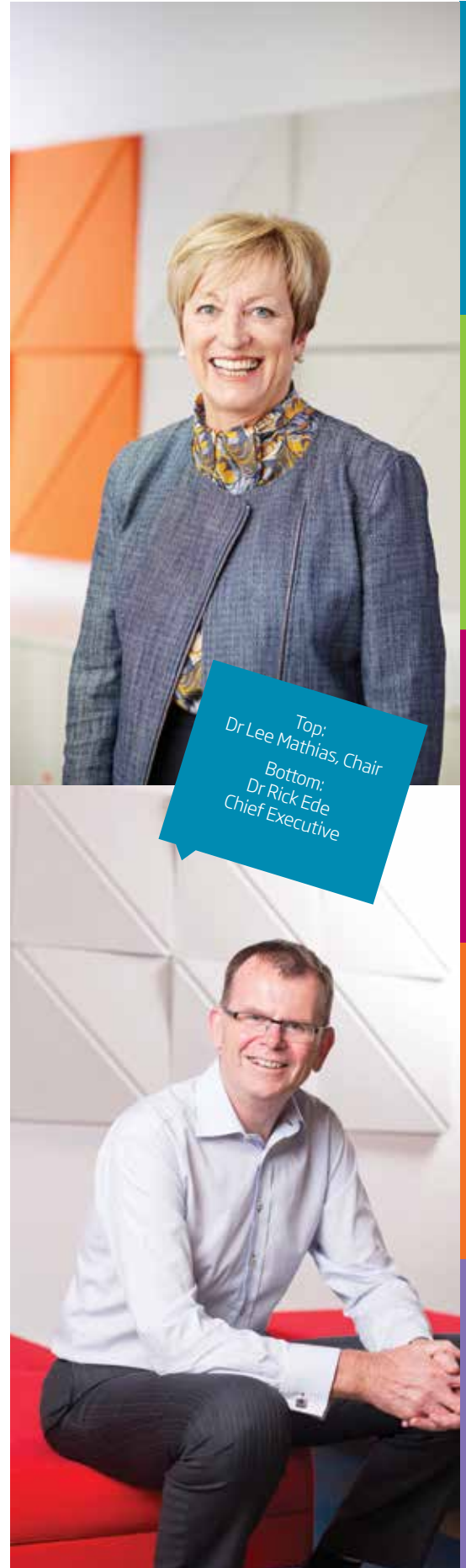
In 2016 the transformation programme will focus on strong programme management and good governance. Student outcomes and staff engagement will remain top priorities.

The continued support of dedicated staff and industry partners will ensure that transformation is a success, allowing Unitec to become a world leader in contemporary applied learning and achieve better outcomes for students, communities, and public and private enterprise.

Thank you to everyone who supported Unitec this year.

**Dr Rick Ede**  
Chief Executive

**Dr Lee Mathias**  
Chair



YEAR IN REVIEW

DELIVERING SKILLS

MĀORI/PASIFIKA/YOUTH

RESEARCH WITH IMPACT

INTERNATIONAL PARTNERSHIPS

# DELIVERING skills for industry



75%

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

Preparing our graduates for success in tomorrow's workplaces is at the heart of what we do, ensuring that we meet the needs of employers and support the growth of our industries and communities.

## The Mind Lab by Unitec expands

The Mind Lab by Unitec expanded to Gisborne, Rotorua, Whanganui, Wellington and Christchurch this year, bringing the total number of Labs to six including Auckland.

A unique education collaboration between Unitec and a specialist education lab, The Mind Lab by Unitec works to enhance digital literacy capability and supports the implementation of contemporary practice in the teaching profession.

In the next five years The Mind Lab aspires to upskill 10,000 (or one-sixth) of the country's teachers through the Postgraduate Certificate in Applied Practice (Digital and Collaborative Learning). The Labs also have the capacity to teach 12,000 school pupils a year.

A total of 754 teachers undertook the Postgraduate Certificate this year, with Next Foundation scholarships allowing 733 to study at a heavily reduced cost. The benefits for teachers are immediate, as they are able to apply their learnings in the classroom while they are still studying. A number of graduates chose to continue their study with work-based research projects at master's level, a trend that looks set to continue in 2016.

The Mind Lab has gone from strength to strength since it opened in 2013, and was recognised once again this year at the 2015 NZ Hi-Tech Awards, where it was highly commended in the IBM Most Innovative Initiative Award.

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"There are big changes happening in education at the moment. I'm in a school that is beginning the journey of developing a modern learning environment and practice. This course is relevant and very worthwhile as part of our journey. The opportunity to share experiences with others who are at different points on the journey is priceless."

*Ange Hide, teacher and student at The Mind Lab by Unitec.*

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### Delivery Centres continue to grow

The Concentrix and IBM Delivery Centres on Unitec's Mt Albert campus continued to grow much faster than anticipated. By the end of the year, the number of people employed at both Centres exceeded 750, with more than 300 being Unitec students.

Delivery Centre staff provide call centre, back-office and IT support services, including business analysis and the development and testing of apps, for a range of national and international clients. For Unitec students it's an opportunity to combine the experience of working alongside experienced staff with mentoring, internships and graduate hire programmes.

This year, more than 90 Unitec students also benefited from three new courses designed and delivered by IBM: Agile and Lean Software Delivery, Cloud Application Design and Development, and Advanced Mobile Programming.



Top: Concentrix and IBM Delivery Centres  
Bottom: A Student at The Mind Lab by Unitec

770 people worked at the Delivery Centres in 2015 - more than 300 were Unitec students



72% of Unitec students who worked at the Delivery Centres transitioned into jobs upon graduation

754 teachers undertook the Postgraduate Certificate in Applied Practice (Digital and Collaborative Learning)



# CASE STUDY

## Employers value experience gained at Delivery Centres

When Craig Patterson recruits new staff for his team, he is looking for more than qualifications.

As the Marketing Manager for the Australia and New Zealand branch of global hardware company Allegion, he looks for well rounded people with the soft skills like teamwork and communication needed to succeed in a corporate environment.

So when recruiting for a new online marketing assistant, Unitec Bachelor of Business graduate Adila Khan's application stood out. Not only did she have the right education, her work experience at the Concentrix Delivery Centre set her apart.

"When I'm looking for employees I'm definitely looking for experience, even more so than education. You can have people who do really well at university but don't know how to work or operate in a team, especially in a client-facing role."

Khan spent more than a year working at the Delivery Centre, gaining experience with a Fortune 500 company and supporting one of New Zealand's iconic brands. She believes the valuable experience she gained could only have been achieved through work.

"I'd always worked in small businesses, but Concentrix, is a big business and it taught me how to cope in that environment, be part of a big team and understand how it works."

Her story demonstrates the value of the partnership between Unitec, IBM and Concentrix which specifically aims to develop work-ready graduates.

## Skills Exchange at Auckland Airport gets underway

The newly established Skills Exchange at Auckland Airport is the first of its kind in New Zealand, and was developed in direct response to the Workforce Roadmap for Auckland's construction and infrastructure sector.

The Workforce Roadmap is a high-level roadmap of anticipated workforce growth in the Auckland construction sector in the next ten years. It is intended as a tool for tertiary vocational education providers to help them better respond to industry workforce needs.

Run by the Auckland Construction Skills Alliance, comprising BCITO, Skills, Competenz, Connexis, MIT and Unitec, the Skills Exchange offers a range of training opportunities for contractors and their employees at the airport expansion project. Where possible training is provided on site in a hands-on learning environment.

Employees benefit from getting the skills they need to stay relevant and progress to more senior roles, which in turn opens up entry-level positions for new apprentices, graduates and other people entering the workforce. Auckland Airport benefits from having a workforce with the skills required to deliver on its large-scale expansion project.

The Alliance is also working with Auckland Airport to map the specific construction workforce needs for the duration of the project, which is projected to be around 20 years.

It is intended that the Skills Exchange concept will be replicated in other construction and infrastructure projects in Auckland in the coming years.

## Delivering distance learning for New Zealand Police

Unitec was privileged to be selected to deliver New Zealand Police's national distance-learning course for new recruits across the country.

Starting this year, applicants for the Police training programme must complete a 12-week, specially designed distance-learning course through Unitec to be eligible for appointment as Police recruits.

The Faculty of Social and Health Sciences is delivering the programme, which includes culture and community development, professional police practice, crime prevention in New Zealand, and police investigation and communication.

Applicants from across New Zealand will complete the course prior to entering the residential phase of training at the Royal New Zealand Police College in Porirua. Unitec has considerable experience in this area, having run an optional pre-policing programme for 11 years.

“We are pleased with the appointment of Unitec for the delivery of the pre-police college distance learning programme. This is the first step in preparing applicants for the realities of the complex operational environment.” *Superintendent John Price, National Manager: Training and Development at New Zealand Police.*

“We understand the rigorous recruitment process required for those professionals who will work closely with families and whānau in our communities, and the physical, academic and literacy requirements of those entering these challenging frontline roles,” *Wendy Horne, Executive Dean of the Faculty of Social and Health Sciences.*



450



intending police trainees undertook the programme in 2015, with a success rate of 94.5%



Graduate Adila Khan now works for global hardware company Allegion

Three construction graduates won New Zealand Institute of Building awards



# MĀORI, PASIFIKA and youth success



## MĀORI

10 OUT OF 27

departments exceeded  
targets for successful  
course completion rates

## PACIFIC

9 OUT OF 27

departments exceeded  
targets for successful  
course completion rates

We are committed to boosting the achievement of Māori and Pasifika students and equipping young people with the skills and qualifications they need to start their careers.

### Unitec joins Ngā Pae o te Māramatanga

This year Unitec officially became a partner entity in Ngā Pae o te Māramatanga (NPM), the Māori Centre of Research Excellence funded by the Tertiary Education Commission and hosted by The University of Auckland.

NPM has 21 partner research entities that conduct research of relevance to Māori communities, and is an important vehicle for New Zealand to stay relevant in global indigenous research and affairs.

NPM's research is underpinned by its vision of Māori leading New Zealand into the future. It is focused on realising the creative potential of Māori communities and bringing positive change and transformation to the nation, and the wider world.

A new position is being established at Unitec in 2016 that will focus on the growth of Māori research.

### First cohort of Māori and Pacific trades students graduate

Almost 100 Māori and Pacific trades students from Unitec and MIT were celebrated at an event at Ngāti Whātua-o-Orākei marae in June, with special guests the Honourable Dr Pita Sharples and MP Alfred Ngaro.

They were the first cohort to take up scholarships offered through the Māori and Pasifika Trades Training initiative, launched last year, which encourages more Māori and Pacific rangatahi (youth) into the trades.

A group of 40 students started their trades training at Unitec in 2014, and due to their success the number of places increased to 70 in 2015.

In September, Unitec and MIT teamed up to launch "Pasifika in Industry", a breakfast to raise awareness of the Training Initiative amongst employers and encourage them to employ Unitec and MIT graduates. The breakfast was supported by Auckland Mayor Len Brown and Hon Dr Pita Sharples.



### Pathways West continues to grow

The Pathways West initiative continued to deliver strong results for participating students this year.

Delivered in partnership with Waitemata District Health Board, the New Zealand Career College and four West Auckland secondary schools (Green Bay High School, Massey High School, St Dominic's Catholic College and Waitakere College), the initiative provides visible study and career pathways for young people.

Students have the opportunity to earn NCEA credits in a tertiary environment and in the workplace, while also learning at school. This year, students were able to choose between two pathways: health and early childhood education.

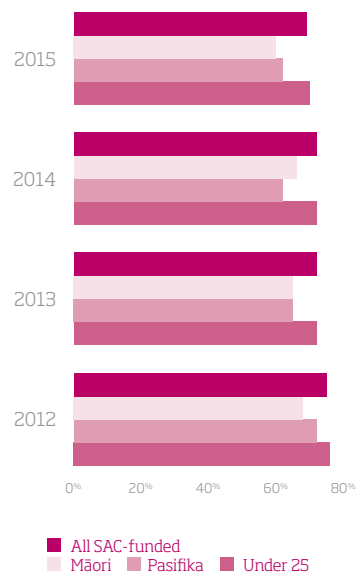
Providing clear pathways to employment for young people is a high priority for Unitec, and this year plans were put in place to develop and deliver a much more comprehensive vocational pathways programme in 2016 and beyond.



Māori and Pasifika students made up nearly a quarter of the student body in 2015

50 students studied at Unitec through the Pathways West initiative in 2015

Percentage of Māori, Pasifika and under-25 students retained in study



60



Unitec students graduated from the Māori & Pasifika Trades Training Initiative in 2015

# CASE STUDY

## Inspiring young street artists

Unitec's Department of Design and Contemporary Arts is helping to reduce graffiti and vandalism in Henderson by working with local youth to create vibrant public murals. Funded by Auckland Council, with support from Unitec, the Henderson Youth Art Project (HYAP) came about in response to the Council's Graffiti Prevention Plan.

"Auckland Council identified ten graffiti vandalism hotspots in the region and looked to partner with organisations to reduce vandalism," says Brian Taylor, Community Safety Programme Manager for Auckland Council.

"Unitec was a perfect fit as it was looking to do an arts project with young people in that community. We provided funding to Unitec to deliver a 12-month project activating community spaces with young people."

Unitec Academic Leader Paul Woodruffe says that HYAP works to reduce graffiti in the Henderson town centre by offering constructive alternatives for local youth.

"Essentially we are creating a safer and more vibrant town centre by channelling the creative impulses of youth in positive ways."

With just under 25% of 15-to 24-year-olds in the Henderson-Massey area not in training, education or work, the project also aims to reduce this figure by creating pathways for local youth into tertiary study.

"Aside from Auckland Council, we also partnered on this project with the Kākano Youth Arts Collective, an art programme for youth in West Auckland. The Collective identifies local youth who are interested in using their creative talents to pursue tertiary education, but who perhaps lack the exposure or knowledge to get there.

"We then hold workshops at Unitec with the kids involved, which offer exposure to learning and campus life, as well as providing participants with a collection of work they can use in their tertiary entrance portfolios."

Mandy Patmore, Creative Director of the Kākano Youth Arts Collective, says the project has already been a huge success, with two of her students set to apply for design and contemporary arts courses at Unitec.

"HYAP has given direction to the youth involved in the project," says Patmore. "Working with students and staff from Unitec has really shown them a potential pathway for the future. In the process, we have also managed to add a whole lot of colour and coolness to Henderson!"





YEAR IN REVIEW

DELIVERING SKILLS

MĀORI/PASIFIKA/YOUTH

RESEARCH WITH IMPACT

INTERNATIONAL PARTNERSHIPS

# RESEARCH with impact



# 21

## RESEARCH PROJECTS

were funded by industry through the Metro Group research and enterprise voucher scheme

We focus our applied research on areas that will have the most benefit for the New Zealand economy, environment and community.

### **Cyber security and applied molecular solutions lead the way**

This year it was announced that cyber security and applied molecular solutions will be two priority areas for research at Unitec until 2020. A third area will be announced in 2016.

Unitec's Cyber Security Research Centre, launched in 2012 in partnership with Japan's National Institute of Information and Communications Technology (NICT), has already celebrated some significant achievements. Last year it attracted Unitec's largest ever research grant - a share of the \$10 million grant for the STRATUS cloud security project being led out of the University of Waikato. This year a system designed to alert companies and organisations to cyber hacks as soon as they happen was launched in March, and the team successfully bid for the 2016 International Conference on Privacy, Security and Trust, which will focus on cyber security issues.

Applied molecular solutions will take advantage of the explosive growth in the availability of genetic data to unlock our understanding of the world around us. Unitec is well placed in this field and has access to cutting-edge genomic platforms through an established collaboration with Massey University. The vision within this focus area is to solve applied problems using biomolecular approaches. It will concentrate on three key themes - biodiversity assessments, detection of pest species and pathogens, and genetic causes and spread of animal diseases.

### **New collaboration with China in environmental computing**

Opened in February this year, the Computational Intelligence and Environmental Engineering Research Centre is undertaking cutting-edge research that will help the Unitec Department of Computing and Information Technology to become an industry leader.

Based at Unitec, the centre is a partnership between Wuhan University and high-tech company LJDY in China, and Unitec and NIWA in New Zealand.

Combining remote sensing and the Internet of Things with environmental engineering, the Centre will develop tools and technology that can be used to address problems such as air and water quality in New Zealand and China. The Centre will also produce intellectual property that will create export opportunities for New Zealand companies.

“This is an opportunity not just for Unitec but for the whole of New Zealand. It takes us in the direction that the New Zealand Government wants: the creation of export markets for New Zealand companies.” *Professor Hossein Sarrafzadeh, Unitec’s Head of Computing.*

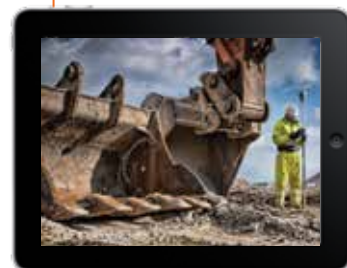


Top: Unitec staff working in applied molecular solutions  
Bottom: Unitec’s Head of Computing and cyber security expert, Professor Hossein Sarrafzadeh

**Successfully bid** for the 2016 International Conference on Privacy, Security and Trust



Hosted the Construction and Deconstruction Conference



# CASE STUDIES

## Molecular methods help measure success

Molecular methods are increasingly being used to measure properly how a restored ecosystem is performing. It is technology that Unitec natural sciences lecturer Dr Stephane Boyer says can make a significant difference to conservation and ecological restoration.

The focus of his current research activity is on developing better ways of restoring mining areas after the machines have moved on.

“The idea is to use some of the recent molecular methods like high-throughput DNA sequencing to give a more accurate and non-subjective idea of restoration success. The way people look at restoration success has mostly been to look at how many plants have come back, and how much vegetation cover they get after a few years.

“But this doesn’t tell you whether the ecosystem actually functions as well as it did and whether all the things in the soil and environment – the species like invertebrates, fungi and microbes – are still there.”

Dr Boyer aims to assess how ecosystems that have been translocated to make way for coal mining on the West Coast have been restored, particularly at the Solid Energy-owned Stockton, New Zealand’s biggest coal mine.

According to Solid Energy Environment Manager Phil Rossiter, a huge amount of time, effort and resources is invested in mine rehabilitation, so the effort must result in effective and enduring outcomes. He says the company would be interested in the results of the study Boyer is proposing.

## Cyber security moves forward

A system designed to alert companies and organisations to a cyber hacks as soon as they happen was launched in March by Unitec and NICT Japan. A New Zealand first, it is now available free for selected not-for-profit organisations ahead of a wider release in 2016.

Designed to help protect any network that is connected and subscribed to it, the Red Alert System issues an alert as soon as a hack takes place. It detects intrusions, notifies the victim and provides a report that includes the type of attack, the part of the network infected and a list of experts who can help resolve the issue.

Paul Ash, Director of the National Cyber Policy Office, acknowledges the contribution that Unitec is making to cyber security in New Zealand.

“It is good to see Unitec taking the initiative to develop technical innovations such as the Red Alert System to help defend networks,” he says. “The private sector and academic institutions play an important role in advancing cyber security.”



### Metro Group research and enterprise voucher scheme

This year the Metro Group launched a funding programme allowing small to medium businesses and non-government organisations to tap in to the research capabilities held by the country's biggest ITPs. The voucher scheme will see grants of up to \$5,000 provided to businesses willing to match that amount to create research profits. Not-for-profits and community groups can also have their projects fully funded by ITPs.

Closer links between the ITPs and the government and community groups they work with will have benefits for all parties. Researchers will gain valuable experience working on projects that are answering specific questions for industry, while external partners will receive funding for support and for guidance on research projects.

This is an exciting development for Unitec that will help forge quality links with businesses and ultimately build better industry connections for our students.



Dr Kristie Cameron (left) and Dr Diane Fraser (right), both from Unitec, are working with Peter Visser from Key Industries (middle) to test a new "Bird Free" product for businesses such as cafes that want to deter birds

## Natural Sciences



worked closely with two industry groups on research related to bird repellents and native plants under the voucher scheme



The "Bird Free" project is part of the Metro Group research and enterprise voucher scheme

# GROWING OUR international partnerships



**\$93,000** *ll*

Computing received  
a \$93,000 grant for  
students to research  
the Internet of Things  
in China

International partnerships are an important growth area for Unitec, especially as Auckland becomes increasingly multicultural.

## Strengthening links with Japan, China and Korea

This year Unitec continued to foster and grow strong relationships with a number of educational institutions in both Japan and China.

- Unitec and NICT Japan signed an agreement to deliver a dual doctorate in computing, allowing students from New Zealand and Japan to study in both countries. The Computing Department also received a \$93,000 grant for a group of students to engage in research on the Internet of Things at a number of Chinese institutions.
- Unitec's Department of Education developed strong partnerships with Xi'an University and Hangzhou Polytechnic in China for joint teaching and research. In future the partnership will likely grow to include the offshore provision of professional development.
- An existing arrangement with Shandong University of Finance and Economics in China was extended, allowing its students to study at Unitec for two more intakes.
- Following the launch of a new partnership in 2014, the Department of Performing and Screen Arts (PASA) strengthened ties with the Shanghai Theatre Academy, with students visiting Auckland to take part in the 48HOURS film competition with mentoring from Unitec staff. PASA also hosted the China Film Group, China's largest and most important film studio. The purpose of this visit was to explore co-production opportunities.
- Language Studies strengthened linkages with a number of Korean and Japanese universities through the hosting of visiting study groups experiencing classroom teaching and work placement.

## New relationship in Saudi Arabia

Unitec was pleased to enter a new relationship with Al Khaleej Training and Education in Saudi Arabia, a leading training and education company. The relationship is based on teacher training, and in September a train-the-trainer workshop was held in Bahrain. In 2016 the teachers involved in the programme will practise and reflect on their learnings and develop a portfolio of work with peer and instructor reviews undertaken online.



# CASE STUDIES

## Exploring the Internet of Things

A group of Unitec students were awarded Prime Minister's Scholarships for Asia to extend their knowledge of and gain expertise in the Internet of Things. In December they travelled to China's Wuhan University and Chongqing University of Science and Technology to learn from those at the forefront of the coming wave of internet connection.

Unitec's Head of Computing, Professor Hossein Sarrafzadeh, says that by 2020 there will be 80 billion connected devices in the world, up from around 42 billion today.

"Current adoption is low, although the propaganda has been very big," he says of the Internet of Things. "But there are huge opportunities to optimise physical assets, differentiate new products and services and transform customer engagement."

He sees healthcare, transportation, education, security and surveillance as areas particularly ripe for Internet of Things disruption.

"It's an area that is not widely understood, so our students learnt what the latest developments are and what some of the implications will be. China has just passed cyber security legislation to protect its citizens from cybercrime - other countries are sure to follow."

Unitec Bachelor of Computing Systems student James Donaldson, 20, was one of the students on the trip. He is specialising in cyber security and networking and sees many potential pitfalls that need to be understood, especially around consumer privacy.

"I'm keen to look at the security repercussions of the Internet of Things and the impact on the world in future if fridges and ovens are connected to the internet," he says.

"What happens if those fridges store data and sell that information to companies, to Coca-Cola for example, about how much you consume? Another problem is that different governments have different laws on privacy, so how do we establish permissions on those products? The United States wants to know all about its citizens."

## 48HOURS film competition

A delegation of ten students and three teachers from the Shanghai Theatre Academy was welcomed to Unitec in April by PASA. The group took part in the 48HOURS Furious Filmmaking competition in Auckland.

The visiting students were here to gain experience in a different filmmaking environment and learn new techniques, and PASA tutors provided mentoring through a number of filmmaking workshops to prepare them for the competition. Several of the tutors involved have vast experience in 48HOURS, including filmmaker Robin Gee and actor Will Wallace, who have both been award winners in past competitions.

It was the third year that the Shanghai Theatre Academy had sent a group of film students to New Zealand to participate, and student Lu Zhiyao said he was excited to be back in Auckland and was determined to do well in this year's competition.

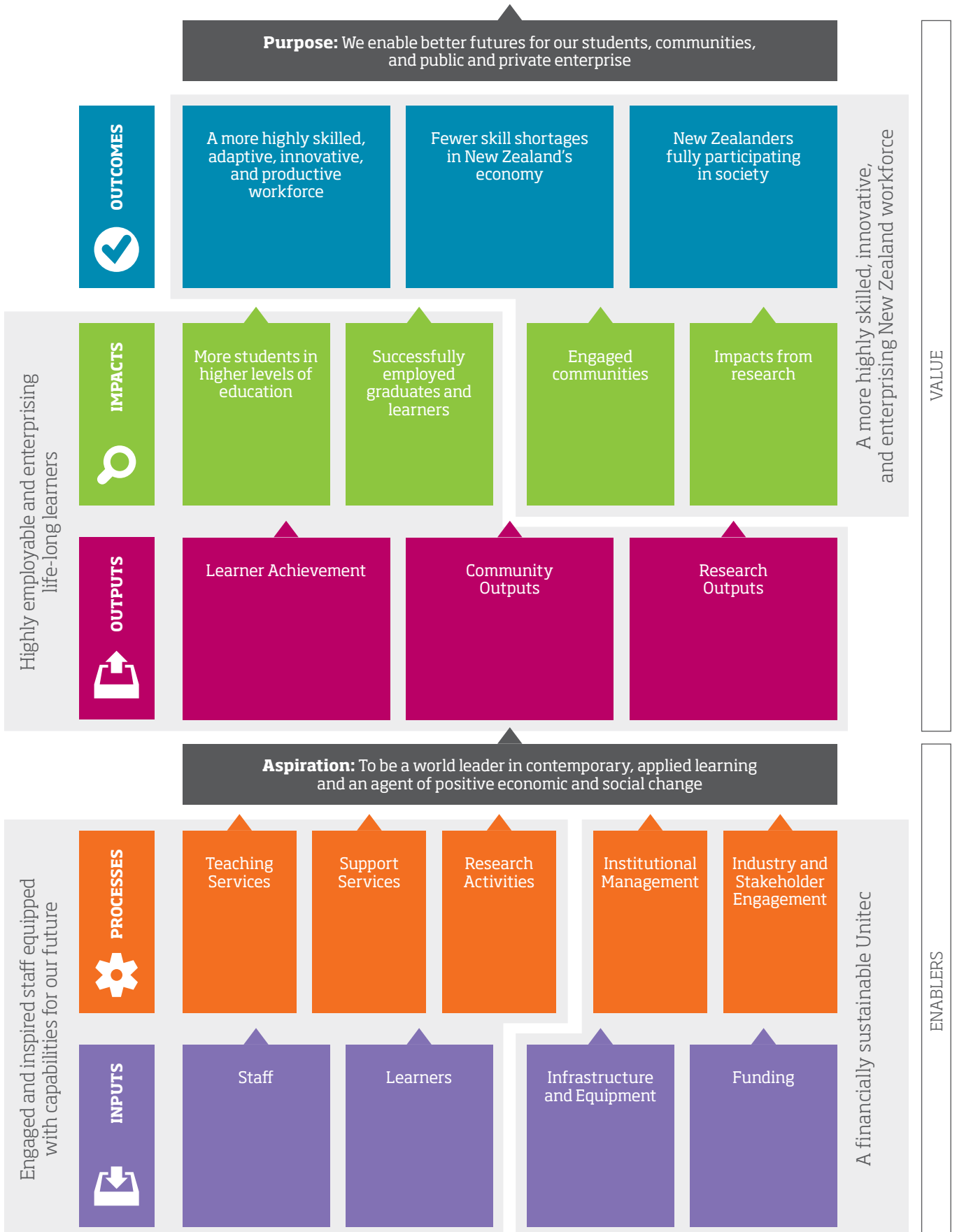


Unitec students during their trip to China to research the Internet of Things

# **STATEMENT** of Service Performance

for the year ended 31 December 2015

# 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*. Our outcomes framework allows us to meet our requirements under Section 159P of the Education Act 1989 as well as guidance from the Tertiary Education Commission.

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 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.

The diagram on page 27 also shows the linkages between our outcomes framework and Unitec's strategy in the form of our aspiration, purpose and critical success factors. Our purpose sits above our outcome statements, whereas our aspiration fits between processes and outputs. Our four critical success factors sit at various levels of the framework, depending on their specific nature, and are:

- A more highly skilled, innovative, and enterprising New Zealand workforce;
- Highly employable and enterprising life-long learners;
- Engaged and inspired staff equipped with capabilities for our future;
- A financially sustainable Unitec;

Whereas the outcomes framework is focused on Unitec's contribution to New Zealand and the government's return on investment, our strategy is focused more specifically on our particular goals and priorities.

We contribute to Tertiary Education Strategy priorities at multiple levels of the framework, notably:

- Delivering skills for industry: Successfully employed graduates and learners
- Getting at-risk young people into a career: Learner Achievement and Successfully Employed Graduates and Learners
- Boosting achievement of Māori and Pasifika: Learner Achievement
- Improving adult literacy and numeracy: Teaching Services and Learner Achievement
- Strengthening research-based institutions: Research Activities and Research Outputs
- Growing international linkages: Learners.

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 due to corrections of previous estimates with final data. Footnotes are provided in those cases showing what was historically reported.

Measures that are Educational Performance Indicators are noted with (EPI) in brackets. Measures that were not included in our 2015/16 Investment Plan are marked with an asterisk (\*). They are included to provide a more comprehensive picture of our performance for the year. Service performance reporting reflects results for the Unitec Institute of Technology parent only, not the group (including subsidiaries and other controlled entities).

Owing to the nature of the educational year, some performance information is provisional only. This is footnoted, and is primarily related to specific EPIs. N/A means "not applicable"; a dash "-" is used where data is not available.



**OUTCOME ONE:**  
A more highly skilled, adaptive, innovative, and productive workforce

**CONTRIBUTES TO:**  
N/A

**ENABLED BY:**

- Successfully employed graduates and learners
- Impacts from 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

	2012	2013	2014	2015
Change in Auckland Economy*	<b>2.9%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>3.5%</b> <sup>1</sup>
Auckland Unemployment Rate*	<b>7.7%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.2%</b> <sup>2</sup>

### Commentary

The Auckland economy continues to expand, with growth greater than that at the national level (2.8% using an equivalent measure). This economic growth has been partnered with decreasing unemployment, which has a two-fold effect on Unitec: it reduces potential enrolments and increases the chance of our graduates finding employment. Our provision of several thousand skilled graduates to the market each year contributes to economic growth.



**OUTCOME TWO:**  
Fewer skill shortages in New Zealand's economy

**CONTRIBUTES TO:**  
N/A

**ENABLED BY:**

- Successfully employed graduates and learners
- Impacts from research

Unitec contributes indirectly to this outcome alongside all other tertiary education providers. We have led several initiatives in this area, notably in the area of workforce planning. 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.

### Performance Measures

	2012	2013	2014	2015	Target
<b>Employer NPS</b>	-	-	-	<b>26</b>	<b>N/A</b>
Employer-Perceived Graduate Skills - Practical*	-	-	-	83%	N/A
Employer-Perceived Graduate Skills - Technical*	-	-	-	85%	N/A
Employer-Perceived Graduate Skills - People*	-	-	-	88%	N/A
Employer-Perceived Graduate Skills - Technology*	-	-	-	91%	N/A

### Commentary

For the first time we surveyed employers to gauge their satisfaction with our graduates. Their overall willingness to recommend Unitec students is shown in the Employer NPS figure, which has a range of -100 to 100. An initial score of 26 is a promising sign, as are the underlying results relating to Unitec graduate skills and attributes.



**OUTCOME THREE:**  
New Zealanders fully participating in society

**CONTRIBUTES TO:**  
N/A

**ENABLED BY:**

- Engaged communities
- More students in higher levels of education
- Successfully employed graduates and learners

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.

<sup>1</sup> Infometrics GDP(P) Year to September Regional GDP

<sup>2</sup> Regional Unemployment Year to December 2015 HLF055AA updated 3 February 2016



**IMPACT ONE:**

More students in 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 to 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 to develop their knowledge, skills and capabilities.

**Performance Measures**

	2012	2013	2014	2015	Target
<b>Progression Rate (SAC Level 1-4) (EPI)*<sup>3</sup></b>	<b>41%</b>	<b>38%</b>	<b>37%</b> <sup>4</sup>	<b>37%</b> <sup>5</sup>	<b>N/A</b>
Māori*	47%	49%	50%	43%	N/A
Pasifika*	57%	56%	56%	52%	N/A
Under 25*	51%	49%	49%	49%	N/A
<b>Progression Rate (SAC Level 1-3)</b>	<b>51%</b>	<b>56%</b>	<b>48%</b> <sup>6</sup>	<b>46%</b> <sup>7</sup>	<b>56-62%</b>
Māori	58%	69%	58%	49%	70-75%
Pasifika	70%	73%	67%	57%	73-78%
Under 25	62%	66%	61%	61%	66-70%

**Commentary**

We are seeing a steady historical decline in progression rates for both the Level 1-4 and Level 1-3 measures. We have fallen short of all of our targets. This is likely linked to the improving economy, as students gaining lower-level qualifications now perceive less need to progress to higher-level qualifications to gain employment. Unfortunately this is affecting all demographics of students.

<sup>3</sup> The 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.

<sup>4</sup> 2014 historically reported progression Level 1-4: 39% overall, 54% Pasifika, 51% under 25

<sup>5</sup> Provisional estimate

<sup>6</sup> 2014 historically reported progression Level 1-3: 49% overall, 57% Māori, 65% Pasifika, 62% under 25

<sup>7</sup> Provisional estimate



**IMPACT TWO:**

**Successfully employed graduates and learners**

**CONTRIBUTES TO:**

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

**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 earnings premium gained through receiving a Unitec qualification.

**Performance Measures**

	2012	2013	2014	2015	Target
<b>Graduates Employed, Studying or Combining Both<sup>9</sup></b>	<b>82%</b>	<b>82%</b>	<b>81%</b>	<b>83%</b>	<b>87-93%</b>
Employed Only*	51%	54%	52%	56%	N/A
Studying*	17%	16%	15%	13%	N/A
Combining Both Study and Employment*	14%	11%	14%	14%	N/A
All Employed*	65%	65%	66%	70%	N/A
<b>Relevance of Qualification to Graduate Employment<sup>9</sup></b>	<b>74%</b>	<b>72%</b>	<b>72%</b>	<b>75%</b>	<b>75-80%</b>
<b>Graduates Employed by Field of Study</b>					
Education*	-	-	93%	99%	N/A
Architecture and Building*	-	-	81%	76%	N/A
Health*	-	-	78%	72%	N/A
Management and Commerce*	-	-	67%	70%	N/A
Engineering and Related Technologies*	-	-	67%	74%	N/A
Natural and Physical Sciences*	-	-	66%	71%	N/A
Information Technology*	-	-	63%	72%	N/A
Creative Arts*	-	-	63%	70%	N/A
Society and Culture*	-	-	62%	70%	N/A
<b>Situationally Adjusted Graduate Employment Rate (SAGER)*</b>	<b>90</b>	<b>89</b>	<b>87</b>	<b>91</b>	<b>N/A</b>
<b>TRue Graduate Employment Rate (TRiGER)*</b>	<b>86</b>	<b>85</b>	<b>85</b>	<b>89</b>	<b>N/A</b>
<b>Situationally Adjusted True employment Rate (SATYR)*</b>	<b>77</b>	<b>76</b>	<b>73</b>	<b>81</b>	<b>N/A</b>
<b>Relevance Adjusted Graduate Employment Rate (RAGER)*</b>	<b>76</b>	<b>73</b>	<b>73</b>	<b>78</b>	<b>N/A</b>

**Commentary**

Performance in the omnibus measure of employed, studying, or combining both has improved by 2%, but is still well below our Investment Plan target. This overall result is even more positive when deconstructed, with the number of graduates finding employment increasing by 4% from 66% to 70%. There were also very positive signs in the relevance of qualifications to employment, with our highest score since 2012, which meets our Investment Plan target. As we continue to roll out our new learning and teaching models we anticipate further improvement.

Apart from in Education, the graduate employment rate by field of study is quite consistent, which is a substantial change from 2014.

For the first time, we have developed several measures that attempt to adjust raw graduate employment rates for environmental factors. Each is indexed to a score of 100 as at 2003. SAGER adjusts raw employment rate for the external unemployment rate, and has increased – this means that our increase in graduate employment is not solely due to improving

economic circumstances but also incorporates an improvement in the work-readiness of our graduates. TRiGER adjusts for graduates not actively seeking work, and also improved. SATYR adjusts for both external unemployment and graduate desires (and thus combines SAGER and TRiGER). RAGER is perhaps the most telling measure, as this combines SAGER with the relevance of the qualification to the job; the substantial improvement indicates that Unitec is placing skilled graduates into fitting jobs at a higher rate than at any time in the past four years.

**Highlights**

- Three Construction Management graduates won at the New Zealand Institute of Building building industry awards, including the Steel Construction NZ Projects \$2.5-5 Million and Coloursteel Projects \$10-25 Million awards, and the GIB Supreme Award.
- Management and Marketing piloted a Personal and Professional Development pathway for students, which aims to improve the employability of students through better matching of opportunities.

<sup>9</sup> Owing to previous weighting and rounding errors, historical reported performance has been corrected. 2013 historically reported employed only 55%, all employed 66%. 2014 historically reported graduates employed, studying or combining both 82%, employed only 51%, combining both study and employment 15%

<sup>9</sup> Owing to previous weighting and rounding errors, historically reported performance has been corrected. 2014 historically reported 73%



**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 to create a better local, national, and even global community. It is about the effects 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:**

## Impacts from research

**CONTRIBUTES TO:**

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

**ENABLED BY:**

- > Research outputs

This is about the impacts that our research has in the wider world - not the articles or papers themselves, but the ways in which others use that article or paper. 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 as our new Research Strategy develops. These might include citation indices and indicators of commercial value generated, or similar measures.





**OUTPUT CLASS ONE:**

**Learner Achievement**

**CONTRIBUTES TO:**

- More students in higher levels of education
- Successfully employed graduates and learners
- Engaged communities

**ENABLED BY:**

- Teaching services
- Support services
- Industry and stakeholder engagement
- Institutional management

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

**Performance Measures**

	2012	2013	2014	2015	Target
<b>Qualifications Conferred*</b>	<b>3237</b>	<b>3802</b>	<b>3740</b>	<b>3638</b>	<b>N/A</b>
Master’s Degrees*	113	60	137	103	N/A
Bachelor’s Degrees*	901	1027	1105	1100	N/A
Postgraduate and Graduate Certificates*	40	81	29	183	N/A
Postgraduate and Graduate Diplomas*	352	338	310	438	N/A
Certificates*	1368	1687	1677	1438	N/A
Diplomas*	463	609	482	376	N/A
Science, Technology, Engineering, Maths (STEM)*	-	1690	1642	1577	N/A
<b>Qualification Completion Rate (SAC) (EPI)<sup>10</sup></b>	<b>64%</b>	<b>65%</b>	<b>70%</b>	<b>72%<sup>11</sup></b>	<b>65-70%</b>
Māori*	54%	56%	57%	59%	N/A
Pasifika*	49%	47%	55%	56%	N/A
Under 25*	55%	57%	63%	64%	N/A
<b>Graduate Net Promoter Score*<sup>12</sup></b>	<b>26</b>	<b>22</b>	<b>22</b>	<b>26</b>	<b>N/A</b>
<b>Course Completion Rate (SAC) (EPI)<sup>13</sup></b>	<b>79%</b>	<b>82%</b>	<b>82%</b>	<b>80%<sup>14</sup></b>	<b>82-86%</b>
Māori	75%	76%	75%	74%	76-81%
Pasifika	69%	71%	74%	71%	73-78%
Under 25	77%	79%	80%	77%	80-86%

**Commentary**

As expected, declining enrolments in the past have caused a small decrease in qualifications conferred, from 3740 to 3638. However, there were positive signs, as the number of higher-level qualifications (bachelor’s degrees, postgraduate and graduate certificates and diplomas) remained consistent or even grew, partly due to the new Mind Lab programme. There was a slight decrease in master’s degrees, which are historically volatile, but a more meaningful decline in certificates and diplomas as more people chose work over lower-level qualifications. Currently, almost half of all our conferred qualifications are at higher levels, which is a substantial shift from performance in 2012 and 2013. The number of STEM qualifications conferred has remained largely stable as a percentage of overall qualifications.

Our Graduate NPS, which measures willingness to recommend, has increased after two years of lower scores.

Our qualification completion rate has increased slightly. We are reaching a point of diminishing returns and anticipate that gains will be slow, if existent, and will eventually disappear in the next few years.

The drop in course completion performance is disturbing, as it means we have fallen short of our targets after two years of generally improving performance. Performance has dropped for all demographics. It may have been related to the timing of our submission of data to the Tertiary Education Commission. We will further analyse this data to determine whether it is meaningful, and if so, what its causes are.

<sup>10</sup> 2014 historically reported: 66% overall, 58% Māori, 50% Pasifika

<sup>11</sup> Provisional estimate

<sup>12</sup> In 2014 we shifted from a percentage of graduates recommending Unitec to an 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 for 2012 and 2013 from percentages to NPS. The raw recommendation scores were: 2013 - 90%; 2012 - 93%

<sup>13</sup> 2014 historically reported: 83% overall, 76% Māori, 76% Pasifika, 81% under 25

<sup>14</sup> Provisional estimate

**OUTPUT CLASS ONE:**

**Learner Achievement (continued)**

**Highlights**

- Unitec students won the Google Online Marketing Challenge, beating more than 100 other teams from The University of Auckland, Massey University, and other domestic institutions.
- A Performing and Screen Arts graduate had two films screened during the Auckland Arts Festival, of which one was promoted on the big screen in Aotea Square.
- A Performing and Screen Arts student was accepted into the Juilliard School, the world's premier performing arts school.
- Unitec's innovative new blended learning course, Introduction to Police Studies, was delivered to more than 450 intending police trainees, with a success rate of 94.5% overall. This course precedes attendance at training college.
- Performing and Screen Arts graduates won several awards at the Auckland Fringe Festival, including Best Comedy, Best Comedy Performance, Best Performance Dance, Best New Script, Best Production Dance, and the Development Award.
- "Mine", a film written and directed by Performing and Screen Arts graduates, was shortlisted at the New Zealand International Film Festival and was the joint winner at the Asia Micro Film Festival.
- A Performing and Screen Arts graduate was awarded a 2015 Pantograph Punch Summer Internship for the purposes of playwriting.
- "The Mooncake and the Kumara", a play directed by a Unitec graduate, with rehearsals hosted at Unitec, performed a sold-out season at the Q Theatre.
- A Performing and Screen Arts Graduate won the Madman Entertainment Jury Prize for Best New Zealand Short Film for "The Tide Keeper" at the New Zealand International Film Festival.



## OUTPUT CLASS TWO:

### 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 of 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. Below are some qualitative highlights.

#### Highlights

- Language Studies provided language teaching to a large number of refugees, of whom many had little or negative experiences of formal education.
- A Communications staff member built a close relationship with Anxiety NZ, culminating in students volunteering their time at the WANA Festival, raising awareness of mental health and wellbeing.
- Unitec hosted the Mobile App Competition for Girls, which saw entries from multiple high schools and was judged by a mixture of academic and industry professionals.
- Communication Studies produced the final documentary in its Face TV series “The Living Community”, focusing on the Pasifika Mamas, a creative arts and culture collective from West Auckland. The film was shown at the Creative NZ Pacific Heritage Arts Fono at Auckland Museum.
- A Performing and Screen Arts tutor co-wrote and produced the short film “Every Moment”, which won first place at the Tropfest New Zealand film festival 2015.
- Language Studies co-ordinated a number of external language teacher events, including the LTE Lecture Series and CLESOL Retold and AKTESOL events.
- Sports staff travelled to Apia, Samoa, to conduct coach education workshops as part of a larger team of 60 coaches. This project was initiated and funded by the Marist Brothers in Samoa.
- The Sports Centre has continued to work with High Performance Sport New Zealand to offer the Pathway to Podium service to young, up-and-coming athletes, including facility usage and coaching.
- Unitec hosted the first ever secondary school Cyber Security Competition, observed by industry partners from Air New Zealand, Vodafone and IBM.
- Social Practice was involved with multiple public campaigns, including TPPA (Trans-Pacific Partnership Agreement) awareness, Save Campbell Live, the Vanuatu cyclone response, Shine domestic violence and Auckland Action Against Poverty.
- Performing and Screen Arts hosted the 2015 Unitec Pacific Songwriting Competition, a community event aimed at the Pacific community and secondary school music students.
- Communication Studies staff and students developed a much-needed and very well received strategic communication and sponsorship plan for CUE Haven, an ex-dairy farm currently being redeveloped as a native forest.
- The Unitec YoungMinds initiative involves Unitec students provided digital services to local businesses for a small fee, which provided benefits in terms of work experience for the students and discounted services for the businesses.
- Social Practice’s Head of Department was appointed to the board of the International Association for Community Development to lead a workstream in global community development education.
- Unitec worked with HealthWEST to set up the Henderson Youth Store, which provides local youth with health, wellbeing, and opportunity identification services. This includes nutrition sessions and conversations about employment and coping skills.
- Unitec hosted an international Community Development Conference in February, which attracted academics and practitioners from around the world.



**OUTPUT CLASS THREE:**  
**Research Outputs**

**CONTRIBUTES TO:**

- Impacts from 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**

	2012	2013	2014	2015	Target
<b>Research Outputs (Total Quality Assured)</b>	<b>355</b>	<b>398</b>	<b>376<sup>15</sup></b>	<b>438<sup>16</sup></b>	<b>418</b>
<i>By type</i>					
Books Edited, Written, or Contributed to*	31	32	30	32	N/A
Journal Articles*	169	167	116	124	N/A
Conference Presentations and Proceedings*	89	132	144	205	N/A
Other Types*	66	67	86	77	N/A
<b>External Research Income (\$000)*</b>	-	-	203	592	N/A
<b>Number of Industry-Funded Research Projects*</b>	-	-	-	21	N/A

**Commentary**

Quality-assured research outputs have increased substantially over 2014 figures, and exceeded our target of 418 by 20 outputs. We saw consistency in books, a small increase in journal articles, and a larger increase in conference presentations. Pleasingly, all of our faculties saw improvements. With our new Research and Enterprise Strategy, we have seen substantial improvement in “research with impact” through 2015, and hope to have new measures for reporting in the 2016 Annual Report.

Industry-funded projects involve the Metro Group Research and Enterprise Voucher scheme, which launched in May 2015. Under this scheme Unitec responds to community and business needs. We saw a very welcome and substantial increase in external research income at least partly due to this voucher scheme.

**Highlights**

- Unitec hosted the Construction and Deconstruction Conference, attracting delegates from New Zealand, Australia, Canada and Singapore comprising a mix of academics and practitioners.
- A Communications staff member was awarded a \$50,000 Ministry of Business, Employment and Innovation grant to lead a joint project between Unitec and Northland hapu Te Uri o Hau to create innovative marae-based education with an environmental focus.
- Computing received a \$93,000 grant from the Prime Minister’s Scholarships for Asia to allow a group of students to visit Chinese institutions and engage in research on the Internet of Things.

- Natural Sciences received research funding from the Nisbet Research Award, the Birds New Zealand Research Fund and the Australia and Pacific Science Foundation.
- Language Studies staff were invited to speak at conferences in Barcelona, Budapest, Limerick, Taiwan, Hangzhou, and Zhejiang.
- Unitec successfully bid for the 2016 International Conference on Privacy, Security and Trust, which focuses on cyber-security-related issues.
- Unitec launched a new quality-assured journal in the field of community development, entitled Whanake: The Pacific Journal of Community Development.
- Sports published articles on the ITM Cup (rugby) and New Zealand Breakers (basketball) in international journals.
- Natural Sciences has worked closely with two industry groups on research related to bird repellents and native plants under the Metro Group research and enterprise voucher scheme.
- Computing received a \$60,000 grant from the New Zealand Health Innovation Hub to pursue research into a bionic voice project. This aims to restore naturally sounding speech for aphonic and dysphonic people.
- Natural Sciences staff presented at the 6th World Conference on Ecological Restoration, Australasian Ornithological Conference, Congress of the International Society of Applied Ethology, New Zealand Biosecurity Conference, New Zealand Ecological Society Conference, and British Veterinary Nursing Association Conference.

<sup>15</sup> 2014 reported: 365 total QA, 32 books, 141 journal articles (transposition error with conference presentations), 109 conference presentations, 82 other types of output, CIB 177, SHS 154, TBE 32, other 2

<sup>16</sup> Provisional estimate



**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 and 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**

	2012	2013	2014	2015	Target
<b>Percentage of Students Retained in Study (SAC) (EPI)<sup>17</sup></b>	<b>69%</b>	<b>72%</b>	<b>72%</b>	<b>74%</b> <sup>18</sup>	<b>72-78%</b>
Māori	60%	66%	65%	67%	68-73%
Pasifika	62%	62%	65%	72%	68-73%
Under 25	70%	72%	72%	75%	72-77%
<b>Percentage of Students in Work-Integrated Learning*<sup>19</sup></b>	<b>55%</b>	<b>55%</b>	<b>56%</b>	<b>49%</b>	<b>N/A</b>
<b>EFTS: Academic Full-Time Equivalent (FTE) Ratio*</b>	<b>17.5</b>	<b>17.7</b>	<b>18.0</b>	<b>18.3</b>	<b>N/A</b>
<b>Student Net Promoter Score*</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>13</b>	<b>N/A</b>

**Commentary**

The percentage of students in work-integrated learning has dropped as we are now measuring this in a more defined way, asking students directly whether they undertook "learning in the workplace" rather than using the AUSSE survey construct. As our transformation progresses, and our new learning and teaching models are implemented, we expect this number to rise substantially.

Our retained-in-study performance has improved across all demographic slices, and we now sit firmly within our target range for all groups except Māori. This is likely due to a greater proportion of our students now being enrolled in multi-year qualifications, as well as improving qualification completion rates.

Our EFTS to academic FTE ratio increased slightly as we move towards our new teaching models. Our student Net Promoter Score remained steady, but will need to improve if we are to meet new institutional targets from 2016 onwards.

**Highlights**

- Bridgepoint contributed to the Secondary/Tertiary Alignment Project by delivering NCEA Level 2 and 3 courses to a number of students, providing them with a clear learning pathways, particularly in the health field.
- The Virtual Design and Construction Centre has now been placed into service and is being used for classes.

- Communications broadened its Events Management programme by partnering with Fresh Concept, a "placemaking" events company, to develop a new, hands-on, work-integrated and location-based course, "Auckland Events: Shaping our City".
- The Master of Applied Practice (Accounting) was approved by NZQA and accredited by Chartered Accountants Australia and New Zealand and CPA Australia. This is the first specialisation to be added to the initial MAP programme and provides a unique, blended approach to the subject.
- Performing and Screen Arts students engaged in work-based learning by assisting with costume design for a number of film productions, including "Evil Dead" and "Deadlands".
- The Certificate in Animal Technology (Veterinary Nursing Assistant) and New Zealand Diploma in Veterinary Nursing have been approved by NZQA via the MROQ process.
- Unitec successfully applied for Google CS4HS funding, which was used to run a series of workshops for high school teachers.
- Education delivered professional development training to teachers from India, the Middle East and Thailand. This was delivered via intensive short bursts as part of longer and broader study trips.
- Language Studies launched its new digital Language Laboratory, which enables considerably more flexibility than was previously achievable.

<sup>17</sup> 2014 historically reported: 64% Māori, 66% Pasifika, 69% under 25

<sup>18</sup> Provisional estimate

<sup>19</sup> 2012 and 2013 figures based on 2012 survey. 2014 figures based on 2014 survey.

**PROCESS ONE:**

## Teaching Services (continued)

- Performing and Screen Arts is now offering external multi-media production services via current students and graduates under the PASA Productions brand. This provides students with authentic experience.
- Management and Marketing has piloted the MyPathway mobile app, which enables users to plot their entire programme down to individual course level. This facilitates student coaching and mentoring and also assists with institutional planning.
- Unitec and NICT Japan signed an agreement to deliver a dual doctorate degree in computing. This enables students from New Zealand and Japan to study in both countries. Focus areas include cyber security and robotics.
- Education has begun a rethink of its portfolio to focus more on "teaching the teachers", both within Unitec and in terms of professional development opportunities within the New Zealand and international markets.
- Language Studies and Performing and Screen Arts collaborated on the redevelopment of a professional development course incorporating new models of teaching.
- The Entrepreneurship for Global Impact pilot conducted by Management and Marketing was successful in attracting students, leading to its expansion for 2016.
- Natural Sciences students visited Tonga to assist with health checks and desexing of animals, building workplace skills.
- Communications established a Māori Postgraduate Fellowship for the Master of International Communication programme, which will assist in building Māori and Pasifika capabilities in a field that has historically lacked diversity.
- Sports delivered its first Live Labs, involving deep work-based learning. The first Live Lab involved first-year students coaching children from Gladstone Primary School for five weeks, culminating in a sports tournament. This authentic learning allows students to encounter workplace realities early in their learning journeys.
- Management and Marketing redesigned its courses so that over 40% of all learning outcomes are now delivered through Project Based Learning.
- Communications conducted a five-year review of its programmes, with more than 30 industry professionals as well as graduates and current students providing feedback on graduate readiness as well as opportunities for future growth.
- Natural Sciences students engaged in self-directed field biodiversity studies in the private kiwi reserve of Mataia in the Kaipara Harbour.



**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**

	2012	2013	2014	2015	Target
<b>Student Support Services<sup>20</sup></b>					
Students Attending Career Workshops*	1602	-	2697	2134	N/A
Students Provided with Individual Career Advice*	1320	-	1257	1773	N/A
Students Provided with General Counselling*	457	-	514	217	N/A
Students Receiving Health Services*	1931	-	1464	1345	N/A
<b>Library Performance*<sup>21</sup></b>					
Loans*	-	86,385	68,293	56,195	N/A
Number of People Borrowing Items*	-	7605	6685	6557	N/A
Teaching Sessions*	-	584	463	326	N/A
<b>Sports Centre Membership*</b>	<b>1947</b>	<b>1685</b>	<b>1494</b>	<b>1354</b>	<b>N/A</b>

**Commentary**

The number of students provided counselling dropped substantially this year due to a 40% reduction in staffing in this area. We saw a decline in attendance at career workshops, but a simultaneous increase in the provision of individual career advice as support methodologies changed. The number of students receiving health services declined slightly.

In the library space, the number of physical loans dropped as a response to fewer students overall and an increasing use of electronic resources. The usage of library computers grew despite major renovations in the B180 hub. Visits to the library webpage increased. The substantial drop in teaching sessions was related to the library restructure, as well as a shift to a greater online provision of these services. Research Bank downloads continue to grow as students made greater use of locally produced research.

**Highlights**

- A Volunteers Expo was held to provide volunteering experience to students without academic and workplace experience volunteering experience, vital to their future employability.
- Disability Liaison provided 13,000 hours of support to students, primarily due to an increase in deaf students.
- Whānau Connect, a mentoring and support scheme for Māori students, was expanded from solely degree-level Māori students to all Māori students.
- Mental health advisors supported 79 students, of whom most were assessed as being high risk.
- A change in approach to Sports Centre membership saw heavily discounted offers to residential students discontinued, leading to a net loss in members but an increase in revenue.
- Multi-faith chaplaincy provided support and assistance to 600 students.

<sup>20</sup> Data for 2013 not available.

<sup>21</sup> 2014 login numbers include Student Computer Centre and Northern campus; 2013 do not. Decrease in 2014 database searches partially due to incomplete data.



**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**

	2012	2013	2014	2015	Target
<b>Students on Inbound/Outbound Exchange*</b>	-	-	<b>149</b>	<b>151</b>	<b>N/A</b>

**Commentary**


In 2015, Unitec hosted 116 students for study abroad and exchange, and sent 35 outbound exchange students. This was consistent with the 2014 performance.

**Highlights**

- Education developed strong partnerships with Xi'an University and Hangzhou Polytechnic in China. These partnerships involve joint teaching and research, and in future may involve the offshore provision of professional development.
- Approval was granted for the extension of an arrangement with Shandong University of Finance and Economics for its students to study at Unitec for two more intakes.
- Language Studies strengthened linkages with a number of Korean and Japanese universities through the hosting of visiting study groups experiencing classroom teaching and work placement.
- Accounting and Finance staff joined a consortium of tertiary institutions to assist with the development of courses under the MROQ process for business qualifications.
- Performing and Screen Arts presented at the National Media Studies Conference, helping to build ties with secondary teachers in the field.
- Education has partnered with CORE Education, New Zealand's largest provider of educational professional development. This will provide a new pipeline for students for Unitec's educational qualifications.
- Accounting and Finance hosted visitors from Shandong University, Guangdong AIB Polytechnic College, and FH Joanneum in Austria. Department staff also taught at FH Joanneum.
- Unitec hosted the Film Industry Forum Part II, organised by Film Auckland in conjunction with ATEED (Auckland Tourism, Events and Economic Development), with a focus on exploring opportunities for a Hobsonville Film Hub.
- Construction helped lead the development of the new New Zealand Diplomas in Construction and Architectural Technology under the MROQ process.

- Performing and Screen Arts strengthened its ties with the Shanghai Theatre Academy. This included Academy students visiting Auckland to take part in the 48HOURS film competition, mentored by Unitec staff.
- Management and Marketing engaged with industry to enable the redesign of its learning outcomes to better meet desired graduate attributes.
- Construction hosted the BCITO National Moderation and Annual Tutors' Meeting for National Diplomas in Construction Management and Quantity Surveying.
- Performing and Screen Arts hosted the Pacific Islanders in Film and Television Symposium, with support from the New Zealand Film Commission, Script to Screen and New Zealand Writers Guild.
- Construction Management has been heavily involved with building information management (BIM) initiatives, with staff members on the national BIM Industry Training Group and Acceleration Committee, as well as chairing the BIM Education Working Group.
- Language Studies led national MROQ reviews of the Certificate in Liaison Interpreting and Certificate in Language Teaching, including the development of consistency standards for national moderation.
- Sports developed a new, holistic, sports science optimising performance programme in conjunction with the Auckland Football Federation and the Marist North Harbour Rugby Club. This involves physical, psychological, nutritional, and leadership elements.
- Computing hosted visitors from NICT Japan to coincide with the launch of the Daedalus (Red Alert) cyber security alert system.
- Performing and Screen Arts hosted the China Film Group, China's largest and most important film studio. The purpose of this visit was to explore co-production opportunities.
- Performing and Screen Arts conducted a "road show" to Tauranga, Hamilton and Whangarei to help build stronger relationships with regional high schools.





**PROCESS FOUR:**  
Institutional Management

**CONTRIBUTES TO:**

- Learner achievement

**ENABLED BY:**

- Staff
- Infrastructure and equipment
- 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 the best use of our resources.

### Performance Measures

	2012	2013	2014	2015	Target
<b>Total Recordable Injury Frequency Rate*<sup>22</sup></b>	-	-	<b>16.19</b>	<b>16.38</b>	<b>NA</b>

#### Commentary

Our total recordable injury frequency rate increased dramatically from our published results for 2014, but analysis indicated that this was due to a miscalculation in 2014. The true increase was much lower. Substantial attention was paid to health and safety during the year, including new publicity campaigns about slips and walking with cellphones.

#### Highlights

- Unitec developed a revised strategy document, including a new Aspiration and Purpose, that was approved by Council.
- Two key steps in Unitec’s Transformation journey, Sector Outcomes and Student Services Blueprint, progressed to the implementation stage.
- Performing and Screen Arts produced a health and safety video that won Unitec’s Safety Shield for helping achieve zero harm in all productions for the year.



**PROCESS FIVE:**  
Research Activities

**CONTRIBUTES TO:**

- Research outputs
- Community 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.

#### Commentary

Unitec, as noted in the section on Research Outputs, established a new Research and Enterprise Strategy during the year. This identified six key areas for action: (1) building more, deeper relationships with industry, (2) increasing strategic focus to create areas of specific expertise, (3) improving and supporting researcher performance, (4) efficient, effective, and facilitative processes, (5) teaching-integrated research, and (6) communications and profile. In response to this, Unitec established two Strategic Research Foci to build on existing capability in response to national demand. The two foci established were Cybersecurity and Applied Molecular Solutions.

#### Highlights

- Accounting and Finance staff met with the Associate Minister for Social Development and the Deputy Prime Minister to discuss research into areas that might have the greatest positive effects on society’s most vulnerable.
- Unitec opened the Computational Intelligence and Environmental Engineering Research Centre, involving partners from NIWA, Wuhan University, and LJJDY.

<sup>22</sup> 2014 reported figure 2.77



**INPUT ONE:**  
Staff

**CONTRIBUTES TO:**

- Teaching services
- Support services
- Institutional management
- Industry and stakeholder engagement
- Research activities

**ENABLED BY:**  
N/A

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

	2012	2013	2014	2015	Target
<b>Staff Engagement**<sup>23</sup></b>	<b>72%</b>	<b>72%</b>	<b>68%</b>	<b>59%</b>	<b>N/A</b>
<b>Staff Satisfaction with Physical Environment*</b>	-	-	-	<b>55%</b>	<b>N/A</b>
<b>Staff Satisfaction with Development Opportunities*</b>	-	-	<b>59%</b>	<b>56%</b>	<b>N/A</b>
<b>Staff (Permanent and Part Time)**<sup>24</sup></b>	<b>1188</b>	<b>1158</b>	<b>1109</b>	<b>1126</b>	<b>N/A</b>
Academic*	619	595	556	570	N/A
Allied*	569	563	553	556	N/A
Ratio Academic:Allied	1.1	1.1	1.0	1.0	N/A
<b>Staff (FTE)**<sup>25</sup></b>	<b>1185</b>	<b>1166</b>	<b>1115</b>	<b>1126</b>	<b>N/A</b>
Academic*	614	573	544	545	N/A
Allied*	571	593	571	581	N/A
Ratio Academic:Allied	1.1	1.0	1.0	0.9	N/A
<b>Attrition (Total)*</b>	-	10.2%	16.9%	11.6%	N/A
Voluntary*	-	7.9%	10.1%	11.3%	N/A
Involuntary*	-	-	6.8%	0.3%	N/A
<b>Sick Leave Per Capita (Hours)**<sup>26</sup></b>	-	43.6	45.9	46.0	N/A
<b>Professional Development Leave Per Capita (Hours)**<sup>27</sup></b>	-	34.9	32.3	31.6	N/A
<b>Applicants to Job Offers*</b>	-	-	-	22.7	N/A
<b>Total EFTS:FTE Ratio*</b>	9.1	8.7	8.8	8.9	8.5

### Commentary

Staff engagement has dropped substantially. It is likely that this is linked to our Transformation Programme. Major efforts will be devoted to this area in 2016 to enable us to achieve our targets. Staff satisfaction with the physical environment is a new measure we have implemented to track as our campus is redeveloped. Staff satisfaction with development opportunities has dropped slightly.

The number of FTE staff has remained relatively constant this year, as Unitec did not have any major restructures. This number will change substantially in the next few years as we embark on our transformation. The ratio of academic to allied staff dropped slightly.

Overall attrition has dropped as Unitec's major restructures (Sector Alignment and Blueprint) will not be implemented until 2016. Voluntary attrition has increased slightly, with some staff taking voluntary redundancy. Sick leave has remained stable, a positive sign for overall morale, but professional development leave has dropped for two consecutive years. This is something that will be closely monitored. As part of our aspiration is to become a desired place of work, we have begun tracking the number of applicants we receive in relation to job vacancies.

<sup>23</sup> No survey in 2013, thus 2012 result duplicated.

<sup>24</sup> As at 31/12/2015

<sup>25</sup> FTE accrued over full calendar year and thus higher than staff numbers at 31/12/2015. Does not include "paid on invoice" staff.

<sup>26</sup> Per full- and part-time staff member, not per FTE

<sup>27</sup> Per full- and part-time staff member, not per FTE



**INPUT TWO:**  
Infrastructure and Equipment

**CONTRIBUTES TO:**

- Teaching services
- Support services
- Industry and stakeholder engagement
- Institutional management
- Research activities

**ENABLED BY:**

N/A

Unitec as a “place” is reliant on infrastructure and equipment. These include our physical grounds, our buildings and teaching spaces and the specialist equipment required for particular subjects. It encompasses both the infrastructure and the equipment provided for students and those provided for our staff.

**Performance Measures**

	2012	2013	2014	2015	Target
<b>Total Useable Floor Area (UFA) (m<sup>2</sup>)*</b>	<b>83,688</b>	<b>83,548</b>	<b>83,776</b>	<b>84,431</b>	<b>N/A</b>
<b>UFA m<sup>2</sup> per EFTS*</b>	<b>7.77</b>	<b>8.23</b>	<b>8.57</b>	<b>8.47</b>	<b>N/A</b>
<b>Resource Utilisation: Energy (MWh)*<sup>28</sup></b>	<b>13.51</b>	<b>12.52</b>	<b>12.40</b>	<b>11.75</b>	<b>&lt;12.14</b>
<b>Resource Utilisation: Water (m<sup>3</sup>)*</b>	<b>83,468</b>	<b>77,835</b>	<b>82,371</b>	<b>85,501</b>	<b>&lt;75,500</b>
<b>Resource Utilisation: Waste (Tonnes)*</b>	<b>385</b>	<b>358</b>	<b>321</b>	<b>374</b>	<b>&lt;340</b>
<b>Resource Utilisation: Paper (kg)*</b>	<b>114,322</b>	<b>94,767</b>	<b>59,672</b>	<b>48,860</b>	<b>&lt;91,924</b>
<b>Resource Utilisation: Waste Water (m<sup>3</sup>)*</b>	<b>73,299</b>	<b>67,880</b>	<b>65,291</b>	<b>70,981</b>	<b>&lt;65,844</b>
<b>Resource Utilisation: Petrol (Litres)*</b>	<b>58,266</b>	<b>44,894</b>	<b>46,409</b>	<b>46,403</b>	<b>&lt;43,547</b>
<b>Resource Utilisation: Diesel (Litres)*</b>	<b>40,202</b>	<b>39,826</b>	<b>40,046</b>	<b>36,835</b>	<b>&lt;38,631</b>
<b>Library Collection Items*</b>	-	<b>389,325</b>	<b>450,284</b>	<b>354,077</b>	<b>N/A</b>
Electronic*	-	274,000	335,400	246,198	N/A
Physical*	-	115,325	114,884	107,879	N/A

**Commentary**

We have again seen mixed results in our environmental performance. Waste generation increased substantially, as with many staff moving into new, temporary, open-plan office spaces a large amount of legacy filing, storage, stationery and equipment was disposed of. It is likely that this trend will continue in 2016 as campus redevelopment continues. Water consumption increased due to several significant leak events and no capital works to increase water efficiency.

Useable Floor Area remained largely the same as for 2013 and 2014, as we have not embarked on any major building programmes or divested ourselves of any large assets. In the next few years we can expect major variability in this measure as our Transformation programme progresses.

The substantial drop in our electronic collection was due to the temporary deactivation of 118,488 Ebook Library book titles late in 2015 to manage budget. It is likely these will be reactivated in February 2016.

**Highlights**

- Major renovations were completed at the Unitec Sports Centre, as well as some internal painting and external signage. The stadium has now fully reopened.

<sup>28</sup> All sustainability targets were 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

**ENABLED BY:**

N/A

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 with when they emerge as outputs, is essential to evaluating the effectiveness and efficiency of Unitec's processes accurately.

**Performance Measures**

	2012	2013	2014	2015	Target
<b>Student Headcount (Enrolments)*</b>	<b>21,221</b>	<b>19,771</b>	<b>18,767</b>	<b>19,307</b>	<b>N/A</b>
<b>Total Equivalent Full-Time Students (EFTS)*</b>	<b>10,770</b>	<b>10,152</b>	<b>9771</b>	<b>9968</b>	<b>N/A</b>
% Māori*	9.5%	9.4%	9.2%	9.2%	N/A
% Pasifika*	14.5%	14.5%	14.3%	15.0%	N/A
% Under 25*	57.2%	55.7%	60.5%	57.4%	N/A
<b>EFTS (SAC)*<sup>29</sup></b>	<b>8481</b>	<b>7859</b>	<b>7285</b>	<b>7148</b>	<b>7594</b>
% Māori	11.2%	11.2%	11.1%	11.7%	12-17%
% Pasifika	16.7%	16.9%	16.7%	18.8%	18-19%
% Under 25	55.3%	54.7%	57.6%	55.3%	62-67%
<b>EFTS - International*</b>	<b>1677</b>	<b>1695</b>	<b>1962</b>	<b>2181</b>	<b>N/A</b>
<b>EFTS - Domestic*</b>	<b>9093</b>	<b>8457</b>	<b>7809</b>	<b>7786</b>	<b>N/A</b>
<b>EFTS - Youth Guarantee*</b>	<b>128</b>	<b>103</b>	<b>108</b>	<b>89</b>	<b>N/A</b>
<b>EFTS (SAC) by Programme Level*<sup>30</sup></b>					
Level 1-2*	501	222	226	138	N/A
Level 3*	721	722	706	587	N/A
Level 4*	1725	1747	1474	1401	N/A
Level 5-6*	1548	1295	1034	1022	N/A
Level 7*	3602	3569	3528	3445	N/A
Level 8-10*	384	303	317	556	N/A
<b>Students Entering from Private Training Establishments (PTEs)*</b>	<b>212</b>	<b>194</b>	<b>212</b>	<b>168</b>	<b>211-250</b>
<b>EFTS Entering from PTEs*<sup>31</sup></b>	<b>133</b>	<b>128</b>	<b>143</b>	<b>127</b>	<b>N/A</b>
<b>Students with Prior NEET Status</b>	<b>1789</b>	<b>1718</b>	<b>1431</b>	<b>923</b>	<b>1300-1450</b>
<b>EFTS with Prior NEET Status*</b>	<b>895</b>	<b>843</b>	<b>719</b>	<b>601</b>	<b>N/A</b>

**Commentary**

We saw a welcome increase in overall student headcount and Equivalent Full Time Students (EFTS). Unfortunately we fell short of our Student Achievement Component (SAC) EFTS target; much of the increase was due to excellent performance in attracting international students, whose number increased by 220 EFTS.

Our diversity results were particularly pleasing. We were within a rounding error of reaching our Māori representation target, and were well within our desired Pasifika representation target range. We fell a little short with under-25 students. We also

fell substantially short of our ambitious targets relating to transitioning students from private training enterprises or not employed or in further education or training status.

**Highlights**

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

<sup>29</sup> 2014 historically reported: overall 7285, Māori 11.5%, Pasifika 17.3%, under 25 58.7%

<sup>30</sup> 2014 historically reported: Level 1-2 339, Level 3 937, Level 4 1678, Level 5-6 1303, Level 7 4680, Level 8-10 475

<sup>31</sup> Number of SAC students in Unitec system as at 31 December 2014 who had a prior activity of "PTE student"; historical numbers have been updated since publication of 2013 Annual Report. Target revised since publication of Investment Plan



**INPUT FOUR:**  
Funding

**CONTRIBUTES TO:**

- Teaching services
- Support services
- Industry and stakeholder engagement
- Institutional management
- Research activities

**ENABLED BY:**

N/A

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 through tuition fees. EBITDA stands for earnings before interest, taxation, depreciation and amortisation; EBITDAR includes restructuring.

**Performance Measures**

	2012	2013	2014	2015	Target
<b>Brand Health: First Choice*</b>	<b>6%</b>	<b>3%</b>	<b>5%</b>	<b>4%</b>	<b>N/A</b>
<b>Brand Health: Consideration*</b>	<b>25%</b>	<b>25%</b>	<b>24%</b>	<b>30%</b>	<b>N/A</b>
<b>Brand Health: Awareness*</b>	<b>89%</b>	<b>91%</b>	<b>91%</b>	<b>86%</b>	<b>N/A</b>
<b>Net Surplus/Average Equity (%)</b>	<b>2.3%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>-6.9%<sup>32</sup></b>
<b>Gearing (%)/Net Debt to Equity (%)</b>	<b>1.9%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>0</b>
<b>Total Revenue (\$000)</b>	<b>152,533</b>	<b>146,898</b>	<b>147,680</b>	<b>151,930</b>	<b>150,061</b>
<b>Total Cash Expenditure (\$000)</b>	<b>133,308</b>	<b>140,605</b>	<b>141,469</b>	<b>135,131</b>	<b>150,061</b>
<b>Depreciation (\$000)</b>	<b>13,386</b>	<b>12,824</b>	<b>12,816</b>	<b>12,011</b>	<b>14,000</b>
<b>Interest (\$000)</b>	<b>318</b>	<b>582</b>	<b>189</b>	<b>878</b>	<b>-221</b>
<b>Net Surplus (\$000)</b>	<b>5521</b>	<b>1920</b>	<b>2118</b>	<b>2764</b>	<b>-3542</b>
<b>Net Cash (Debt) (\$000)</b>	<b>(1256)</b>	<b>5026</b>	<b>6358</b>	<b>5143</b>	<b>0</b>
<b>EBITDA (\$000)</b>	<b>19,225</b>	<b>14,162</b>	<b>15,123</b>	<b>13,897</b>	<b>10,679</b>
<b>EBITDAR (\$000)*</b>	<b>19,225</b>	<b>14,163</b>	<b>15,838</b>	<b>15,253</b>	<b>16,000</b>
<b>EBITDA to Total Revenue*</b>	<b>12.6%</b>	<b>9.6%</b>	<b>10.2%</b>	<b>9.2%</b>	<b>7.1%</b>
<b>EBITDAR to Total Revenue*</b>	-	-	<b>10.7%</b>	<b>10.1%</b>	<b>10.7%</b>
<b>Other Revenue (\$000)*</b>	<b>15,261</b>	<b>12,645</b>	<b>17,203</b>	<b>15,905</b>	<b>16,341</b>
<b>Workforce Budget to Income*</b>	<b>62.2%</b>	<b>63.8%</b>	<b>61.9%</b>	<b>63.1%</b>	<b>61.6%</b>
<b>Revenue per FTE (\$000)*</b>	<b>129</b>	<b>126</b>	<b>132</b>	<b>134</b>	<b>N/A</b>
<b>Physical Maintenance Costs (\$000)*</b>	-	-	<b>3694</b>	<b>4287</b>	<b>4222</b>

<sup>32</sup> All reported budget/target figures reflect Unitec's internal 2015 budget

# GOVERNANCE Report

for the year ended 31 December 2015

## 1 Council functions and duties

The functions and responsibilities of the 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
  - 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
- e. To undertake planning relating to the institution's long-term strategic direction.

The duty of the 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
- f. To ensure that proper standards of integrity, conduct and concern for:
  - i. the public interest
  - ii. the wellbeing of students attending the institution are maintained.

## 2 Accountability and communication

Under the Education Act 1989, the Council is accountable to the responsible Minister and provides regular reports and other informal communication. In addition, transparency of decision-making and processes 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, the Unitec Council comprises eight members. Four members have been appointed by the Minister for Tertiary Education, Skills and Employment and four by the Unitec Council.

Members are appointed by the Unitec Council 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 if they meet criteria in the Act.

Members of the Unitec Council during 2015 were:

Name	Date Appointed	
Alastair Carruthers	3/11/2014	
Anne Blackburn	9/7/2007 (last meeting 31/8/2015)	
Aroha Hudson	1/5/2010	
Dianne Kidd	1/5/2011	Deputy Chair of Council (from 17/12/2013)
Emeline Afeaki-Mafile'o	20/11/2015	
Lee Mathias	1/5/2014	Chair of Council (from 1/5/2014) Chair of Remuneration and Appointments Committee
Martin Udale	1/5/2011	Chair of Property Committee (until 7/12/2015) Chair of Wairaka Land Company (from 31/8/2015)
Sarah Haydon	1/5/2014	Chair of Audit and Risk Committee (from 1/7/2014)
Vaughn Davis	3/11/2014	

In accordance with Section 193 of the Education (Polytechnics) Amendment Act 2009, the Council has the authority to form committees to enable it to perform its functions efficiently and effectively.

Accordingly, the Unitec Council has three committees as follows:

1. The Audit and Risk Committee
2. The Remuneration and Appointments Committee
3. Fono Faufautua – Pasifika Committee

The Unitec Council established the Wairaka Land Company on 31 August 2015 as a wholly owned subsidiary. The Property Committee was disestablished on 7 December 2015.

## 4 Council and committee attendance

### Council member

Name	Council		Audit & Risk		Property		Remuneration & Appointments	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Alastair Carruthers	13	11	-	-	-	-	4	4
Anne Blackburn	9	8	3	1	2	2	-	-
Aroha Hudson	13	11	4	3	-	-	-	-
Dianne Kidd	13	11	4	4	2	2	4	4
Emeline Afeaki-Mafile'o	2	2	-	-	-	-	-	-
Lee Mathias	13	13	4	4	2	1	4	4
Martin Udale	13	12	-	-	2	2	-	-
Sarah Haydon	13	13	4	4	-	-	-	-
Vaughn Davis	13	13	-	-	-	-	-	-

### Non-Council committee members

#### Fono Faufautua

Name	Held	Attended
Dorothy McGeady	4	2
George Gavet	4	3
Ken Williams	4	4
Metua Bates	4	4
Nafetalai Ngaluafe	4	4
Nuhisifa Williams	4	4
Panama Le'Au'Anae	4	3
Sam Sefuiva	4	3



## 5 Council and subsidiary fees

Name	Total Due	
	Council	Wairaka Land Company
Sarah Haydon	\$16,000	\$5,333
Aroha Hudson	\$16,000	
Dianne Kidd	\$20,000	
Lee Mathias	\$32,000	
Ten Gracie Square (Anne Blackburn)	\$13,347	\$5,333
The Goat Farm Ltd (Vaughn Davies)	\$16,000	
Essentia Consulting (Martin Udale)	\$16,000	\$11,000
Carruthers Consulting (Alistair Carruthers)	\$16,000	
Adrienne Young-Cooper		\$4,000
Derek Nolan		\$4,000
Australis Property Ltd (Chris Cardwell)		\$4,000
Emeline Afeaki-Mafile'o	\$1,333	
	\$146,680	\$33,666

## 6 Fono fees

Name	
Dorothy McGeady	480.00
George Gavet	720.00
Ken Williams	960.00
Metua Bates	960.00
Nafetalai Ngaluafe	960.00
Nuhisifa Williams	960.00
Panama Le'Au'Anae	720.00
Sam Sefuiva	720.00
	6,480.00

## 7 Council expenses

Name	Gross Amount
Dianne Kidd	\$1,158.44
Lee Mathias	\$ 871.39
Sarah Haydon	\$404.76

## 8 Council register of interests

### Unitec Council

Disclosure of Interests Register as at 7 December 2015

Name	Interest	Nature of Interest	Whose Interest	Date
<b>Alastair Carruthers</b>	Carruthers Consulting Ltd	Director	Self	Jan 2013
	Interests in film production and advisory work to known agencies and professional services firms			
	Kensington Swan Lawyers (Kensington Swan acts for various entities that may interact with Unitec)	Chief Executive	Self	Jan 2011
	New Zealand Official Exhibition for the 2017 Venice Biennale	Commissioner	Self	July 2015
	Numerous companies and interests in food and restaurants, notably Air New Zealand and SKYCITY Entertainment Group	N/A	Self	N/A
	Peter Gordon	Life partner	Other	N/A
	Te Papa Foundation	Member	Self	May 2015
	The Royal New Zealand Ballet	Trustee	Self	Oct 2010
<b>Aroha Hudson</b>	Auckland PHO	Director	Self	Nov 2010
	HealthWEST Ltd	Director	Self	
	Heart Foundation	Director	Self	
	Ngā Rima O Kaipara	Director	Self	
	Spectrum Care	Director	Self	
	Te Hononga O Tāmaki Me Hoturoa	Director	Self	
	Unitec Institute of Technology	Board member	Self	
	Wellness Out West Trust	Director	Self	
<b>Dianne Kidd</b>	Assure Quality Ltd	Director	Self	2010
	Helensville Birthing Centre Ltd	Director	Self	2009
	Hounslow Holdings Ltd	Shareholder	Self	2004
	Kaipara Medical Centre Ltd	Chairman	Self	Feb 2013
	McEwen Kidd Ltd Partnership	Director	Self	2012
	RH and DJ Kidd Partnership	Partner/Shareholder	Self	1992
	The Co-operative Bank Ltd	Director	Self	2009
	Whenuanui Farm Trust	Trustee	Self	1994
<b>Emeline Afeaki-Mafile'o</b>	Affirming Works Ltd	Shareholder	Self	Oct 2001
	Auckland Council	Contractor	Self	Sept 2015
	Fofola Consultancy Ltd	Shareholder/Director	Self	April 2004
	Ministry of Education Partnership Schools	Contractor	Self	Dec 2015
	Pacific Futures Ltd	Director	Self	April 2014
	The Parenting Place	Trustee	Self	Dec 2015
	Venn Foundation	Employee	Self	Aug 2013
	Youth Horizons Trust	Trustee	Self	July 2013

Name	Interest	Nature of Interest	Whose Interest	Date
<b>Lee Mathias</b>	Auckland District Health Board	Deputy Chairman	Self	May 2014
	Awamoana Family Trust	Trustee	Self	May 2014
	Counties Manukau District Health Board	Chairman	Self	May 2014
	Health Alliance Ltd	Director	Self	Oct 2014
	Health Innovation Hub	Director	Self	Sept 2014
	Health Promotion Agency	Chairman	Self	May 2014
	John Seabrook Holdings Ltd	Director	Self	Oct 2014
	Lee Mathias Family Trust	Trustee	Self	May 2014
	Lee Mathias Ltd	Director	Self	May 2014
	Mathias Martin Family Trust	Trustee	Self	Oct 2014
	NZ Health Partnerships Ltd	Director	Self	July 2014
	Pictor Ltd	Shareholder/Director	Self	May 2014
	Unitec Institute of Technology	Chairman	Self	June 2014
	Unitec Trust	Trustee	Self	June 2014
<b>Martin Udale</b>	Canvas Investments	Director	Self	Dec 2011
	Essentia Consulting Group	Shareholder/Director	Self	
	Eladu Trust	Trustee	Self	
	Fleming Urban Ltd	Shareholder/Director	Self	Nov 15
	KiwiRail Property Advisory Committee	Member	Self	Sept 2015
	Pānuku Development Auckland	Director	Self	Sept 2015
	Paparata Ltd	Shareholder/Director	Self	Jul 2014
	Peterborough Quarter Ltd	Director	Self	May 15
	Tall Wood Ltd	Shareholder/Director	Self	Oct 2014
	Tamaki Redevelopment Company Ltd.	Director	Self	Dec 2012
	Wairaka Land Company	Chair	Self	Aug 15
	Waikato Innovation Park	Director	Self	Dec 2012
<b>Sarah Haydon</b>	Boardroom Practice Ltd	Associate	Self	May 2014
	Cavalier Corporation Ltd	Chair (July 2015)	Self	May 2014
	Co-operative Life Ltd	Director	Self	Sept 2015
	Dial a CFO	Associate	Self	May 2014
	New Zealand Riding for the Disabled	Chairman	Self	May 2014
	R&E Seelye Trust	Trustee	Self	May 2014
	The Co-operative Bank Ltd	Director	Self	Mar 2015
	The Co-operative Bank Ltd	Chair, Audit Committee	Self	Mar 2015
	The Institute of Geological and Nuclear Sciences Ltd	Director	Self	July 2014
	Unitec Institute of Technology	Chair, Audit and Risk Committee	Self	June 2014
	Unitec Trust	Trustee	Self	June 2014
	Wairaka Land Company	Director	Self	Aug 2015
	Waste Disposal Services	Executive committee member	Self	May 2014
	<b>Vaughn Davis</b>	Boosted	Deputy Chair	Self
TGF Aviation Ltd		Director	Self	Jun 2011
The Goat Farm Ltd		Director	Self	Feb 2011

# FINANCIAL Statements

for the year ended 31 December 2015

## For the year ended 31 December 2015 **Statement of Responsibility**

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.

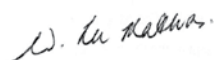
The Council and management have the responsibility for establishing and maintaining a system of internal control for non-financial information.

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 Rick Ede**  
Chief Executive



**Dr Lee Mathias**  
Chair

## Independent Auditor's Report

### To the readers of Unitec Institute of Technology group's financial statements and Unitec Institute of Technology's statement of service performance for the year ended 31 December 2015

The Auditor-General is the auditor of Unitec Institute of Technology (the Institute) and its subsidiaries and other controlled entities (collectively referred to as 'the group'). The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the group financial statements and the statement of service performance of the Institute on her behalf.

#### Opinion on the financial statements and the statement of service performance

We have audited:

- the financial statements of the group on pages 56 to 82, that comprise the statement of financial position as at 31 December 2015, 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 statement of service performance of the Institute on pages 27 to 45.

In our opinion:

- the financial statements of the group:
  - present fairly, in all material respects:
    - its financial position as at 31 December 2015; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards.
- the statement of service performance of the Institute presents fairly, in all material respects, the Institute's performance measured against the proposed outcomes described in the investment plan for the year ended 31 December 2015.

Our audit was completed on 18 April 2016. 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 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 the statement of service performance 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 the statement of service performance. 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 the statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the financial statements and statement of service performance 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 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 the disclosures in the financial statements and the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

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

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 present fairly the group's financial position, financial performance and cash flows.

The Council is also responsible for preparing a statement of service performance that presents fairly the Institute's service performance measured against the proposed outcomes described in its investment plan.

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

The Council is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and statement of service performance 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 the statement of service performance, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and the statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

### **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.

In addition to the audit, we have provided a report on the Institute's Performance-Based Research Fund external research income. This engagement is compatible with those independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the institute or any of its subsidiaries or controlled entities.



**Karen MacKenzie**

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

## For the year ended 31 December 2015

# Statement of Comprehensive Income

	Note	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
<b>Revenue from non-exchange transactions</b>				
Government grants	2(a)	69,356	71,823	71,228
Domestic student tuition fees	2(b)	32,369	33,215	31,929
Student services fees	2(d)	2,324	2,393	2,252
<b>Revenue from exchange transactions</b>				
International student tuition fees	2(b)	33,308	27,711	27,343
Other revenue	2(c)	14,382	14,992	14,979
<b>Total revenue (excluding finance revenue)</b>		151,739	150,134	147,731
<b>Expenditure</b>				
Personnel costs	3(a)	96,271	95,723	90,569
Depreciation and amortisation	8,9	12,013	14,000	12,817
Administration costs and other expenses	4(b)	41,573	45,932	42,937
<b>Total expenditure (excluding finance costs)</b>		149,855	155,655	146,323
<b>Surplus/(Deficit) before net finance revenue / costs</b>				
Finance revenue		1,023		866
Finance costs	4(a)	(135)	(300)	(189)
<b>Net finance revenue/(costs)</b>		888	(300)	677
<b>Surplus/(Deficit) before share of surplus/(deficit) of jointly controlled entities</b>				
Share of surplus/(deficit) of jointly controlled entities		267		(267)
<b>Net surplus/(deficit)</b>		3,039	(5,021)	1,818
<b>Other comprehensive revenue and expense</b>				
Revaluation movements in property, plant and equipment	8	22,488		(656)
<b>Total other comprehensive revenue/(expense)</b>		22,488		(656)
<b>Total comprehensive revenue/(expense)</b>		25,527	(5,021)	1,162

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 20.



## For the year ended 31 December 2015

### Statement of Financial Position

	Note	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		14,582	5,480	9,432
Trade and other receivables	5	2,535	1,988	3,502
Inventories		156	282	324
Prepayments		1,271	1,158	1,183
<b>Total current assets</b>		<b>18,544</b>	<b>8,908</b>	<b>14,441</b>
<b>Non-current assets</b>				
Investment in joint ventures	14		800	
Loan to joint ventures	14	1,020	1,020	753
Property, plant and equipment	8	270,704	264,885	248,276
Intangible assets	9	6,476	14,293	7,787
Assets under construction	8	10,577	5,378	4,298
<b>Total non-current assets</b>		<b>288,777</b>	<b>286,376</b>	<b>261,115</b>
<b>Total assets</b>		<b>307,321</b>	<b>295,284</b>	<b>275,556</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	6	12,334	10,601	11,561
Revenue received in advance	7	10,901	7,011	9,247
Borrowings	10	1,222	1,501	1,501
Employee entitlements	3	12,145	6,900	8,658
<b>Total current liabilities</b>		<b>36,602</b>	<b>26,013</b>	<b>30,967</b>
<b>Non-current liabilities</b>				
Borrowings	10	1,857	30,989	1,289
Employee entitlements	3	835	900	900
Lease make-good provision		500	400	400
<b>Total non-current liabilities</b>		<b>3,192</b>	<b>32,289</b>	<b>2,589</b>
<b>Total liabilities</b>		<b>39,794</b>	<b>58,302</b>	<b>33,556</b>
<b>Net assets</b>		<b>267,527</b>	<b>236,982</b>	<b>242,000</b>
<b>Equity</b>				
General funds		107,324	99,267	104,285
Property revaluation reserves		160,203	137,715	137,715
<b>Total equity</b>		<b>267,527</b>	<b>236,982</b>	<b>242,000</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 20.

## For the year ended 31 December 2015

### Statement of changes in equity

	General Funds \$000	Property Revaluation Reserves \$000	Total \$000
<b>Prior year</b>			
Balance at 1 January	102,467	138,371	240,838
Surplus/(Deficit) for the year	1,818		1,818
Other comprehensive income		(656)	(656)
<b>Total comprehensive revenue and expenses for the year</b>	1,818	(656)	1,162
<b>Balance at 31 December</b>	104,285	137,715	242,000
<b>Current year</b>			
Balance at 1 January	104,285	137,715	242,000
Surplus/(Deficit) for the year	3,039		3,039
Other comprehensive income		22,488	22,488
<b>Total comprehensive revenue and expenses for the year</b>	3,039	22,488	25,527
<b>Balance at 31 December</b>	107,324	160,203	267,527

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 20.

## For the year ended 31 December 2015

### Statement of cash flows

	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Government grants	70,634	71,823	68,244
Tuition fees	67,527	60,926	65,812
Interest received	994		871
Other operating receipts	14,508	14,041	20,930
	153,663	146,790	155,857
Cash was applied to:			
Payments to employees	93,410	95,723	84,685
Goods and services tax (net)	813	1,268	1,165
Interest paid	135	300	187
Payments to suppliers	39,447	41,852	56,877
	133,835	139,142	142,914
<b>Net cash flow from operating activities</b>	19,828	7,648	12,943
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of property, plant and equipment	2,536		159
Sale of investments			67
	2,536		226
Cash was applied to:			
Purchase of property, plant and equipment	15,667	39,272	7,260
Purchase of intangible assets	183	1,744	1,484
Loans to joint ventures			1,020
	15,850		9,764
<b>Net cash flow from investing activities</b>	(13,314)	(41,016)	(9,538)
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Loan raised		31,793	
		31,793	
Cash was applied to:			
Repayment of finance lease liabilities	(1,364)	(2,093)	(1,809)
<b>Net cash flow from financing activities</b>	(1,364)	29,700	(1,809)
<b>Total net cash flows</b>	5,150	(3,668)	1,596
Cash and cash equivalents at 1 January	9,432	9,148	7,836
<b>Cash and cash equivalents at 31 December</b>	14,582	5,480	9,432
Cash and bank	1,248		2,493
Short-term investments	13,334	5,480	6,939
<b>Closing cash and cash equivalents at 31 December</b>	14,582	5,480	9,432

Cash and cash equivalents include 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.

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 20.

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

	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
<b>Surplus/Deficit before share of surplus / deficit of jointly controlled entities</b>	2,772	(5,021)	2,085
<b>Add/Less non-cash items:</b>			
Depreciation/Amortisation	12,013	14,000	12,840
Bad debts	303	367	311
Impairment of investments			268
Increase/Decrease in non-current employee entitlements	(65)		(23)
<b>Total non-cash items</b>	12,251	14,367	13,396
<b>Add/Less items classified as investing and financing items:</b>			
(Gain)/Loss on disposal of investments			(29)
(Gain)/Loss on disposal of property, plant and equipment	(1,387)		189
<b>Total items classified as investing and financing items</b>	(1,387)		160
<b>Add/Less movements in working capital items:</b>			
(Increase)/Decrease in inventories	167	42	271
(Increase)/Decrease in trade and other receivables	967	653	53
(Increase)/Decrease in prepayments	(89)	28	76
Increase/Decrease in trade and other payables	2,309	(878)	(816)
Increase/Decrease in revenue received in advance	1,654	181	(1,756)
Increase/Decrease in current employee entitlements	1,184	(1,725)	(526)
<b>Net movements in working capital items</b>	6,192	(1,699)	(2,698)
<b>Net cash flows from operating activities</b>	19,828	7,647	12,943

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 20.

## 1 Group information

The Group comprises the Unitec Institute of Technology (the Parent) and its wholly owned subsidiary Wairaka Land Company, and controlled entities Unitec Trust and Unitec Apprenticeship Training Trust (together the Group). The Parent also has various joint ventures and investments in associates, which are detailed in note 14 of these financial statements.

Group financial statements only are presented as there is no material difference between the Group and the Parent financial statements. The impact of the controlled entities on the Group financial statements is presented in note 15.

The Parent is a Tertiary Education Institution domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989. The primary objective of the Parent and Group is to provide tertiary education services for the benefit of the community rather than making a financial return. The Parent and Group are public benefit entities (PBEs) for the purpose of financial reporting.

## 2 Revenue

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. Revenue is defined as either exchange or non-exchange. Revenue is classified as exchange when the value of goods or services provided is approximately equal to the value of the consideration received or to be received. Revenue is defined as non-exchange when the value of goods or services provided is not equal to the value of the consideration received or to be received.

Non-exchange revenue is recognised when the terms and conditions associated with the revenue have been satisfied. Exchange revenue recognised reflects the percentage or stage of completion of the supply of goods or services.

Government grants, donations, and domestic student fees are considered non-exchange transactions. International student fees and other revenue streams are considered exchange transactions.

	Actual 2015 \$000	Actual 2014 \$000
<b>(a) Government grants</b>		
Operational bulk grant	62,850	65,160
Performance-based research funding	3,326	3,532
Youth guarantee fund	1,087	1,239
Maori & pasifika grant	339	354
Refugee study grant	1,015	709
Other grants	739	234
	69,356	71,228
<b>(b) Student tuition fees</b>		
Domestic student tuition fees	32,369	31,929
International student tuition fees	33,308	27,343
	65,677	59,272

## 2 Revenue (continued)

	Actual 2015 \$000	Actual 2014 \$000
<b>(c) Other exchange revenue</b>		
Contract education	430	293
Copy centre	612	531
Consultancy and student projects	2,772	4,209
Research	615	254
Gain on sale of property, plant and equipment	1,646	38
Gain on sale of investments		29
Revenue from other operating activities	8,307	9,580
	14,382	14,934
<b>(d) Other non-exchange revenue</b>		
Student services fee income	2,324	2,252
Donations		45
	2,324	2,297

## 3 Employee costs

Wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employees rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

A liability for sick leave is recognised to the maximum extent that the Group is contractually obliged to pay at year end for future sick leave taken.

A liability and an expense are recognised for bonuses and redundancy costs where contractually the Group is obliged or where due to past practice or circumstances an expectation is created that the Group will settle an obligation.

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employees render the related services, such as long service leave and retirement gratuities, have been calculated as the present value of the future expected cash flows.

	Actual 2015 \$000	Actual 2014 \$000
<b>(a) Personnel costs</b>		
Salaries and wages	90,388	88,369
Employee benefits expenses	616	513
Employee entitlements expenses	2,025	971
Redundancies	3,242	716
	96,271	90,569
<b>Key management personnel remuneration</b>		
Council members and subsidiary company directors		
Remuneration	180	143
Full-time-equivalent members	9.25	7.9
Executive leadership team		
Salaries and other short-term employee benefits	2,628	2,549
Full-time-equivalent members	8.6	10.5
<b>Total remuneration</b>	<b>2,808</b>	<b>2,692</b>

Key management personnel include the senior executives of the Group and all members of the Council.

For the purpose of financial reporting, each member of the Parent's Council and the Group's wholly owned subsidiary, Wairaka Land Company's board of directors is considered one full-time equivalent if they held office for the entire financial year.

	Actual 2015 \$000	Actual 2014 \$000
<b>Fees earned by Council members and subsidiary company directors</b>		
The following fees were earned by members of the Parent's Council during the year:		
<i>Fees paid in respect of services provided to the Parent</i>		
E Van Arkel (Council Chair - retired 30 April 2014)		11
L Mathias (Council Chair - appointed 1 May 2014)	32	21
K Turner (Council Deputy Chair - retired 31 Mar 2014)		5
D Kidd (Council Deputy Chair - appointed 17 Dec 2013)	20	20
A Blackburn (retired 11 Aug 2015)	14	16
A Hudson	16	16
C O'Connor (retired 30 Nov 2014)		13
D Harry (retired 30 Jun 2014)		8
M Udale	16	16
S Haydon (appointed 1 May 2014)	16	11
A Carruthers (appointed 3 Nov 2014)	16	3
V Davis (appointed 3 Nov 2014)	16	3
E Afeaki-Mafile'o (appointed 1 Dec 2015)	1	
<i>Fees paid in respect of services provided to subsidiaries</i>		
M Udale (appointed 5 Oct 2015)	11	
S Haydon (appointed 25 Sept 2015)	5	
A Blackburn (appointed 25 Sept 2015)	5	
C Cardwell (appointed 5 Oct 2015)	4	
D Nolan (appointed 20 Oct 2015)	4	
A Young-Cooper (appointed 20 Oct 2015)	4	
E Afeaki-Mafile'o (appointed 1 Dec 2015)	1	
<b>Total</b>	<b>180</b>	<b>143</b>

### 3 Employee costs (continued)

	Actual 2015 \$000	Actual 2014 \$000
<b>(b) Employee entitlements</b>		
At 1 January	9,558	10,107
Adjustments during the year	3,422	(549)
<b>At 31 December</b>	<b>12,980</b>	<b>9,558</b>
Current portion	12,145	8,658
Non-current portion	835	900
	12,980	9,558
Comprising of:		
Salaries and wages	2,030	2,029
Annual leave	6,837	6,126
Retirement leave	429	478
Long service leave	350	413
Sick leave	385	472
Redundancy provisions	2,949	40
	12,980	9,558
Redundancy provisions:		
Opening balance	40	1,013
Provision for the year	3,202	755
Utilised	(293)	(1,728)
<b>Closing balance</b>	<b>2,949</b>	<b>40</b>



## 4 Other expenditure

	Actual 2015 \$000	Actual 2014 \$000
<b>(a) Finance cost</b>		
Interest paid		2
Finance lease interest	135	187
	135	189
<b>(b) Administration costs and other expenses</b>		
Annual Report expenses	48	32
Audit fees – paid to principal auditor for Parent and subsidiaries – current-year audit	156	177
Audit fees – paid to principal auditor for Parent and subsidiaries – prior-year audit		72
Audit fees – paid to principal auditor for external research income audit	6	6
Bad debts expense	303	220
Change in provision for doubtful debts	132	100
Councillors' fees	147	143
Class materials	2,884	2,888
Research	907	851
Operating lease charges	2,699	2,417
Impairment of investments		268
Loss on disposal of fixed assets	259	227
Other administrative expenses	34,038	35,536
	41,573	42,937

## 5 Trade and other receivables

All receivables are short term and are recorded at their face value less any provisions for impairment. Impairment is recognised where there is objective evidence that the debtor(s) is unable to make required payments.

	Actual 2015 \$000	Actual 2014 \$000
<b>Trade and other receivables</b>		
Student fee receivables (non-exchange)	330	1,179
Student fee receivables (exchange)	906	445
Trade receivables (exchange)	1,803	2,274
Accrued interest (exchange)	30	6
Less provision for impairment	(534)	(402)
<b>Total trade and other receivables</b>	<b>2,535</b>	<b>3,502</b>

The carrying value of trade and other receivables is considered materially consistent with the fair value.

### Ageing profile

	Actual 2015 \$000			Actual 2014 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
<b>(a) Student fee receivables</b>						
1-30 days	326		326	433		433
31-60 days	205		205	216		216
61-90 days	35		35	37		37
>90 days	670	(490)	180	938	(399)	539
<b>Total student fee receivables</b>	<b>1,236</b>	<b>(490)</b>	<b>746</b>	<b>1,624</b>	<b>(399)</b>	<b>1,225</b>
<b>(b) Trade receivables (exchange)</b>						
1-30 days	1,687		1,687	2,247		2,274
31-60 days	20		20	14		14
61-90 days	45	(1)	44			
>90 days	51	(43)	8	13	(3)	10
<b>Total trade receivables</b>	<b>1,803</b>	<b>(44)</b>	<b>1,759</b>	<b>2,274</b>	<b>(3)</b>	<b>2,271</b>

All receivables greater than 30 days in age are considered to be past due. The impairment assessment is performed on a collective basis, based on an analysis of past collection history and debt write-offs.

	Actual 2015 \$000	Actual 2014 \$000
<b>(c) Movements in the provision for impairment are as follows:</b>		
<b>Student fee receivables</b>		
At 1 January	399	299
Additional provisions made during the year	91	100
<b>At 31 December</b>	<b>490</b>	<b>399</b>
<b>Trade receivables</b>		
At 1 January	3	12
Additional provisions made during the year	41	(9)
<b>At 31 December</b>	<b>44</b>	<b>3</b>

## 6 Trade and other payables

Short-term trade payables and creditors are recorded at their face value as they are non-interest bearing and generally settled within 30 days

	Actual 2015 \$000	Actual 2014 \$000
<b>Payables under exchange transactions</b>		
Trade payables	2,364	922
Other payables - accruals	6,620	6,447
	8,984	7,369
<b>Payables under non-exchange transactions</b>		
Taxes payable	3,350	4,192
	12,334	11,561

The carrying value of trade and other payables is considered materially consistent with the fair value.

## 7 Revenue in advance

Revenue in advance is recognised when payment is received before goods or services are provided in the case of exchange revenue, and before obligations are satisfied in the case of non-exchange revenue.

	Actual 2015 \$000	Actual 2014 \$000
<b>Exchange transactions</b>		
International student fees received in advance	3,640	2,432
	3,640	2,432
<b>Non-exchange transactions</b>		
Government grants received in advance	984	290
Domestic student fees received in advance	6,277	6,524
	7,261	6,814
<b>Total revenue received in advance</b>	10,901	9,247

The carrying value of revenue in advance is considered materially consistent with the fair value.

## 8 Property, plant and equipment

Property, plant and equipment are measured initially at cost; this includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant or equipment is recognised only when it is probable that the future economic benefit or service potential associated with the item will flow to Unitec, and if the item's cost or fair value can be measured reliably.

Subsequent costs that meet the above criteria above are added to the value of the item of property, plant or equipment.

Subsequent to initial recognition, property, plant and equipment are measured either using the cost model or at fair value (being the value at which a market participant would value an asset). To determine the fair value of an asset, appropriately experienced valuers are engaged to perform valuations on a class-by-class basis when there have been significant changes in asset values; as a minimum valuations are required at least every three years. If an item of property, plant or equipment is revalued, the entire class to which the asset belongs is revalued. Gains and losses are recognised in the statement of comprehensive income, except in the event that the loss exceeds the existing reserves; in such cases the loss is recognised in the surplus or deficit.

	Land (Crown)	Land (owned)	Building (Crown)	Building (owned)	Plant & equipment	Plant & equipment (leased)	Furniture & fittings	Motor vehicles	Computer equipment	Computer equipment (leased)	Office equipment	Library collection	Total
<b>Cost or valuation</b>													
Balance at 1 January - prior year	29,994	69,077	29,158	111,410	9,781	398	4,628	2,341	9,019	5,091	1,037	7,410	279,321
Additions		1,079		2,159	470		470	180	567	2,040	31	343	6,260
Revaluation increase/(decrease)													0
Adjustments/ Movement									(13)				(13)
Disposals		(81)		(77)	(7)	(309)	(2)	(262)		(1,837)			(2,573)
<b>Balance at 31 December - prior year</b>	<b>29,994</b>	<b>70,075</b>	<b>29,158</b>	<b>113,493</b>	<b>10,244</b>	<b>89</b>	<b>5,096</b>	<b>2,259</b>	<b>9,573</b>	<b>5,294</b>	<b>1,068</b>	<b>7,753</b>	<b>284,096</b>
Balance at 1 January - current year	29,994	70,075	29,158	113,493	10,244	89	5,096	2,259	9,573	5,294	1,068	7,753	283,017
Additions		1,247		5,841	762		1,305	183	132	2,117	117	225	10,682
Revaluation increase/(decrease)	2,986	988	3,415	2,087									9,476
Disposals				(485)	(35)	(89)	(932)	(198)		(2,169)	(258)		(4,166)
<b>Balance at 31 December - current year</b>	<b>32,980</b>	<b>72,310</b>	<b>32,573</b>	<b>120,936</b>	<b>10,971</b>		<b>5,469</b>	<b>2,244</b>	<b>9,705</b>	<b>5,242</b>	<b>927</b>	<b>7,978</b>	<b>292,335</b>

## 8 Property, plant and equipment (continued)

	Land (Crown)	Land (owned)	Building (Crown)	Building (owned)	Plant & equipment	Plant & equipment (leased)	Furniture & fittings	Motor vehicles	Computer equipment	Computer equipment (leased)	Office equipment	Library collection	Total
<b>Accumulated depreciation and impairment losses</b>													
Balance at 1 January - prior year					6,270	277	2,749	1,235	8,035	2,762	724	4,821	26,873
Depreciation expense			973	5,522	1,095	94	262	344	500	1,692	207	572	11,261
Eliminate on disposal				4	(5)	(309)	(2)	(152)	(13)	(1,837)			(2,299)
Eliminate on revaluation													
<b>Balance at 31 December - prior year</b>			<b>973</b>	<b>5,526</b>	<b>7,360</b>	<b>62</b>	<b>3,009</b>	<b>1,427</b>	<b>8,522</b>	<b>2,617</b>	<b>931</b>	<b>5,393</b>	<b>35,820</b>
Balance at 1 January - current year			973	5,526	7,360	62	3,009	1,427	8,522	2,617	931	5,393	35,816
Depreciation expense			973	5,491	703	25	246	323	414	1,777	42	525	10,519
Eliminate on disposal				(149)	(37)	(87)	(108)	(137)		(2,169)	(209)		(2,896)
Eliminate on revaluation			(1,946)	(10,868)									(12,814)
<b>Balance at 31 December - current year</b>					<b>8,026</b>		<b>3,147</b>	<b>1,613</b>	<b>8,937</b>	<b>2,225</b>	<b>765</b>	<b>5,918</b>	<b>30,631</b>
At 1 January - prior year	29,994	69,077	29,158	111,410	3,508	121	1,878	1,106	983	2,329	313	2,589	252,469
At 31 December - prior year and 1 January - current year	29,994	70,075	28,185	107,967	2,881	27	2,086	832	1,050	2,677	137	2,360	248,276
<b>At 31 December - current year</b>	<b>32,980</b>	<b>72,310</b>	<b>32,573</b>	<b>120,936</b>	<b>2,944</b>		<b>2,321</b>	<b>631</b>	<b>767</b>	<b>3,017</b>	<b>162</b>	<b>2,060</b>	<b>270,704</b>

## 8 Property, plant and equipment (continued)

### Legal ownership of land and buildings

	Land		Buildings	
	Actual 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Legally owned	72,310	70,075	120,936	107,967
Crown owned	32,980	29,994	32,573	28,185
<b>Total</b>	<b>105,290</b>	<b>100,069</b>	<b>153,509</b>	<b>136,152</b>

### Valuation

At year end (31 December 2015), Beca Ltd (independent valuer) valued the Group's land and buildings.

### Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the valuation to take into account required changes in the land's zoning, or resource consents that are required for the valuation on the highest and best use basis.

### Buildings

Buildings that are not specialised in nature, are valued at fair value by direct reference to recent market transactions on arm's-length terms for land and buildings comparable in size and location to those held by the consolidated entity, and to market-based yields for comparable properties.

Where buildings are specialised in nature, fair value is determined on a depreciated replacement cost (DRC) basis. To determine DRC the following are considered:

1. The replacement assets are based on the reproduction cost of the specific assets, with adjustments where appropriate for optimisation due to over-design or surplus capacity.
2. The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
3. The remaining useful lives of assets are estimated.
4. Straight-line depreciation has been applied in determining the depreciated replacement cost value of the assets.

	Actual 2015 \$000	Actual 2014 \$000
Land	94,658	90,684
Buildings	65,545	47,031
<b>Total</b>	<b>160,203</b>	<b>137,715</b>

### Crown-owned land and buildings

Crown-owned land and buildings are included as part of the Parent's property, plant and equipment. These were first recognised on 1 January 1995, and although legal title has not yet been transferred, the Parent 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 institutions that are responsible for them. The Parent has made an application for the transfer of Crown-owned land and buildings to the Parent for which the Parent is responsible. While the transfer has not yet been approved it is expected that title will formally transfer to the Parent in the near future.

### Restrictions on title

Under the Education Act 1989 the 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 historical designations, reserve, and endowment encumbrances attached to land. The Group does not consider it practical to disclose in detail the value of land subject to these restrictions.

### Assets under construction

As at 31 December 2015 the Group was engaged in various construction and development projects that were not yet completed. These assets are classified as assets under construction; once completed these assets will be transferred from assets under construction to the relevant property, plant and equipment category.

	Actual 2015 \$000	Actual 2014 \$000
<b>Assets under construction by category</b>		
Buildings	6,577	3,968
Software	1,951	183
Fixtures and fittings	133	147
Course development	1,916	
<b>Total assets under construction</b>	<b>10,577</b>	<b>4,298</b>

### Finance leases

The carrying value of property, plant and equipment held by the Group under finance leases and hire purchase contracts at 31 December 2015 is \$3,017,000 (2014: \$2,704,000). This relates to computer equipment. Additions during the year totalled \$2,114,000 (2014: \$2,040,000). The leased assets are pledged as security for the related finance lease and hire purchase liabilities.

### Depreciation and expenditure

Depreciation is charged on a straight-line basis over the useful lives of assets. Depreciation is charged at rates calculated to allocate the costs or fair values of the assets less any estimated residual values over their remaining useful lives:

Asset category	Useful life
Building	5-80 years
Plant and equipment	10 years
Furniture and fittings	10 years
Motor vehicles	5 years
Computer equipment	4-10 years
Office equipment	3-20 years
Library collections	5-10 years

	Actual 2015 \$000	Actual 2014 \$000
<b>Depreciation expenditure</b>		
Crown-owned buildings	973	973
Buildings	5,480	5,457
Lease incentive asset	11	65
Plant and equipment	703	1,095
Leased plant and equipment	25	94
Furniture and fittings	246	263
Motor vehicles	323	344
Office equipment	42	207
Computer equipment	414	500
Leased computer equipment	1,777	1,692
Library collection	525	572
	<b>10,519</b>	<b>11,262</b>

## 9 Intangible assets

### Course development

The significant costs that are directly associated with the development of new educational courses and the 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.

### Software

The Group holds several computer software packages for internal use, including purchased software and software developed in-house by the Group. Purchased software is recognised and measured at cost. Developed software is recognised at the cost of development, being primarily employee costs.

There are no restrictions over any intangible assets and no intangible assets are pledged as security.

	Computer software	Course development	Total
<b>Cost or valuation</b>			
Balance at 1 January - prior year	13,596		13,596
Additions	965	338	1,303
<b>Balance at 31 December - prior year</b>	<b>14,561</b>	<b>338</b>	<b>14,899</b>
Balance at 1 January - current year	14,561	338	14,899
Additions	183		183
<b>Balance at 31 December - current year</b>	<b>14,744</b>	<b>338</b>	<b>15,082</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 January - prior year	5,534		5,534
Amortisation expense	1,578		1,578
<b>Balance at 31 December - prior year</b>	<b>7,112</b>		<b>7,112</b>
Balance at 1 January - current year	7,112		7,112
Amortisation expense	1,426	68	1,494
<b>Balance at 31 December - current year</b>	<b>8,538</b>	<b>68</b>	<b>8,606</b>
Carrying amounts			
At 1 January - prior year	8,062		8,062
At 31 December - prior year and 1 January - current year	7,449	270	7,787
<b>At 31 December - current year</b>	<b>6,206</b>	<b>270</b>	<b>6,476</b>

The amortisation of intangible assets is recognised within depreciation and amortisation expense in the statement of comprehensive income and expense. All intangible assets are amortised on a straight-line basis in the following periods, which are assessed to be their useful lives:

Course development	5 years
Computer software	3-10 years

	Actual 2015 \$000	Actual 2014 \$000
<b>Amortisation expense</b>		
Software	1,426	1,577
Course development costs	68	
Total amortisation expense	1,494	1,577



## 10 Borrowings

Leases are classified into two categories, finance leases and operating leases. An arrangement is determined to be a finance lease when the arrangement transfers substantially all of the risks and benefits incidental to ownership of the leased item to the Group. Conversely if the arrangement does not transfer substantially all risks and rewards to the Group it is classified as an operating lease.

If an arrangement is classified as a finance lease the assets held under the arrangement are recognised in the statement of financial position and classified as property, plant and equipment. A liability is also recognised. The asset and liability are initially recognised at the lower of the present value of the future lease payments and the fair value of the leased assets. Subsequent to initial recognition, the assets are depreciated over their useful lives. The lease repayments are apportioned between interest and principal repayments.

### Movement in finance lease liability

	Actual 2015 \$000	Actual 2014 \$000
Opening balance	2,790	2,559
Finance lease repayments	(1,364)	(1,809)
Finance lease raised	1,654	2,040
<b>Closing balance</b>	<b>3,080</b>	<b>2,790</b>

### Minimum future lease repayments

	Actual 2015 \$000	Actual 2014 \$000
<b>Group/Parent</b>		
Within one year	1,305	1,640
After one year but not more than five years	1,913	1,385
<b>Minimum lease repayments</b>	<b>3,218</b>	<b>3,025</b>
Future finance charges	(138)	(235)
<b>Total lease liability</b>	<b>3,080</b>	<b>2,790</b>

The carrying value of the finance leases is considered materially consistent with the fair value.

The finance leases can be renewed at the Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Group does have the option of purchasing the assets at the end of the lease terms, but it is likely that the option to purchase will not be exercised because the leased assets are usually technologically obsolete at lease expiry.

The 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 Group by any of the finance leasing arrangements.

### Available facilities

As at year end the Group has available facilities of \$105,000,000 that are undrawn. Subsequent to year end this was reduced to \$85,000,000 with the cancellation of one facility.

## 11 Operating lease commitments

### Operating leases as lessee

	Actual 2015 \$000	Actual 2014 \$000
<b>Non-cancellable operating lease commitments</b>		
<b>Land and buildings</b>		
Within one year	2,025	2,024
Later than one year and not later than two years	1,772	1,857
Later than two years and not later than five years	938	2,108
	<b>4,735</b>	<b>5,989</b>

A significant portion of the total non-cancellable operating leases expense relates to the lease of the Albany campus. The lease expires in March 2018, with an option to renew the lease until February 2027.

### Operating leases as lessor

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

	Actual 2015 \$000	Actual 2014 \$000
<b>Non-cancellable operating lease commitments</b>		
<b>Land and buildings</b>		
Not later than one year	1,808	3,001
Later than one year and not later than two years	1,354	2,526
Later than two years and not later than five years	984	1,917
Later than five years	562	1,515
	<b>4,708</b>	<b>8,959</b>

No contingent rents have been recognised in the statement of comprehensive income during the year.

## 12 Commitments

	Actual 2015 \$000	Actual 2014 \$000
Buildings	36,215	3,970
Computer equipment	54	
Computer software	362	
Fixtures and fittings	29	
Plant and equipment	486	
<b>Total capital commitments</b>	<b>37,146</b>	<b>3,970</b>

## 13 Contingent liabilities

From time to time the Group provides guarantees and is subject to certain personal grievance actions. As a result costs could be incurred by the Group. At balance date there are no matters that would materially affect the Group's financial position.

## 14 Joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method in the Group's financial statements.

Under the equity method, an investment in a joint venture or associate is initially recognised in the statement of financial position at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in the Group's share of the net assets of the associates or joint ventures to which the Group is entitled or in relation to which it has a legal or constructive obligation.

Name of venture	Principal activities	Country of incorporation	Percentage equity interest	
			2015	2014
Stars in Her Eyes	Dormant	New Zealand	50%	50%
TEPU Ltd	Dormant	New Zealand	50%	50%
Polytechnics International NZ Ltd	Dormant	New Zealand	12%	12%
The Mind Lab by Unitec	Specialist education	New Zealand	51%	51%
The Mind Lab Ltd	Specialist education	New Zealand	51%	51%

Polytechnics International NZ Ltd, TEPU Ltd and Stars in Her Eyes are dormant entities with no assets or liabilities, and incurred no expenses and earned no revenue in the period.

### The Mind Lab Ltd

The venture is governed by a limited partnership agreement. Under the partnership agreement a general partner has been given authority to govern the business and make all key operating decisions that influence the business's performance. Both the Group and its partner in the limited partnership agreement are entitled to appoint two directors to the general partnership; each director has one vote and no casting vote authority exists. The Group has determined that The Mind Lab Ltd is jointly controlled.

	Actual 2015 \$000	Actual 2014 \$000
<b>Summarised statement of financial position of The Mind Lab Ltd</b>		
Assets		
Current assets	754	162
Non-current assets	1,761	713
<b>Total assets</b>	<b>2,515</b>	<b>875</b>
Liabilities		
Current liabilities	2,703	122
Non-current liabilities		1,020
<b>Total liabilities</b>	<b>2,703</b>	<b>1,142</b>
<b>Net assets</b>	<b>(188)</b>	<b>(267)</b>
<b>Summarised statement of financial performance of The Mind Lab Ltd</b>		
Income	4,593	497
Expenses	4,175	764
<b>Net surplus/(deficit)</b>	<b>418</b>	<b>(267)</b>
<b>Group's investments in The Mind Lab Ltd</b>		
Loan to The Mind Lab Ltd	1,020	753
Share of net assets		
	1,020	753

In the year ended 31 December 2015 the Group reversed the impairment of the loan to The Mind Lab Ltd recognised in the prior year. This impairment was reversed as a result of The Mind Lab Ltd's improving profitability and forecast repayment of the loan.

## 15 Controlled entities

The Parent controls two trading entities, Unitec Trust, and Unitec Apprenticeship Training Trust. The goals of the trusts are to further student education, achievement and employment.

	Actual 2015 \$000	Actual 2014 \$000
<b>Summarised statement of financial position</b>		
Assets		
Current assets	375	374
Non-current assets	3	4
<b>Total assets</b>	<b>378</b>	<b>378</b>
Liabilities		
Current liabilities	111	118
Non-current liabilities		
<b>Total liabilities</b>	<b>111</b>	<b>118</b>
<b>Net assets</b>	<b>267</b>	<b>260</b>
<b>Summarised statement of financial performance</b>		
Income	830	937
Expenses	823	970
<b>Net surplus/(deficit)</b>	<b>7</b>	<b>(33)</b>

## 16 Basis of preparation

### Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the Crown Entities Act 2004 and the Education Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice. The financial statements have been prepared in accordance with Tier 1 PBE standards.

### Measurement base

The financial statements have been prepared on a historical cost basis, except for buildings and land classified as property, plant and equipment, which have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

## 17 Critical accounting judgements in applying accounting policies

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future periods.

### **Revaluation of property, plant and equipment**

Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as the nature, location and condition of the properties. Infrastructure assets and water assets were revalued using the DRC method, as there is no active market for such assets and therefore a lack of comparative market data. The key assumptions used to determine the fair value of these non-financial assets and sensitivity analyses are provided in note 8.

### **Course development costs' impairment**

Annually the Group performs an internal review to determine if any course costs capitalised relate to courses that are no longer taught or intended to be taught. In such cases the value of the costs capitalised is reduced to the value of costs that can be recovered through the remaining usage, and any excess between costs capitalised and recoverable value is recognised as an impairment expense in the statement of comprehensive income. In the current financial year no impairment was recognised (2014: nil).

### **Crown-owned land and buildings**

Property in the legal name of the Crown that is occupied by the Parent and Group is recognised as an asset in the statement of financial position. The Parent and Group consider they have 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 Parent and Group have 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 Group has formally initiated a Crown land-transfer process (through the Tertiary Education Commission) with the Ministry of Education for all Crown land that it currently occupies in relation to this lease.

### **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 Group accounts for the funding as a capital contribution directly in equity.

## 18 Financial instruments

### Financial instrument categories

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest rate method. All financial assets, being cash and cash equivalents, term deposits and trade and other receivables, have been categorised as loans and receivables.

Financial liabilities, being trade and other payables (excluding revenue in advance) and finance leases, are categorised as financial liabilities measured at amortised cost.

### Financial instrument risks

The Group's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure to those instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

The only market risk to which the Group is subject is interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk through the use of interest rate swaps, options and caps to fix interest rates on forecast future borrowings. The Group updates forecast cash flows and associated future debt levels on a short-, medium- and long-term basis on a weekly and monthly basis to ensure that sufficient interest rate cover is maintained.

Term deposits are made for periods less than, equal to, or greater than three months, depending on the Group's cash requirements, and earn interest at the respective short-term deposit rates.

### Sensitivity analysis

As at 31 December 2015, if the average interest rate on interest-bearing deposits during the year had been 100 basis points higher or lower, with all other variables held constant, the (deficit)/surplus for the 12 months would have been:

Year	Group	
	Higher	Lower
2015	\$143,000	(\$143,000)
2014	\$94,000	(\$94,000)

### Credit risk

Credit risk represents the risk that a third party will default on its obligations to the Group, causing it to incur a loss. Financial instruments that subject the Group to credit risk consist of bank balances, bank term deposits and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Cash and deposits are held with registered banks in New Zealand that are rated at least Aa2 by Moody's and AA- by Standard & Poor's.

The Group does not require collateral or security to support financial instruments. Trade receivables (at year end) relate to receivables from students and commercial debtors; exposure to bad debts is not considered significant and is provided for at historical impairment rates.

### Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. The Group mostly manages liquidity risk by continually monitoring forecast and actual cash flow requirements.

The Group has cash and other short-term deposits that it can use to meet its ongoing payment obligations.

The Group's creditors are mainly those reported as trade and other payables. The Group will pay these within 30 days of incurring the liability, except for finance leases of which the contractual maturity is disclosed in note 10.

## 19 Capital management

The Group's capital is its equity, which comprises accumulated funds and revaluation reserves. Equity is represented by net assets.

The Group is subject to the financial management and accountability provisions of the Education Act 1989, which impose restrictions on disposing of assets and interests in assets, mortgaging or otherwise charging assets and interests in assets, granting leases of land and buildings and parts of buildings, and borrowing.

The Group manages its equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings, to ensure that the Group achieves its objectives and purpose effectively, while remaining a going concern.

## 20 Major budget variances

The budget figures are derived from the Group's 2015 budget, which was approved by the Council in November 2014. The budget figures are for the 12 months to December 2015, and have been prepared in accordance with PBE FRS - 42 using accounting policies consistent with those applied in preparing the 2015 financial statements.

Explanations for significant variances from budget are as follows

### Statement of comprehensive income

#### Revenue

Revenue exceeded budget due to significantly higher international student enrolments than budgeted, which more than offset the lower revenue from domestic students and government grants due to lower-than-expected domestic student enrolments.

#### Expenses

Expenses were lower than budgeted due to:

- Lower capital expenditure levels, resulting in lower-than-expected depreciation expenditure
- Lower transformation costs than budgeted, which generally reduced administration and other expenditure.

#### Finance cost

Net finance income was earned in the year and not at the cost budgeted due to significantly lower-than-expected external debt as a result of reduced capital expenditure.

## 20 Major budget variances (continued)

### Statement of financial position

#### Assets

Cash and cash equivalents were higher than budgeted due to a higher-than-expected surplus and lower-than-expected spending on property, plant and equipment due to the delayed commitment of certain aspects of the Group's transformation programme.

Property, plant and equipment exceeded budget due to an out-of-cycle valuation of the Group's land and buildings, which resulted in a significant uplift in the value of these assets. This more than offset the lower-than-expected capital expenditure.

Intangible assets were lower than budgeted due to the timing of projects, which resulted in reduced expenditure on software in the financial year.

Assets under construction were higher than anticipated as a number of property, plant and equipment and intangible assets' projects commenced later than budgeted and remained in progress at year end.

#### Liabilities

Trade and other payables exceeded the budget as at year end due to the timing of third-party invoice receipt and payments.

Revenue received in advance was higher than budgeted, reflecting earlier receipts associated with semester one 2016 enrolments.

Employee entitlements exceeded budget, as at year end significant restructuring costs had been accrued but not paid, as had been anticipated in the budget.

Borrowings were lower than budgeted as no external borrowings were needed to fund the transformation programme due to delays in capital expenditure.

### Statement of cash flows

#### Cash from operating activities

Cash from operating activities was higher than budgeted primarily because of increased revenue related to the higher-than-budgeted international student enrolments and lower-than-expected payments to suppliers and employees as a result of anticipated payments not being made before year end.

#### Cash from investing activities

The unbudgeted sale of property in the current year resulted in higher-than-anticipated cash inflows.

#### Cash from financing activities

Owing to the delays in the transformation programme, less external funding was required and as a result the cash receipts from financing activities were lower than budgeted.



## 21 Changes arising due to the transition to new PBE accounting standards

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different from New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) (PBE) as outlined below.

The changes to accounting policies and disclosure as a result of the first-time application of PBE accounting standards are as follows.

### **PBE IPSAS 1: Presentation of financial statements**

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

#### **Receivables from exchange and non-exchange transactions**

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position and note. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position or by disclosure in the relevant note. This requirement has been effected by amending the note and affects the presentation of both current and comparative receivables figures.

#### **Revenue from non-exchange transactions**

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS (PBE). The accounting for government grant and domestic student revenue is not affected by the application of this standard. PBE IPSAS 23 requires revenue from non-exchange transactions, such as grants and domestic student fees, to be recognised as soon as the inflow of resources can be recognised as an asset in the financial statements, unless the inflow of resources meets the definition of, and recognition criteria of, a liability. Non-exchange revenue can only be deferred and recognised as a liability if there is a condition attached to the revenue that requires the specific use of the funds or the return of the cash if obligations are not performed as specified. The application of this standard did not affect the measurement of the Group's revenue in the previous period; as a result the only impacts are disclosure changes where exchange revenue and non-exchange revenue are presented separately. This requirement affects the presentation of both current and comparative revenue figures.

#### **Revenue from exchange transactions**

PBE IPSAS 9 prescribes an exchange transaction as one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to the other party in exchange. This revenue will be categorised as revenue from exchange transactions in the statement of comprehensive revenue and expense, with relevant detail in the specific note. This requirement affects the presentation of both current and comparative revenue figures.

#### **Recognition and measurement adjustments**

There have been no adjustments required in adopting the new PBE standards.

## 22 Significant events after balance date

Subsequent to balance date, additional redundancies of \$2,100,000 were communicated to the affected employees (2014: no subsequent events).

## 23 Income tax and other taxes

### **Income tax**

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

### **Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST except in the case of receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis, and the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

# APPENDIX

## 1 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 Student Services Fees. Providers are required to comply with the Ministerial Direction within given timeframes and ensure that there are appropriate mechanisms for enrolled students to be involved in specific aspects of the process.

The Direction allows for student services fees or levies to be charged for some types of service 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 each institution to provide in its annual 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, as well as the levy charged per equivalent full-time student (EFTS). The levy per EFTS in 2015 was \$233, and the accompanying table provides an overview of the income and expenditure related to this.

The Direction also requires the provider to make decisions jointly or in consultation with students or their representatives on the amount of the fee, the types of service to be delivered, and how these are procured and how expenditure is authorised. Unitec consulted students on these matters through the Unitec Student Council prior to providing a proposal to the Unitec Council for the setting and use of these fees for 2015.

	2014	2015	Year-on-year difference
<b>Income</b>			
Student Services Fee Income			
<b>Total Income</b>	<b>2,258,839</b>	<b>2,321,285</b>	<b>(62,446)</b>
<b>Expenditure</b>			
Advocacy and Legal Advice	488,742	518,129	(29,386)
Careers Information, Advice and Guidance	307,788	285,119	22,669
Counselling Services and Pastoral Care	1,593,774	1,525,864	67,910
Employment Information	95,000	60,000	35,000
Financial Support and Advice	26,463	27,438	(974)
Health Services	398,295	286,180	112,115
Media	194,000	131,000	63,000
Childcare Services	77,430	77,430	0
Clubs and Societies	509,000	519,000	(10,000)
Sports, Recreation and Cultural Activities	70,000	70,000	0
<b>Total Expenditure</b>	<b>3,760,492</b>	<b>3,500,159</b>	<b>260,333</b>
<b>Net Cost to Unitec</b>	<b>1,501,653</b>	<b>1,178,874</b>	<b>322,779</b>

## 2 Key staff statistics

### Ethnic Mix

British/Irish	5.01%
Chinese	6.63%
Fijian	2.01%
Indian	6.27%
Māori	7.07%
NZ European/Pākehā	48.52%
Other	18.41%
Pacific Islanders	6.08%

### Age Profile

Age band	All staff	Academic staff
10-19	2	0
20-29	41	6
30-39	229	95
40-49	300	131
50-59	312	185
60-69	216	131
70-79	25	21
80-89	1	1
Total	1126	570

### Occupational group

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

Occupational group	Full-time	Part-time	Total
Academic	411	159	570
Allied	334	83	417
Management	124	15	139
Total	869	257	1126

Faculty/Directorate	Staff
Academic Development	132
Business Development	27
Creative Industries and Business	204
Finance and Infrastructure	43
Governance and External Relations	12
Office of the Chief Executive	13
Organisational Development	177
Social and Health Sciences	305
Strategic Property Development	42
Technology and Built Environment	171
	1126

### Total remuneration over \$100,000

Bands	Management	Academic	Other staff	Total
100,000-110,000	15	15	7	37
110,001-120,000	5	12	6	23
120,001-130,000	3	7	0	10
130,001-140,000	8	11	0	19
140,001-150,000	9	3	0	12
150,001-160,000	2	0	0	2
160,001-170,000	2	3	0	5
170,001-180,000	1	2	0	3
180,001-190,000	1	0	0	1
190,001-200,000	0	0	0	0
200,001-210,000	3	0	0	3
210,001-220,000	1	0	0	1
250,001-260,000	1	0	0	1
270,001-280,000	1	0	0	1
280,001-290,000	1	0	0	1
300,001-310,000	1	0	0	1
320,001-330,000	1	0	0	1
330,001-340,000	1	0	0	1
350,001-360,000	1	0	0	1
400,001-410,000	1	0	0	1
	58	53	13	124

### Total remuneration over \$100,000 by gender

Gender	Management			Academic			Other staff			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
100,000-110,000	9	6	15	11	4	15	5	2	7	25	12	37
110,001-120,000	2	3	5	7	5	12	3	3	6	12	11	23
120,001-130,000		3	3	5	2	7				5	5	10
130,001-140,000	5	3	8	8	3	11				13	6	19
140,001-150,000	6	3	9	2	1	3				8	4	12
150,001-160,000	1	1	2							1	1	2
160,001-170,000	1	1	2	2	1	3				3	2	5
170,001-180,000	1		1	2		2				3		3
180,001-190,000	1		1							1		1
190,001-200,000												
200,001-210,000	2	1	3							2	1	3
210,001-220,000	1		1							1		1
250,001-260,000		1	1								1	1
270,001-280,000	1		1							1		1
280,001-290,000	1		1							1		1
300,001-310,000		1	1								1	1
320,001-330,000	1		1							1		1
330,001-340,000	1		1							1		1
350,001-360,000	1		1							1		1
400,001-410,000	1		1							1		1
	35	23	58	37	16	53	8	5	13	80	44	124

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