



ANNUAL
REPORT
2016



Our Vision

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.

Contents

Key statistics	4
Report from the Chief Executive and Chair	6
Our People	8
Our Product	16
Our Partnerships	22
Our Place	28
Statement of Service Performance	35
Governance Report	58
Financial Statements	64
Appendix	99



Printed on environmentally sustainable FSC-certified paper, Cocoon by BJBall.
Abides by the National Standard for Certification of Plantation Forest Management in New Zealand.



Year in Review

Total Equivalent Full Time Students (EFTS):
9,100



Student Achievement Component (SAC) EFTS:
6,508



Our People



78% of employed graduates are in employment relevant to their areas of study



150+ Unitec students enrolled in the Māori & Pasifika Trades Training (MPTT) Initiative



Our Product



2 Unitec students placed **1st & 3rd** in the NZ Carpentry Apprentice Challenge National Final



30 research projects administered through metro voucher scheme to support industry research



Our Partnerships



120+ Auckland secondary schools linked into the Unitec Pathways College



50 students from Hangzhou Polytechnic at Unitec under Joint Programme in Early Childhood



Our Place

Unitec is the **1st tertiary institute in NZ** to be fully **carbon neutral**



\$5 million investment in state of the art simulation & emulation equipment

International EFTS:
2,114



Course completion rates:



73%
SAC-funded
Māori



71%
SAC-funded
Pasifika



13 Unitec students worked with MPTT & Habitat for Humanity **rebuilding cyclone-stricken homes in Fiji**



The ALLY network (Lesbian, Gay, Bisexual, Transgender, Straight, Cisgender & Intersex staff & students) has **250+ members**



A team of **5 Unitec students** & staff won accolades at the **2016 Best Design Awards**, NZ's premier design awards



Our internal curriculum development team, Te Waka Urungi **redeveloped 96 courses**



200,000 hours of paid work experience accrued by Unitec students at the **Concentrix Delivery Centre**



1000+ students enrolled in **The Mind Lab by Unitec's** Post Grad Cert in Applied Practice (Digital & Collaborative Learning) at **20** locations around NZ



Utilisation of teaching spaces **tripled** in upgrading of 2 key buildings



84% of staff & students said Mt Albert campus **traffic campaign** raised awareness of Health & Safety at Unitec

Report from the Chief Executive and Chair



Unitec is changing to ensure our educational programmes better meet the needs of learners and industry, while making positive contributions to Auckland and the national economy.



In 2016 we moved firmly into the implementation phase of our whole-of-organisation transformation and we rolled out a significant amount of change in every part of the organisation. The foundation of this work was our investment in reviewing and revising our educational offering to be digitally-enabled and work-integrated.

Another key part of this change is harnessing the value and potential of our 53-hectare Mt Albert campus. Following approval of the Auckland Unitary Plan, we are now free to progress rapidly with our revised property strategy via Unitec's development subsidiary, Wairaka Land Company.

As expected, the revaluation of our land and buildings this year identified significant additional value of \$43 million that can help underwrite the redevelopment of our teaching and learning programmes and spaces to improve outcomes for both students and industry. The revaluation contributed to a net increase in shareholders' funds of \$18 million.

New Zealand, and particularly Auckland, is enjoying a prosperous economy with strong levels of growth and employment, which we believe may be impacting on enrolment rates. Domestic EFTS declined 10% on 2015, predominantly in Semester One, though the impact of that was partially offset by a smaller decline (3%) in inbound international student enrolments. EBITDAR (earnings before interest, taxation, depreciation, amortisation and restructuring) to total revenue was 10.4% in the year versus 13.6% in 2015.

Unitec in 2016 bedded down a 'networked and connected' operating model that aligns our educational offering with key sectors of the Auckland economy. These networks

deliver programmes that reflect what industry needs from graduates and meet the skills requirements of the Auckland and New Zealand economies.

Unitec is continuing to enjoy positive feedback from employers about the quality of our graduates and we're forging high-quality partnerships with industry. Our relationship with providers such as Concentrix continues to deepen. This centre now employs 900 people and more than 350 of them are Unitec students who benefit from paid work, in a high quality work environment with a strong focus on training and development.

The rapid pace of changing technology has shifted the game for all education providers. Part of Unitec's response to this has been via our joint ventures with Frances Valentine: The Mind Lab by Unitec and Tech Futures Lab. The latter was established this year and will in 2017 offer an innovative Master of Applied Practice in Technology Futures for industry professionals and entrepreneurs.

We continued to invest heavily in boosting the capability of Unitec employees to ensure the success of our new ways of working. This year, as part of our new extended leadership team, we created new positions focused on identifying and nurturing critical industry partnerships for each of our five networks.

New academic leadership roles were introduced to ensure our learning experiences meet the needs of students and industry and we also made further improvements to our technological support for staff and students.

Unitec is adopting new teaching and learning methods to help our graduates prepare for the changes we're seeing in the world of work and education and to ensure that Unitec



Dr Rick Ede, Chief Executive and Dr Lee Mathias, Chair

and its graduates remain relevant throughout the 21st century. This is the basis of our transformation and makes us more competitive globally and nationally, more relevant to industry, and flexible enough to better meet what our students want in terms of teaching models.

Over 100 of Unitec's courses are now blended, highly innovative and contemporary - including a high component of online and group work, rather than more traditional lecture-centred models. They 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.

We are investing a total of \$300 million in further developing and testing these models which will be adopted by all Unitec programmes in the next three years, as well as developing staff capability and new teaching and learning spaces. Our committed funding base remains strong with current facility availability totaling \$115 million. We continue to refine our offering on an ongoing basis, in response to student feedback and the rapidly changing needs of industry, in a cycle of continuous improvement.

Other transformation milestones include our partnerships with 11 Auckland secondary schools for early tertiary education training delivered predominantly in the school environment, and the accelerated construction of two major building projects - the new Construction, Infrastructure and Engineering building and new central student Hub building - both due for completion in Semester Two, 2017.

NZQA completed its four-yearly review of our capability and revised Unitec's educational status to a Category 2 tertiary

education provider. NZQA identified a number of areas of improvement but remains confident in Unitec and also noted the interventions that had been put in place as part of the transformation to address these issues. We are focused on implementing these initiatives and are confident of regaining our Category 1 status as soon as practicable.

We'd like to acknowledge the huge effort of our people to successfully transform, while doing their day jobs and more. Unitec is asking a lot from our employees during this period of change and they have overwhelmingly conducted themselves with dedication and professionalism amidst the disruption and uncertainty that comes with rapid change.

We'd also like to thank outgoing Chief Operating Officer Meredith Morgan, now Deputy Vice Chancellor at Australia's Charles Darwin University and also Deputy Chief Executive Leon Fourie who departed at year end to take up the role of Chief Executive at Toi Ohomai Institute of Technology. Both Meredith and Leon contributed a huge amount to the success of the organisation over the years.

For 2017, we will introduce significant new initiatives for driving enrolments and revenue through innovative and compelling new educational offerings. We will continue to build strong foundations for the coming years and we're confident about our future.

Dr Rick Ede
Chief Executive

Dr Lee Mathias
Chair



Our People



Our People



We're continuing to invest in the skills and capabilities that we need for our future. We're equipping every academic staff member with tools to support a more digitally-enabled learning experience for our students and created new academic leadership roles to ensure our learning experiences meet the needs of students and industry. Embedded at every level of the organisation are the principles of collaborative and co-creative ways of working, as advocated by Te Noho Kotahitanga. In addition, we've given renewed focus to our investment in Health & Safety, Cultural Responsiveness, Environmental Sustainability and Wellness, spearheaded by new initiatives introduced by Mary Johnston, our Executive Director of People and Safety.

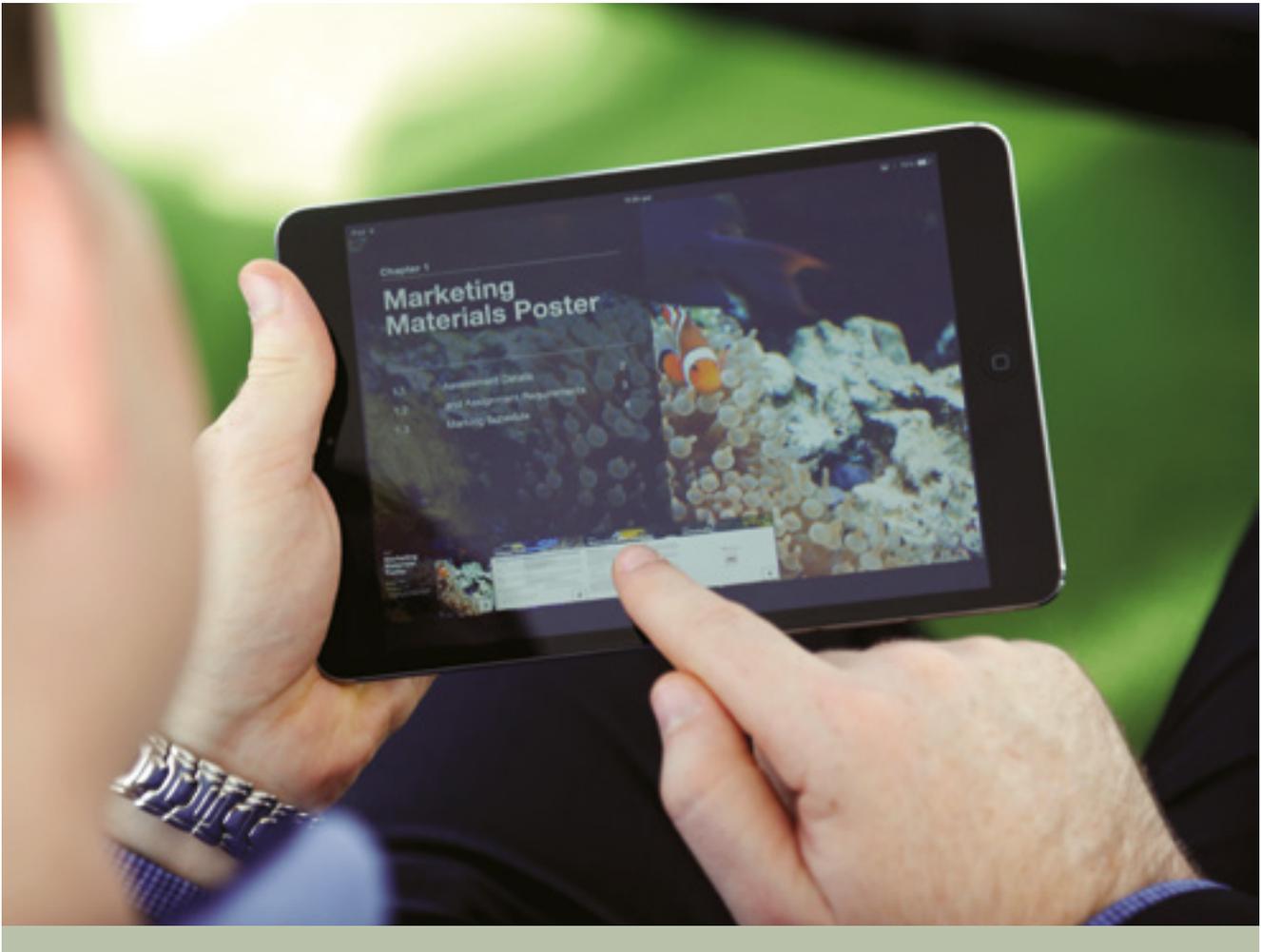
Unitec's commitment to Māori

"At its simplest, living Te Noho Kotahitanga is about using the principles in our daily work", says Tupara Morrison. In his new role as Tumu Tauwhirowhiro Māori, Tupara is overseeing Unitec's commitment to working in partnership with Māori and ensuring the principles of Te Noho Kotahitanga are embedded at every level of the organisation. "The partnership agreement needs to be a korowai (cloak) that encompasses and surrounds everything we do", Tupara says. "If we want to be sure that people are living Te Noho Kotahitanga, we need to invest the time to get it right and start conversations early." Of Te Arawa and Ngati Whakauae descent, Tupara is also responsible for activating Unitec's Māori Strategy.



Tupara Morrison

CASE STUDY



Using technology in learning and teaching

Unitec's eLearning team leader James Oldfield is at the forefront of designing and implementing mobile learning pedagogies and technologies being adopted by tertiary teachers in New Zealand and throughout the world. His contribution to Unitec's Te Puna Ako - Learning and Teaching Unit - has been invaluable in helping to develop staff capability when teaching in our new collaborative learning spaces.

James developed new approaches to both learning and teaching at Unitec's Business School through the use of mobile devices. His blended iBus courses replicate work-based roles and practices as an integral part of the learning and assessment process.

"No matter what I'm teaching, in the classroom or through professional development, learners should be actively involved in the learning process and supported to find their own understanding of concepts, realised through the performance of authentic tasks," he says. "The use of relevant, supportive and emerging technologies is at the heart of this."

In 2015 James became an Apple Distinguished Educator for his development of the iBus courses. This year he was awarded an Ako Aotearoa Tertiary Teaching Excellence Award for Sustained Excellence in Tertiary Teaching for bringing emerging technologies to the Bachelor of Business and other programmes. He is currently undertaking doctorate work exploring a new educational model of "mobile authentic learning" for tertiary students by combining mobile learning, authentic learning theory and cognitive tools.

CASE STUDY



Don't let gender define who you are

Easter Isara (Certificate of Business, 2010, Certificate in Furniture & Cabinet Making, 2016) was one of the 13-strong Māori and Pasifika Unitec team who joined fellow students and tutors from other Auckland-based trades training schemes to rebuild homes in Fiji destroyed after Cyclone Winston tore through the country last year. The project was part of a joint effort through Habitat for Humanity's 100 Homes programme and Māori and Pasifika Trades Training Auckland. The group, made up of building, plumbing, electrical, furniture and cabinet making students, succeeded in building two cyclone-proof houses from scratch in just two weeks. And they got to know the two young families in Loqi, near Nadi, who were set to become the new homeowners after losing everything in the devastating cyclone.

Unitec has a strong history of engaging its Māori and Pacific trade students with community projects, including disaster recovery work in Samoa after the devastating 2009 tsunami. "The trip was the highlight of my year", says Easter, who was born and raised in Apia, Samoa, and has spent the past seven years in Auckland, completing two Unitec Certificates in that time. Praised by co-workers for her eye for detail, Easter had the opportunity to apply her skills learnt at Unitec to the job, including handling wood, using cutting machines, digging post holes and mixing concrete. But it wasn't just the hands-on work experience that she valued.



Easter Isara

“Working in a community gave me hope”, said Easter. “It was very humbling, knowing that we could put smiles on people’s faces. It was satisfying putting my carpentry skills to good use out in the real world, but the feeling that I was doing something to help a community in need was quite different. It made me feel like being a tradesperson isn’t something to be under-estimated”.

Easter, who had never been to Fiji before, now wants to continue helping communities. She also wants to encourage other female students to get into trades. Initially, she had doubts about completing her cabinet-making course but she’s proud of what she has achieved, graduating as one of three females on the course and supported by a Māori and Pasifika Trades Training scholarship. Her piece for her Unitec End of Year Project was a pine tallboy which she designed herself – “it’s not perfect”, she says, “but I’m proud of it because even when I felt like giving up on it, I never did but kept going until I finished it.” Her tutor, Sid Suha Aksoy, told her: “People become great cabinet makers from making mistakes, but learning and improving from it”.

And her advice for other female students considering learning a trade at Unitec? “Don’t let gender define who you are and the strength you have. It’s always going to be a bit bumpy and scary, but if men can do it, so can we.” Easter recently started her three-year joinery apprenticeship with Glenfield-based cabinet maker Artiture. She acknowledges that the building industry isn’t used to females, but she’s certainly set to challenge any misconceptions and give it her all.

CASE STUDY

The IBMer

IBM's scholarship for first-year students in Unitec's Bachelor of Computing Systems (BCS) is improving student retention while developing a talent pool for IBM internships. Twenty scholarships are offered each year.

After completing two years of the BCS, students can then apply for an IBM internship. Candidates, who must have a minimum B+ average, participate in a workshop where their skills and logic in programming are tested, and then are interviewed by IBM staff.

One Unitec graduate who made the cut is Haryo Tanamas. An IBM scholarship student, he became a student contractor to IBM on graduation. He's now permanently with IBM as a Java programmer working with clients such as Air New Zealand.

"Throughout my IBM internship, I faced a lot of challenges and turned to Unitec's learning and teaching team for guidance," says Haryo who came to New Zealand to study from Indonesia. "They would go the extra mile to help students learn and achieve more. With all the real world knowledge that the lecturers have, I was able to grow and pursue my career in the IT world.

"Studying at Unitec turned out to be the best choice I have ever made in life," he says. "Due to the opportunities and the help of the learning and teaching team at Unitec, I was able to work in one of the biggest and most innovative companies in the world."



Haryo Tanamas



(L-R): Kat Poi (*Unitec CCAR Facilitator*), Sonya Collie (*Unitec CCAR Facilitator*), Glenn E. Singleton (*President, Pacific Educational Group*), Lynne Curran (*Unitec CCAR Facilitator*), Shaundra Williams (*Equity Programme Manager, Pacific Educational Group*), Matthew Farry (*Director, Institute for Courageous Conversation*)

Walking the talk on equity and inclusion

More than 200 ethnicities call Auckland home and Unitec is committed to embracing this diversity as one of our very best strengths. This year Unitec began delivering U.S. racial equity educator Glenn E. Singleton's Courageous Conversations About Race (CCAR) protocol throughout the South Pacific.

Unitec, in partnership with the Pacific Educational Group, established the first Institute for Courageous Conversation – a Pacific-wide hub for inclusive and equitable leadership. The Institute helps students, teachers, companies and organisations throughout the South Pacific better understand and harness the power of racial and ethnic diversity. Unitec has been using the Courageous Conversation protocol to build its own capability for meeting the needs of its diverse student population. Its efforts were recognised in the 2016 New Zealand Diversity Awards with Unitec's win of the Cultural Celebration Award for its groundbreaking work with Courageous Conversations.

Unitec and its partner - The Mind Lab by Unitec - scooped two other national diversity awards, receiving both the Tomorrow's Workforce and the Walk the Talk Award. The wins recognise the work of The Mind Lab by Unitec in engaging school students with technology, and then increasing teachers' skills and confidence with collaborative and digital learning.

Unitec's Rick Ede was bestowed with the International Racial Equity Leadership Award in September at the National Summit for Courageous Conversations About Race in Austin, Texas. Dr Ede and Unitec's Dr Matthew Farry presented on the Aotearoa New Zealand experience to more than 750 educators, administrators and community members from around the world as part of a think tank on addressing racial inequity in higher education.



Our Product



Our Product



During the year we've developed and introduced a range of new courses under the tutelage of Te Waka Urungi, designed to align programmes better with the changing needs of industry and ensure they reflect our new approaches to learning and teaching. We've also made a substantial investment in high-quality training systems, delivering a multi-media, mobile approach to academic learning and staff training, and a greater degree of flexibility.

Excellence in research

Two senior researchers from Unitec's high tech research network won kudos for their work on life-changing technology projects during the year. The first project was proof of concept research for a bionic voice app, 'Voxbak', developed by Unitec's Dr Hamid Sharifzadeh and aimed at converting whispers and distorted speech into a natural-sounding voice in real time.

The app will eventually be an inconspicuous and effective non-surgical means of producing a voice for people who may have vocal damage from injury, paralysis or the effects of throat cancer. The non-invasive solution also means there is no risk of infection. The whisper-to-speech app will also allow people to have a private conversation in noisy public places such as buses, trains and cafes. Development of a prototype and validation with speakers with vocal damage disorders is currently underway.

Dr Iman Ardekani, who is developing noise-cancelling technology for Sir Ray Avery's Mondiale LifePod incubator, was also recognised for research excellence this year. Neonatal incubators often have a fan, heater or electro-pump; the noise created by these can damage the health and development of cognitive skills in infants. The project uses active noise control that reduces unwanted sound by adding a second sound that cancels out the first.

Dr Ardekani is building the new technology into the next generation of Sir Ray Avery's LifePod, each one of which has the potential to save up to 500 lives over 10 years. Designed to withstand conditions in the developing world, the LifePod gives babies a much greater chance of survival than traditional incubators. Both projects were initiated under the leadership of Professor Hossein Sarrafzadeh and received funding from the New Zealand Health Innovation Hub.



(L-R): Prof Hossein Sarrafzadeh, Sir Ray Avery, Frances Guyett (former Chief Executive, Health Innovation Hub), Tennille Stone (former Commercialisation Analyst, Health Innovation Hub), Dr Iman Ardekani, Dr Hamid Sharifzadeh

CASE STUDY



Tech Futures Lab offers innovative one-year master's

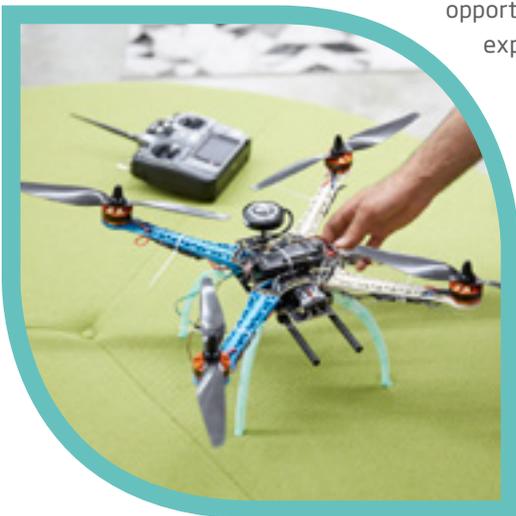
A cross-section of professionals, leaders and entrepreneurs working in technology and business sectors will make up the inaugural intake of the recently-launched Master of Applied Practice (Technological Futures) offered by Tech Futures Lab, a partnership between tech-ed leader Frances Valentine and Unitec. Tech Futures Lab is a sister company to The Mind Lab by Unitec.

The innovative 50-week specialisation allows participants to tailor study to their individual professional aspirations and the needs of their workplace. With three intakes per year - the first of which starts in February 2017 - the programme is delivered at the purpose-designed Tech Futures Lab campus in Newmarket. The specialisation is designed for those who want to lead change in their organisations, re-engineer their careers or develop and grow an idea or innovation.

"The new one-year master's programme is a game-changer for New Zealand," said Frances Valentine, founder of Tech Futures Lab. "It provides the ability to learn and apply new knowledge, skills and technologies that increase productivity and provide a distinct competitive advantage. Candidates have the opportunity to develop and innovate with the support of highly skilled technical experts, with wrap-around support from industry and academic mentors."

The project development phase provides a unique opportunity for businesses to develop capability and design tailor-made solutions for immediate application back into the work place.

Candidates customise for approval their own assessment criteria, and then map how they will meet it over the one-year work-based research project. They will also develop specialist knowledge in new and emerging disruptive technologies, such as automation and robotics, data-science, machine learning, cybersecurity and artificial intelligence.



CASE STUDY

The award-winning Provider

Unitec's innovative redesign of the humble beer bottle on behalf of leading global glass bottle manufacturer O-I is currently being produced at a commercial scale for exports headed to China and Hong Kong. Unitec design school graduates Quentin Chan, Xin Wang and Josh Brannan were the design team behind the specially-commissioned bottle, dubbed the 'Provider'. Designed to reflect Kiwi innovation and the Asian drinking culture of sharing, the Provider is specifically aimed at supporting the export of craft beers from New Zealand to Asian markets.

Birkenhead Brewing Company was the first brewery to produce beer in the bottle and now distributes all its product for international and domestic markets in the design. "Customers love the feel and the look of the bottle. In China, the bottles remind people of the traditional rice wine bottles, and the beer is easy to share in this format," said Steve Simms of Birkenhead Brewing Company.

The heel of the bottle has embossed text stating "Crafted in New Zealand", and the bottle's shape offers consumers the opportunity of enjoying their ale from a vessel with a unique volume of 888ml (considered a lucky number in China). Beer in Asia is sold mainly in larger vessels as drinking is a social occasion, where the host will pour the guests' glasses using both hands.

The bottle design won top honours at the Best New Zealand Design Awards and is being fêted by industry bodies and government agencies alike as an example of how multiple players can collaborate to establish bridgeheads into new markets.



Quentin Chan

CASE STUDY



Hairy willow herb, photo by Andrew Marshall

Hairy willow herb

Auckland Council-owned land in a new Special Housing Area in Hobsonville is set to be designated as an ecological reserve due to the unexpected discovery of a nationally critical plant species, *Epilobium hirtigerum*, or hairy willow herb. Dubbed the 'Hobsonville kakapo', the plant is a valuable food source for moths and butterflies in the area. Led by senior lecturers Dr Diane Fraser and Dr Glenn Aguilar, Unitec staff and students from the Environmental and Animal Sciences Pathway are working with the Gecko NZ Trust to investigate the local population of *Epilobium hirtigerum* and provide comprehensive guidance on ways to protect it.

The research, made possible by the Metro Group Research and Enterprise Voucher Scheme, has helped unearth valuable information for Auckland Council and the public around environmental protection, produced findings for several scientific publications and provided a valuable practical learning experience for a number of Unitec students. More than 30 research vouchers were in scope, under contract or completed at Unitec this year, with a substantial amount of financial investment provided by industry through the co-funding of projects.



Our Partnerships



Our Partnerships



Unitec is focused on creating an environment where students are able to blend learning and work in more creative ways. We're developing and strengthening our industry partnerships to support this. We introduced five networks and 15 practice pathways that reflect what the Auckland and national workforce will need in the years to come. A senior management team with close connections to industry has been established to identify and nurture partnerships for each network.

CASE STUDY



Collaboration is key building block

Fifty employees from major construction firm Hawkins are now sporting the 'Project Excellence' stamp of approval, thanks to a customised Unitec programme designed to enhance performance on construction projects. Unitec's Business Development and Construction Networks collaborated with Hawkins to co-design and develop a nine-month programme, which covers effective communication and risk management, as well as supporting participants to enhance their industry-specific skills in areas such as lean construction and Building Information Modelling (BIM). The programme caters for site managers, project managers, quantity surveyors, commercial managers, project and building services engineers, design managers and BIM managers. All participants have practical experience on construction sites but are looking to the Unitec programme as a way of upskilling whilst on the job.

The programme has been lauded for its collaborative design, seamless delivery and solutions-focused approach. Success has been recognised on both sides: Hawkins has awarded Unitec a contract to continue the Project Excellence Programme next year, as well as a contract to deliver the Year 1 and 2 Graduate and Cadet training programmes in 2017. In addition, the 'Project Excellence' team took out top honours at Unitec's Staff Awards, winning The Chief Executive's Award this year. "The success of the Hawkins and Unitec relationship really comes down to the collaboration and trusted partnership between both organisations," said Gary Walker, Executive General Manager, Hawkins. "The Project Excellence programme enables our teams to learn together, taking a more consistent approach to project delivery across our regions and businesses."



CASE STUDY



Pathways start even earlier

Unitec's Secondary Schools Engagement Strategy is focused on making a positive difference to our community, enhancing and improving our reputation with secondary schools. This strategy is dedicated to providing secondary school students with clear pathways that connect to the tertiary sector and helps improve our straight-from-school and student acquisition pipeline.

Unitec has been delivering courses and programmes in partnership with secondary schools for a number of years. These relationships continue to mature and grow and we are gaining a reputation as an innovative and trusted partner, focused on delivering results. Framing this is the Unitec Pathways College (UPC), introduced this year to coordinate and implement all Unitec's secondary school engagement activity, including our learning and teaching activity.

Engaging with more than 120 secondary schools across the wider Auckland region, UPC has been set up as a single portal in order to more effectively manage the integrated delivery of NCEA courses and Secondary Tertiary Alignment Resource (STAR) programmes, and improve the management and coordination of our secondary school relationships.

Our new and innovative learning and teaching activity aligns to each student's learning pathway and assists them in achieving their NCEA Level 2 or 3 qualification. Many of these students are now transitioning on to Unitec and other tertiary providers to undertake further study, which ultimately helps improve young people's employment outcomes.

UPC also provides expert pastoral care and other support for students to make the transition to tertiary aligned courses and programmes easier for them, as well as professional development opportunities for secondary school teaching staff.



Glory League basketball

To further cement its relationship with Auckland's basketball community, Unitec is partnering with Auckland Basketball as the naming rights sponsor of the Auckland, Waitākere and Counties Manukau secondary school competitions. In addition, Unitec has introduced the innovative Glory League interactive basketball online platform to several Auckland courts. Glory League showcases Unitec's *Think.Do* approach to learning by allowing players to watch videos of their games, track their highlight plays and review to improve their play. Unitec is running a Growing Coaches in Basketball development series for secondary school students with Auckland Basketball, who are also providing work-based learning opportunities for Unitec students working towards growing the secondary school game and experience.

Engineering in schools

Unitec is partnering with six West Auckland secondary schools and a number of engineering firms to create a vocational pathway programme that will increase the number of secondary students, in particular Māori, Pasifika and young women, enrolling into Level 5 and 6 engineering qualifications. Up to eight students from each school will spend one day a week at Unitec where they will attend engineering-focused classes, workshops and labs, as well as off-site industry experiences and visits.

With the assistance of TEC funding, the programme will be offered fees-free. Students who are successful will then gain entry into the New Zealand Diploma of Engineering and the Bachelor of Engineering Technology programmes. This Engineering Education to Employment (EE2E) initiative also includes professional development for school maths and physics teachers, a key component of the project.



Airport Skills Exchange has taken off

Unitec is one of the founding members of the Airport Skills Exchange which offers a new approach to on-site, on-the-job training for the existing construction workforce. It has completed its first year with 1,175 trainings under its belt, nearly 40% of which were at supervisory, managerial or higher education level. Excellent relationships have been forged with employers as a result of the initiative with degree, diploma and pre-apprenticeship students successfully moving into roles with contractors.

Auckland's first female trades academy

Set up as a partnership between Unitec, Kelston Girls College, Green Bay High School and St Dominic's Catholic College, Auckland's first all-female trades academy at Unitec - Te Arataki ke te uru - aims to get more young women into trades amid the city's construction boom. The 20-week course gives students a basic grounding in carpentry, construction or electronics, and is designed to lead to an apprenticeship in traditional trades, or further study in project management, building and construction, quantity surveying or engineering.



Strengthening links with the USA, China & the Philippines



Filipino student applications

Unitec has invested heavily in student recruitment from the Philippines over 2016 which has led to double the number of Filipino students applying to study in 2017.



Hangzhou Polytechnic

An existing agreement for a Joint Programme in Early Childhood is underway with Hangzhou Polytechnic in China and the first cohort of 50 students is already into their second semester of studies. Hangzhou and Unitec are now exploring opportunities within Construction, Engineering and Business.



As a result of attending the NAFSA (North American Federation of Study Abroad) conference in May, Unitec is exploring a partnership in Engineering with the University of Toledo, Ohio.

University of Toledo, Ohio



Representatives from Unitec's Department of Performing and Screen Arts (PASA) visited the Beijing Dance Academy (BDA) during the year to lay the foundations for a Joint Programme. As a result, Unitec is anticipating the arrival of the first 12 BDA students in Semester Two, 2017.

Beijing Dance Academy (BDA)





Our Place



Our Place



We are well advanced with an ambitious plan to rationalise our land holdings and rebuild our physical learning environment based on the premise that students in the future will spend proportionally less time in traditional face-to-face lecture-based learning. We're creating an urban precinct where people will live, work and learn in a connected community.



Reshaping Waitākere campus

Staff and students played a large role in the reshaping of the Waitākere campus this year, with many of their ideas and requests featuring in the refurbished and upgraded learning centre and classrooms. There is an abundance of colour, open meeting spaces, multiple mobile screens and an on-site cafe. The refurbishment is an important and exciting step towards developing new teaching and learning spaces, providing tech-integrated and face-to-face learning experiences for Unitec's students and staff.



Unitec first NZ campus to be certified carbon neutral

Unitec became the first tertiary institute in New Zealand to be fully carbon neutral and is now CarboNZero certified. This was achieved by calculating our carbon footprint, creating a strategic sustainability plan with reduction targets and purchasing gold standard carbon credits (those that can never be used again or double counted).

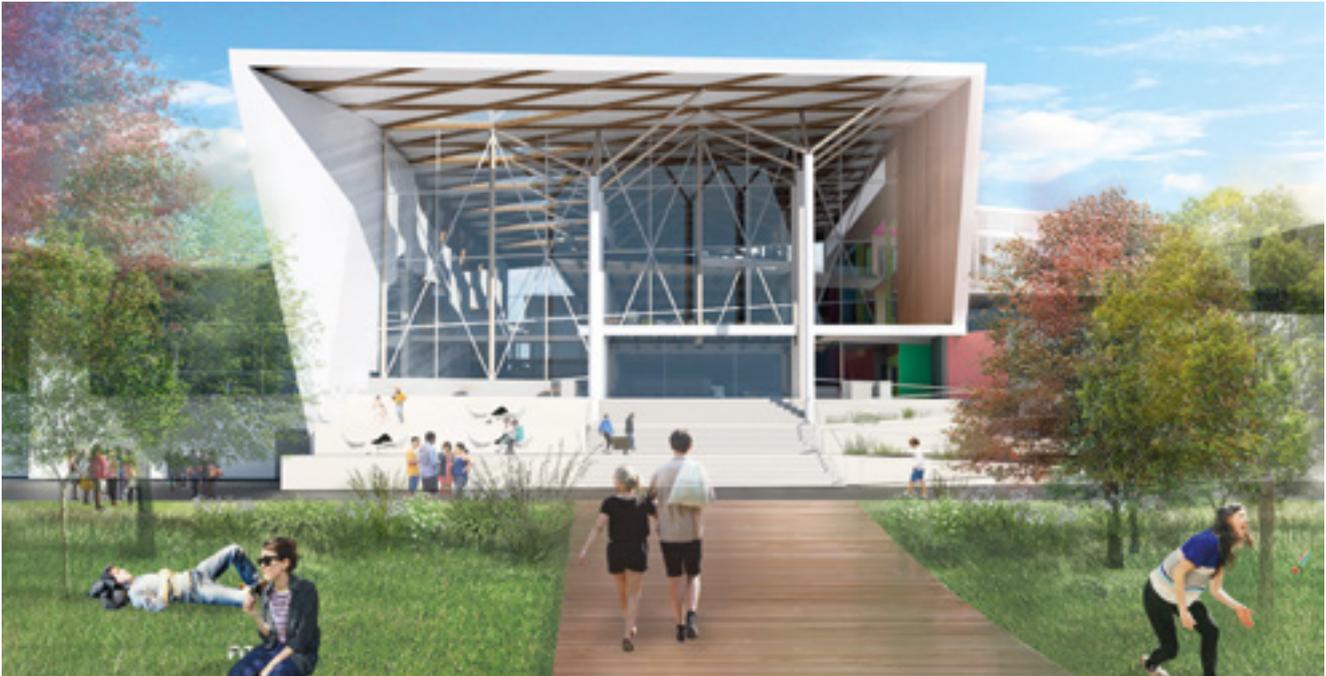
We began measuring our carbon footprint in 2014, and have implemented a detailed, credible sustainability plan based on a framework called One Planet Living. Unitec's One Planet Strategy includes targets to halve our carbon emissions by 2030.

New initiatives for 2017 include the purchase of electric bikes for staff, the introduction of new food waste recycling stations and the opening of new, efficient CIE and student Hub buildings. The Copy Centre is also supporting our carbon reduction efforts by introducing carbon neutral printing services and paper throughout Unitec. This means that the paper we use will come from manufacturers who have accounted for, reduced and offset all greenhouse gas emissions associated with the product's lifecycle.

CarboNZero is owned by Landcare, a New Zealand Government Crown Research Institute which provides traceable and transparent audit processes to ensure the Carbon Neutral claim is robust and adheres to international standards. Its carbon credits provide an income to forest regeneration projects, protect biodiversity and reduce erosion control. Unitec's purchased credits include Hinewai Forest, a nature reserve on Banks Peninsula.



Adam Weller (Unitec Sustainability Manager), Dr Rick Ede (Unitec Chief Executive), Josephine Rudkin-Binks (NZ Sales Manager, Enviro-Mark Solutions)



Unitec's Property Strategy

Unitec's property strategy is a key component of the comprehensive transformation plan that will deliver the learning model and sustainable asset base of the future, and maximise the use and socio-economic value of the existing Mt Albert campus. Overseen and delivered by the Wairaka Land Company (WLC), Unitec's development subsidiary, a new urban precinct will be created where living, working and recreation co-exist in an educationally focused, sustainable form. This includes a rebuilt education hub that delivers world class tertiary services, along with the co-location of businesses that employ Unitec students and provide real world experience and skills. The broader Wairaka Precinct will include modern, well-designed housing opportunities and enhanced green space in a quality built, well-connected urban environment.

Adoption of Auckland Unitary Plan

For four years, Unitec participated in the Auckland Unitary Plan process, requesting zoning changes and outlining a set of proposals for the development over the next 20 to 30 years. In August 2016, Auckland Council approved the Unitary Plan, including Unitec's proposals. Detailed master-planning and implementation of housing and business development, student accommodation and other community amenities has now been enabled. Unitec's submissions were the product of an extensive planning and consultation process with the established Community Liaison Group, as well as a range of agencies, groups and individuals.





Core campus consolidation

WLC advanced the first tranche of the Unitec core campus consolidation. This includes the redevelopment of the current student Hub to create a one-stop experience for vital student services, including the library, information management services and student central. The new Construction, Infrastructure and Engineering (CIE) building is also in development and will feature versatile, multi-purpose spaces that will support the necessary expansion of skills development alongside Auckland's economic development and housing supply objectives. Work is well underway on the renovation and upgrading of Buildings 182 and 183 which house teaching and learning spaces for a range of pathways. The work will result in 15 new collaborative teaching environments, more than 100 studio desks, two new computer labs and a tripling in the utilisation of teaching spaces.

Northern campus exit

Unitec exited its Northern campus during the year as it focused on making the new world-class Mt Albert CIE building (with its new student Hub and amenity) an increasingly accessible regional facility via substantially expanded operating hours and improved transportation options for all students.



CASE STUDY



Simulation and emulation helps learning by doing

Advocating the principles of “Learning by Doing”, Unitec is working closely with Pullman Learning Group to offer a range of cutting-edge simulation and emulation equipment in the new CIE building when it opens in 2017. Simulations and emulations are among the most frequently-used pedagogies across the automotive, welding and engineering industries, providing vital industry relevance and are a proven and powerful tool in engaging and retaining students in vocational areas.

The innovative equipment provides a simulated work environment allowing students to learn, experiment, troubleshoot and diagnose, all within a safe environment. For example, a virtual spray-painting booth will allow students to develop and improve techniques without being exposed to paint fumes.

A simulated automation laboratory will require programming of many of the same manufacturing and production subsystems found in industry today. An engine management trainer will introduce many common car faults which are diagnosed using industry specific tools and methodologies. And as new technologies are developed, they can be added to the range of equipment.

Pullman Learning Group GM David Birnbaum says, “The hands-on experience that simulation and emulation equipment provides students is critical to the acceleration of their learning speed and knowledge retention. Here students are making real-world connections using real componentry for real machines. The sensors you see on the automotive circuit boards are the exact same sensors you’ll see used in any top-line car or truck on the road.”

Unitec will also make the simulation and emulation suite available to wider community and industry groups for professional development and training.

Statement of Service Performance

Unitec's Outcomes Framework

PURPOSE

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

ASPIRATION

To be a world leader in contemporary, applied learning and an agent of positive economic and social change

OUTCOMES



The ultimate change we influence

A more highly skilled, adaptive, innovative and productive workforce

Fewer skill shortages in New Zealand's economy

New Zealanders fully participating in society

IMPACTS



The first order effects we create

More students in higher levels of education

Successfully employed graduates and learners

Engaged communities

Impacts from research

OUTPUTS



What we deliver to the outside world

Learner Achievement

Community Outputs

Research Outputs

PROCESSES



How we turn inputs to outputs

Teaching Services

Support Services

Research Activities

Institutional Management

Industry and Stakeholder Engagement

INPUTS



The things we require

Staff

Learners

Infrastructure and Equipment

Funding

4 Critical Success Factors (CSF)

Links between our Unitec Critical Success Factors and elements of our 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 such as 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.

Our second diagram shows the links between our outcomes framework and Unitec's strategy, specifically our four critical success factors:

- 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; and
- 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 (TES) 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

Each element of the outcomes framework is discussed over the following pages. 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. Due to the nature of the educational year, some performance information is provisional only. This is footnoted, and is primarily related to specific Educational Performance Indicators (EPI). NT means "no target set"; N/A means "not applicable"; a dash "-" is used where historical data are not available. Service performance reporting reflects results for the Unitec Institute of Technology parent only, not the group (including subsidiaries and other controlled entities).

Our Outcomes Framework



OUTCOMES



IMPACTS



OUTPUTS



PROCESSES



INPUTS



OUTCOME 1

A More Highly Skilled, Adaptive, Innovative & Productive Workforce

- 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

	2013	2014	2015	2016
Change in Auckland Economy	3.2%	2.9%	3.5%	3.9% ¹
Auckland Unemployment Rate ²	6.1%	5.9%	5.8%	5.3% ³

Commentary

The Auckland economy continued to thrive, with GDP(P) increasing by almost half a percent and unemployment dropping by the same amount. Such a situation is highly positive for our graduates but hinders our ability to attract students due to growing employment levels, especially given our focus on the vocational field.

¹ Infometrics GDP(P) Year to September Regional GDP

² Statistics NZ has changed its methodology thus leading to recalculation of historical figures

³ Regional Unemployment Year to December 2015 HLF055AA updated 3 February 2017



OUTCOME 2

Fewer Skill Shortages in New Zealand's Economy

- 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.

Performance Measures

	2013	2014	2015	2016 ⁴	Target
Employer Net Promoter Score (NPS)	-	-	26	-	NT
Employer-Perceived Graduate Skills - Practical	-	-	83%	-	NT
Employer-Perceived Graduate Skills - Technical	-	-	85%	-	NT
Employer-Perceived Graduate Skills - People	-	-	88%	-	NT
Employer-Perceived Graduate Skills - Technology	-	-	91%	-	NT

Commentary

Employer satisfaction with our graduates is high, with particularly pleasing results for the technology and people skills of our graduates.



OUTCOME 3

New Zealanders Fully Participating in Society

- 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.

⁴ No survey in 2016 - will be repeated in 2017



IMPACT 1

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, whether at Unitec or elsewhere. This sort of progression is worthwhile in its own right as it helps individuals develop their knowledge, skills, and capability.

Performance Measures

	2013	2014	2015	2016	Target
Progression Rate (SAC L1-4) (EPI)⁵	38%	37%	37%	33%	NT
Māori	49%	50%	43%	41%	NT
Pacific	56%	56%	52%	52%	NT
Under 25	49%	49%	49%	48%	NT
Progression Rate (SAC L1-3)	56%	48%	46%	43%	56-64%
Māori	69%	58%	49%	48%	70-75%
Pacific	73%	67%	57%	57%	73-78%
Under 25	66%	61%	61%	59%	66-70%

Commentary

Progression rates dropped, with the main positive being relatively stable performance for our key focus groups, including Pacific and Māori students. This drop in progression is partly the result of an improving employment environment, as students can gain employment with lower-level qualifications, and as such may not see substantial value in further staircasing.

⁵ The TEC Educational Performance Indicator is level 1-4 progression. Unitec has historically used L1-3 progression in its Investment Plan and Annual Report. As such we do not have targets for level 1-4 progression.



IMPACT 2

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.

Performance Measures

	2013	2014	2015	2016	Target
Graduates Employed, Studying, or Combining (GESC)	82%	81%	83%	85%	90-95%
Employed Only	54%	52%	56%	63%	NT
Combining Both Study and Employment	11%	14%	14%	11%	NT
All Employed	65%	66%	70%	74%	NT
Studying	16%	15%	13%	11%	NT
GESC (Māori)	-	82%	80%	87%	NT
GESC (Pacific)	-	76%	86%	91%	NT
Relevance of Qualification to Graduate Employment	72%	72%	75%	78%	75-80%
Relevance Adjusted Graduate Employment Rate (RAGER)⁶	72	72	78	83	77

Commentary

Our Graduates Employed, Studying, or Combining (GESC) score improved again, primarily due to a substantial increase in graduate employment, with the percentage embarking on further study decreasing. The relevance of our qualifications continued to improve and now falls squarely in our target range. This reflects both an improving external economic situation as well as increasingly relevant qualifications.

GESC results for Māori and Pacific are tracking above our overall scores, which is partly due to increased progression (higher education) for these groups.

RAGER improved dramatically as a result of relevance and graduate employment increasing disproportionately to the drop in Auckland unemployment, showing that improvements in our raw numbers were not simply due to broader macroeconomic trends. We substantially exceeded our target.

⁶ Statistics NZ changed its calculation method for unemployment in July 2016, including historical calculations, leading to changes in the underlying basis for RAGER and changes to historical results.



IMPACT 3

Engaged Communities

Contributes to: New Zealanders fully participating in society

Enabled by:

- Learner achievement
- Community outputs

Engaged communities links to our “third role”, helping create a better local, national, and even global community. It is about the effect that our teaching, research, and community outputs have on the external community. We do not have any numeric performance indicators for this element, but will develop them in the future.



IMPACT 4

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 impact our research has in the wider world - not the article or paper itself, but the way 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, indicators of commercial value generated, or similar measures.



OUTPUT CLASS 1

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 competencies, and is primarily expressed through their successful completion of courses and qualifications.

Performance Measures

	2013	2014	2015	2016	Target
Qualifications Conferred	3,802	3,740	3,638	3,856	NT
Master's Degrees	60	137	103	133	NT
Bachelor's Degrees	1,027	1,105	1,100	1,224	NT
Postgraduate and Graduate Certificates	81	29	183	418	NT
Postgraduate and Graduate Diplomas	338	310	438	506	NT
Certificates	1,687	1,677	1,438	1,158	NT
Diplomas	609	482	376	417	NT
Science, Technology, Engineering, Maths (STEM)	1,690	1,642	1,577	1,687	NT
Qualification Completion Rate (SAC) (EPI)	65%	70%	72%⁷	75%⁸	66-71%
Māori	56%	57%	63%	65%	NT
Pacific	47%	55%	56%	56%	NT
Under 25	57%	63%	64%	67%	NT
Course Completion Rate (SAC) (EPI)	82%	82%	81%⁹	80%¹⁰	82-86%
Māori	76%	75%	75%	73%	77-82%
Pacific	71%	74%	72%	71%	75-80%
Under 25	79%	80%	77%	77%	80-86%
Graduate Net Promoter Score (NPS)	22	22	26	21	30

Commentary

Graduate numbers increased, with a pleasing increase at higher levels as well as in STEM (Science, Technology, Engineering, and Maths) subjects, the latter meeting government policy guidance. We anticipate this is likely to continue given changing trends in enrolments.

Our qualification completion rate continues to exceed our target, which is partly an indication of improved internal recording processes, and partly due to increased focus on supporting students through their qualifications. Course completion rates have dipped for all groups except Under 25s. We fell short of our overall SAC domestic target and have seen gaps developing between target and actual performance for Māori and Pacific students.

Our Graduate Net Promoter Score dropped by 5 points to approximately the same level as in 2013 and 2014. However, it is still a positive NPS score, with promoters enjoying a supportive learning environment, approachable lecturers, and a “real world” experience.

⁷ 2015 reported: SAC 72%, Māori 59%

⁸ Provisional estimate

⁹ 2015 reported: SAC 80%, Māori 74%, Pacific 71%

¹⁰ Provisional estimate

Highlights

Shape Shift Collective, made up primarily of current and former Unitec acting students, performed their award winning play *The Vagina Monologues* at Te Pou Theatre

A Unitec student won the 2016 New Zealand Carpentry Apprentice Challenge

Environmental and Animal Sciences students and staff visited Borneo in January to conduct research of the local flora

An Environmental and Animal Sciences student won a Department of Conservation Kauri Dieback Summer Studentship

Environmental and Animal Sciences students won the public vote for best presentation at the student day at the ERA conference (*joint conference between the NZ Ecological Society and the Society for Restoration Ecology Australasian Branch*)

Environmental and Animal Sciences students were co-authors of three refereed journal articles, and presenter or co-presenter of 16 conference presentations



OUTPUT CLASS 2

Community Outputs

- Contributes to:** Engaged communities
- Enabled by:**
- Teaching services
 - Industry and stakeholder engagement
 - Research activities

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

Performance Measures

	2013	2014	2015	2016	Target
Hours of Community-Based Teaching and Learning	-	-	-	-	-

Commentary

We are currently implementing a new measure that tracks community-based educational activities. While data is not yet available, we deem this will be an important quantitative tool to put alongside the qualitative data we collect, as seen below.

Highlights

The former Performing and Screen Arts department head received the Audience Favourite Award at the 13th FIFO festival in Tahiti

Building, Construction, and Services launched a Women in Trades partnership with Kelston Girls College and Green Bay High School

An Architecture Senior Lecturer was appointed Chair of the Auckland Council Urban Design Panel

Environmental and Animal Sciences received \$17k in funding from SouthSci to work with four South Auckland schools in a collaborative research project on tree wetas

Unitec received \$30k to develop awareness of climate science in 8-10 year olds via a combined arts/ science curriculum, working collaboratively with NIWA, AUT, Play It Strange, and the Te Uru Gallery

Two Unitec staff members were appointed to the Environmental Protection Agency in relation to the East West Link State Highway Project, focusing on stormwater and coastal processes

Environmental and Animal Sciences staff attended a 2-day STEM fair at Otahuhu College to attract young people into a STEM career

13 Unitec students and several staff travelled to Fiji in October to build two houses for Habitat for Humanity

Vet nursing students, staff and other vets visited Tonga to assist South Pacific Animal Welfare with a range of animal health programmes (this visit has now been formalised into a credit-bearing course)



OUTPUT CLASS 3

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

	2013	2014	2015	2016	Target
Research Outputs (total quality assured)	398	376	614¹¹	543¹²	428
By type					
Books (edited, written, or contributed to)	32	30	38	20	NT
Journal Articles	167	116	174	151	NT
Conference Presentations and Proceedings	132	144	280	166	NT
Other Types	67	86	122	206	NT
External Research Income (000s)	-	\$203	\$592	\$928	\$800
Number of Industry-Funded Research Projects	-	-	17¹³	23	NT

Commentary

The 2016 Research Output target was substantially exceeded. There was a slight drop from 2015, but 2015 saw an unprecedented increase that was difficult to repeat. This increase bodes well for the upcoming Performance Based Research Fund (PBRF) round. This increase in outputs occurred despite the departure of a substantial number of research-active staff during 2016.

Growth in industry-funded projects, largely the Metro Research Voucher Scheme, has come about due to increased internal focus, including the establishment of a position devoted to developing joint research projects with industry.

Highlights

Staff from the High Technology Network worked with Sir Ray Avery to help develop noise cancellation technology for the LifePod incubator

A Unitec researcher received a third contract from the Ministry for Primary Industries to examine the annual catch entitlement scheme

Environmental and Animal Sciences received research funding from Auckland Council to investigate biological controls of invasive species and germination trials of moth plant

¹¹ 2015 reported 438; significant change caused by substantial late reporting by staff as well as increased proactive information gathering by new Research and Enterprise office.

¹² Estimate based on provisional recording as at 20 January 2017

¹³ 2015 reported 21; reduction to 17 based on new classification approach to industry projects



PROCESSES 1

Teaching Services

- Contributes to:**
- Learner achievement
 - Community outputs
- Enabled by:**
- Staff
 - Infrastructure and equipment
 - Learners
 - Funding

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

Performance Measures

	2013	2014	2015	2016	Target
Student Retention (SAC) (EPI)	72%	72%	74%	70%	72-80%
Māori	66%	65%	67%	62%	71-76%
Pacific	62%	65%	72%	68%	71-76%
Under 25	72%	72%	75%	74%	74-79%
Student Net Promoter Score	-	15	13	10	25
Percentage of students in work-integrated learning¹⁴	55%	56%	49%	49%	60%
EFTS: Academic FTE Ratio	17.7	18.0	18.3	17.8	>20

Commentary

Student retention has dropped and is now below our target range. Student retention is now a focus in our 2017 enrolment campaign. The drop was lowest for Under 25 students, and consistent for Māori and Pacific. The percentage of students in work-integrated learning has remained consistent following the change to our reporting methodology in 2015, but is 11% short of our target. Our EFTS: Academic FTE ratio dropped.

Our Student Net Promoter Score dropped by three points. Key reasons for satisfaction included friendly, supportive teaching staff, and a good culture and environment. Key reasons for dissatisfaction included changes related to implementing Unitec's transformation, some issues with the enrolment procedure and some experiences of general disorganisation.

¹⁴ 2013 figures based on 2012 survey. 2014 figures based on 2014 survey.

Highlights

Building, Construction, and Services launched a Record of Work app to make it easier for apprentices to capture and record industry experience

Te Waka Urungi, our internal curriculum development team, intensively redeveloped 96 courses, bringing them into line with cutting-edge pedagogy

Unitec renewed its contract with NZ Police to deliver recruitment programmes and pre-residential training, and discussed further opportunities for policing education

Healthcare initiated a full curriculum review across nursing, medical imaging, and osteopathy disciplines that will be implemented in the next few years

The vet nursing team set up professional development opportunities for vet nurses as part of its evolving voluntary registration scheme (the focus was avian anaesthesia)



PROCESSES 2

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

	2013	2014	2015	2016	Target
Student Support Services					
Students Attending Career Workshops	-	2,697	2,134	1,699	NT
Students Provided Individual Career Advice	-	1,257	1,773	1,538	NT
Students Provided General Counselling	-	514	217 ¹⁵	596	NT
Students Receiving Health Services	-	1,464	1,345	1,971	NT
Library Performance					
Loans	86,385	68,293	56,195	48,716	NT
Number of People Borrowing Items	7,605	6,685	6,557	5,674	NT
Teaching Sessions	584	463	326	241	NT
Sports Centre Membership	1,685	1,494	1,354	1,192	NT

Commentary

The number of students attending career workshops dropped in parallel with an overall drop in EFTS, but there was a lesser drop in the number provided individual career advice. While the number receiving general counselling appears to have increased markedly, this was due to incomplete (single-semester) data being available for 2015.

Use of the print collection and physical library space continues to fall, while online usage grows. This is to be expected as students and staff use resources from the library remotely at a time best suited to their needs. Changes with teaching staff as part of Transformation were reflected in the lower number of teaching sessions held with Knowledge Specialists. In 2017 the number of sessions is expected to rise as the change beds in.

Sports Centre membership continues to decline in parallel with an overall drop in EFTS. This has occurred despite significant enhancements to the Sports Centre over the last two years, including the addition of new equipment.

¹⁵ Incomplete data - single semester only



PROCESSES 3

Industry and Stakeholder Management

- 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

	2013	2014	2015	2016	Target
Students on Inbound/Outbound Exchange	-	149	155 ¹⁶	126	NT

Commentary

The number of students on exchange has dropped slightly in proportion to overall EFTS trends.

Highlights

Accounting and Finance staff visited several Chinese institutions, including Hangzhou Polytechnic, China Jiliang University, and Qingdao University of Science and Technology to develop a range of relationships.

Unitec became a UNESCO Unitwin partner with Massey University, the University of the South Pacific, and the National University of Samoa. This relationship is designed to foster teaching and research collaboration.

¹⁶ 2015 reported 151



PROCESSES 4

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 health and safety activities. Good institutional management keeps us clearly focused and enables us to make best use of our resources.

Performance Measures

	2013	2014	2015	2016	Target
Total Recordable Injury Frequency Rate	-	16.2	16.4	15.4	NT

Commentary

Our Total Recordable Injury Frequency Rate (TRIFR) dropped in 2016 as a result of a major on-campus safety campaign. We anticipate continued reductions as this campaign continues and as new, safer buildings come into service.



PROCESSES 5

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.

Performance Measures

	2013	2014	2015	2016	Target
Green-Rated Degree Programmes	33%	52%	57%	53%	72%

Commentary

Green-rated degree programmes are those where at least 75% of teaching or supervising staff are research active. After a substantial jump in 2014, improvement has levelled off, falling short of the 2016 target. This has occurred despite the sizeable increase in outputs noted earlier. This indicates that while some staff are producing more outputs, research productivity across the entire institution has not risen as much. Unitec is responding to this via a research partnering programme with corporates and government agencies.



INPUT 1

Staff

- Contributes to:**
- Teaching services
 - Support services
 - Institutional management
 - Industry and stakeholder management
 - Research activities

Our staff, along with our learners, are 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

	2013	2014	2015	2016	Target
Staff Engagement¹⁷	72%	68%	59%	-	85%
Staff Satisfaction					
with Facilities	-	-	55%	-	75%
with Career Development	-	59%	56%	-	75%
with Senior Leadership	-	31%	25%	-	50%
Staff (Headcount)¹⁸	1495	1429	1448	1340	NT
Academic	782	737	736	676	NT
Allied	713	691	712	664	NT
Ratio Academic:Allied	1.10	1.07	1.03	1.02	NT
Staff (FTE)¹⁹	1166	1115	1126	1050	NT
Academic	573	544	545	511	NT
Allied	593	571	581	539	NT
Ratio Academic:Allied	0.97	0.95	0.94	0.95	NT
Attrition rate (total)	10.1%	16.5%	11.3%	30.2%	NT
Excluding redundancies	8.2%	10.5%	10.0%	11.0%	NT
Voluntary	8.0%	9.9%	9.8%	10.5%	NT
Voluntary Redundancy programme			1.3%	13.1%	NT
Involuntary	2.1%	6.6%	0.3%	6.6%	NT
Sick Leave Per Capita (hrs)²⁰	43.6	45.9	46.0	45.0	<45.9
Professional Development Leave Per Capita (hrs)²¹	34.9	32.3	31.6	31.4	NT
Applications to Job Offers	-	-	22.7	35	>22.7
Total EFTS:FTE Ratio	8.7	8.8	8.9	8.7	NT
Management to Total Staff Ratio	8.2%	8.7%	9.3%	11.6%	<9.3%

¹⁷ No staff survey in 2016 - next survey in 2017 - 2016 targets compared to 2015 actuals

¹⁸ We have modified our calculation methodology. This now refers to the average headcount at month-end over the calendar year, including permanent, part-time, and casual employees.

¹⁹ Full Time Equivalent accrued over full calendar year. Does not include "paid on invoice" staff.

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

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

Commentary

The last engagement survey showed the level of staff engagement at 59%. This is below our target and improving engagement has been the focus of considerable work by executive and leadership across Unitec. Programmes that support staff to reach their potential, such as Performance Partnering, and to work together more effectively as teams, such as Values Based Leadership, are part of these strategies.

Attrition has spiked but this is largely due to 13% of staff choosing voluntary redundancy. Involuntary attrition is also high due to further staff reductions as part of the Transformation programme. Staff satisfaction with the physical environment is a new measure we have introduced to capture staff response as our campus redevelops. As we are now currently in a building phase, with few new buildings operational, this score is understandable.

We have modified our headcount measure to include casuals. The measure is now a more accurate representation of the number of staff working at Unitec at any one time during the year. The decrease in FTE is linked to the Transformation programme. Sick leave has remained stable but professional development leave has slightly dropped for the third year in a row. Professional development will be closely monitored and formalised as part of the new Performance Partnering process. The spike in management ratio has been a result of positions being recategorised as part of the Transformation programme.

Despite an improving employment environment, we have seen an encouraging increase in the number of applicants per vacancy, which may be linked to visibility of our Transformation programme. Our total EFTS:FTE ratio has remained stable.



INPUT 2

Infrastructure and Equipment

- Contributes to:**
- Teaching services
 - Support services
 - Industry and stakeholder engagement
 - Institutional management
 - Research activities

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

Performance Measures

	2013	2014	2015	2016	Target
Total Useable Floor Area (UFA) m²	83,548	83,776	84,431	85,999	NT
UFA m² per Equivalent Full Time Student	8.23	8.57	8.47	9.45	<8
Resource Utilisation: Energy (MWh)	12.52	12.40	11.75	10.84	NT
Resource Utilisation: Water (m ³)	77,835	82,371	85,501	75,663	<69,964
Resource Utilisation: Waste (tonnes)	358	321	374	366	<289
Resource Utilisation: Paper (kg)	94,767	59,672	48,860	39,161	<46,500
Resource Utilisation: Waste Water (m ³)	67,880	65,291	70,981	63,297	<68,852
Resource Utilisation: Petrol (l)	44,894	46,409	46,403	39,997	<45,011
Resource Utilisation: Diesel (l)	39,826	40,046	36,835	32,805	NT
Carbon footprint (CO ₂ e)	-	3596	3998	3403	<3402
Campus Recycle Rate (%)	-	-	-	14.5%	NT
Trades Recycle Rate (%)	-	-	-	79.0%	NT
Air Travel (pmkm)	-	7.37	9.06	7.11	NT
Rental Cars (pkm)	-	8,160	6,836	5,394	NT
Refrigerant (kg)	-	66	86	125	NT
Library Collection Items	389,325	450,284	354,077	479,302	NT
Electronic	274,000	335,400	246,198	377,527	NT
Physical	115,325	114,884	107,879	101,775	NT

Commentary

Total Useable Floor Area has increased very slightly, despite the major disruptions caused by our Transformation building programme. As a result of decreased EFTS, this has increased space per student, which resulted in us failing our target.

Library collection items have increased substantially, primarily due to a large increase in electronic items following changes to subscriptions. Physical holdings continue to drop as a result of the changes in student behaviour noted earlier.

In March 2016 Unitec’s One Planet Sustainability Strategy was launched, focusing attention on ten key principles. Early success has been realised with a significant reduction in carbon and achievement of Carbon Zero status through the purchase of credits. Paper use also continues to drop as electronic mechanisms are increasingly preferred. Total landfill waste for 2016 was 366 tonnes, 26% above target. Trades recycling at 79% is good, but general campus recycling at 14.5% is regarded as too low and several new initiatives including removal of landfill rubbish bins will be trialled in 2017.



INPUT 3

Learners

- Contributes to:**
- Teaching services
 - Support services
 - Industry and stakeholder management

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 competencies. Understanding the nature of the mix of learners at the input stage, compared to when they emerge as outputs, is essential to the accurate evaluation of the effectiveness and efficiency of Unitec's processes.

Performance Measures

	2013	2014	2015	2016	Target
Student Headcount (Enrolments)	19,771	18,767	19,307	17,701	NT
Total Equivalent Full-Time Students (EFTS)	10,152	9,771	9,968	9,100	NT
% Māori	9.4%	9.2%	9.2%	9.3%	NT
% Pacific	14.5%	14.3%	15.0%	14.4%	NT
% Under 25	55.7%	60.5%	57.4%	55.3%	NT
EFTS (SAC)	7,859	7,285	7,148	6,508	7,669
% Māori	11.2%	11.1%	11.7%	12.0%	13-18%
% Pacific	16.9%	16.7%	18.8%	18.3%	19-20%
% Under 25	54.7%	57.6%	55.3%	53.3%	64-69%
EFTS - International	1,695	1,962	2,181	2,114	2,000
EFTS - Domestic	8,457	7,809	7,786	6,986	NT
EFTS - Youth Guarantee	103	108	89	72	NT
EFTS (SAC) by Programme Level					
Level 3+	7,600	7,020	6,980	6,408	NT
Level 1 to 2	222	226	138	96	NT
Level 3	722	706	587	512	NT
Level 4	1,747	1,474	1,401	1,281	NT
Level 5 to 6	1,295	1,034	1,022	935	NT
Level 7	3,569	3,528	3,445	2,988	NT
Level 8 to 10	303	317	556	696	NT
Students Entering from PTEs	194	212	168	244	220-260
EFTS Entering From PTEs	128	143	127	121	NT
Students With Prior NEET Status	1,718	1,431	923	1,075	1400-1550
EFTS With Prior NEET Status	843	719	601	704	NT

Commentary

EFTS dropped by 8.5%; impacted by economic growth and an improving employment market and representing a significant drop over the past decade. Enrolments also dropped by 8.5%. We dropped 8.7% in SAC EFTS and thus fell 15% short of our Investment Plan target. However, we saw positive results with international EFTS and were 6% up on target. Our mix of students continues to evolve, with steady growth in Levels 8-10 EFTS, largely due to our growing The Mind Lab by Unitec programmes. Drops in lower-level programmes are due to the improving employment environment. We saw slight growth in Māori participation rates, but fell short of our target; Pacific participation was steady, while we saw a drop in Under 25s. We anticipate that by 2017 we will be within the target ranges for both Māori and Pacific participation.



INPUT 4

Funding

- Contributes to:**
- Teaching services
 - Support services
 - Industry and stakeholder engagement
 - Institutional management
 - Research activities

Funding is an essential input, as without money we could not pay for staff or infrastructure and equipment. We receive money from two primary sources: income paid by government on the basis of enrolments, and directly from students as tuition fees. EBITDA stands for Earnings Before Interest, Taxation, Depreciation, and Amortisation; EBITDAR includes Restructuring.

Performance Measures

	2013	2014	2015	2016	Target
Brand Health: First Choice	3%	5%	4%	3%	8%
Brand Health: Consideration	25%	24%	30%	34%	30%
Brand Health: Awareness	91%	91%	86%	84%	92%
					Forecast ²²
Net Surplus/Average Equity (%)	0.9%	0.9%	1.1%	(8.7%)	1.9%
Gearing (%) / Net Debt to Equity (%)	1.1%	1.2%	1.2%	15.2%	20.2%
Total Revenue (\$,000)²²	146,898	147,680	151,052	137,745	156,584
Total Cash Expenditure (\$,000)²³	140,605	141,469	145,909	150,067	136,185
Depreciation (\$,000)	12,824	12,816	12,011	18,251	14,838
Interest (\$,000)	582	189	878	(79)	820
Net Surplus (\$,000)	1,920	2,118	2,764	(24,020)	4,741
Net Cash (\$,000)	5,026	6,358	5,143	(12,323)	(354)
EBITDA (\$,000)	14,162	15,123	13,897	(5,691)	20,399
EBITDAR (\$,000)²⁴	14,163	15,838	20,652	14,355	16,000
EBITDA to Total Revenue	9.6%	10.2%	9.2%	(4.1%)	7.1%
EBITDAR to Total Revenue²⁵	-	10.7%	13.7%	10.4%	10.7%
Other Revenue	12,645	17,203	15,905	14,304	16,341
Workforce Budget to Income	62.9%	61.3%	62.9%	72%	61.6%
Revenue per FTE (\$000)	126	132	134	131	NT
Physical Maintenance Costs	-	3,694	4,287	5,204	4,222

²² Forecast taken from 2015/16 Investment Plan where available otherwise from 2016 budget.

²³ 2015 figure recalculated to match Financial Statements.

²⁴ 2015 figure recalculated to match Financial Statements.

²⁵ 2015 figure recalculated to match Financial Statements.

²⁶ 2015 figure recalculated to match Financial Statements.

Governance Report

for the year ended 31 December 2016



Unitec Governance

Unitec Institute of Technology was founded in 1976, originally named Carrington Technical Institute. Unitec is a polytechnic established pursuant to Section 162 of the Education Act 1989 (The Act). Unitec is also a Crown Entity for the purposes of Schedule 13A of the Act and Schedule 4 of the Crown Entities Act 2004.

Unitec Leadership: The Council

The Unitec Council is the governing body of Unitec Institute of Technology. The Minister for Tertiary Education is the minister responsible for overseeing the institution's activities and the Tertiary Education Commission is Unitec's monitoring agency. The Council's governance responsibilities are broadly underpinned by Section 180 of the Education Act. These are:

- **Strategy:** Council sets the long-term strategic direction for the organisation and ensures that there are measurable outcomes in place. It submits an Investment Plan for funding from the Tertiary Education Commission.
- **Human Resources:** Council appoints the Chief Executive and rewards them on the basis of performance (in consultation with the State Services Commission); it sets Remuneration Policy and approves key appointments to the CEO.
- **Policies and Compliance:** Council sets policies and ensures that they are reviewed on a regular basis, it monitors regulatory compliance, appoints auditors and reviews audit reports.
- **Delegation and Monitoring:** Council monitors performance against the plan, and sets a schedule of delegated authorities, retaining key approvals such as setting the Annual Budget, policy approval and unbudgeted capital spend over a certain threshold.

The Council is required, when performing its functions, to fulfil various duties. These include:

- striving to ensure that the institution attains the highest standards of excellence in education, training and research
- acknowledging the principles of the Treaty of Waitangi
- encouraging 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

- ensuring that the institution does not discriminate unfairly against any person
- ensuring proper standards of integrity, conduct and concern for the public interest and the wellbeing of students
- ensuring the efficient use of resources.

In 2016 Unitec Council established a Council Charter which sets out its role, duties and approach to ensuring good governance for the institution. The Council comprises eight members. Four members have been appointed by the Minister for Tertiary Education, Skills and Employment, and four by the Unitec Council (please refer to page 60).

Accountability and communication

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

Fees and expenses

In 2016 Unitec Council held 10 meetings. The first table on page 61 provides a summary of attendance, fees and expenses for 2016. In accordance with Section 193 of the Education (Polytechnics) Amendment Act 1990, the Council has the authority to form committees to enable it to perform its functions efficiently and effectively. Accordingly, Unitec Council has three committees as follows:

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

In addition:

4. The Unitec Council established the **Wairaka Land Company** on 31 August 2015 as a wholly-owned subsidiary
5. The Chief Executive has an advisory group named **Te Rūnanga Advisory Group**.

Members of the Unitec Council 2016

CHAIR



Dr Lee Mathias
Ministerial Appointment
Appointed 1 May 2014

DEPUTY CHAIR



Dianne Kidd
Council Appointment
Appointed 1 May 2011
Chair - Remuneration &
Appointments Committee

MEMBERS



Sarah Haydon
Ministerial Appointment
Appointed 1 May 2014
Chair - Audit & Risk Committee



Aroha Hudson
Ministerial Appointment
Appointed 1 May 2010



Martin Udale
Council Appointment
Appointed 1 May 2011
Chair - Wairaka Land Company Board



Alastair Carruthers
Council Appointment
Appointed 3 Nov 2014



Emeline Afeaki-Mafile'o
Ministerial Appointment
Appointed 20 Nov 2015



Vaughn Davis
Council Appointment
Appointed 3 Nov 2014

Unitec Council

Council member	Held	Attended	Fees Received (\$)	Expenses Claimed (\$)
Emeline Afeaki-Mafile'o	10	6	20,000	-
Alastair Carruthers (Carruthers Consulting)	10	8	20,000	-
Vaughn Davis (The Goat Farm Ltd)	10	8	20,000	2,314.26
Sarah Haydon	10	9	20,000	859.77
Aroha Hudson	10	7	20,000	671.25
Dianne Kidd	10	9	25,000	3,337.28
Lee Mathias	10	9	40,000	3,345.28
Martin Udale (Essentia Consulting)	10	7	20,000	250.00

Audit and Risk Committee

Council member	Held	Attended
Aroha Hudson	4	4
Dianne Kidd	4	4
Lee Mathias	4	4
Sarah Haydon	4	4

Remuneration and Appointments Committee

Council member	Held	Attended
Alastair Carruthers	5	5
Dianne Kidd	5	5
Lee Mathias	5	5

Fono Faufautua

Member	Held	Attended	Fees Received (\$)
Metua Bates	5	4	960
Ofa Dewes	3	2	480
George Gavet	5	3	720
Tevita Funaki	3	2	480
Panama Le'Au'Anae	5	5	1,200
Nafetalai Ngaluafe	5	-	-
Sam Sefuiva	5	3	720
Jemaima TiaTia-Seath	1	1	240
Vui Elena Timoteo	1	1	240
Nuhisifa Williams	5	5	1,200

Wairaka Land Company

Member	Held	Attended	Fees Received (\$)	Expenses Received (\$)
Anne Blackburn (Ten Gracie Square Ltd)	6	6	16,000	68.26
Chris Cardwell (Australis Property Ltd)	6	6	16,000	-
Sarah Haydon	6	6	16,000	-
Martin Udale (Essentia Consulting)	6	6	33,000	-
Derek Nolan (Bankside Chambers Ltd)	6	5	16,000	-
Adrienne Young-Cooper	6	5	16,000	-

Te Rūnanga

Member	Held	Attended	Fees Received* (\$)
Clay Hawke	5	5	630
Tui Ah Loo	6*	5	740
Robert Newson	1	1	130
Warahi Paki	6*	4	500
Awi Riddell	5	5	630
Mere Tunks	5	5	630

* Meeting fee received for participating in interviews for new members

Council Register of Interests

Unitec Council

Disclosure of Interest Register as at 21 November 2016

Name	Interest	Nature of Interest	Whose Interest	Date
Emeline Afeaki-Mafile'o	Affirming Works Ltd	Shareholder/Chairman	Self	Oct 2001
	Fofola Consultancy Ltd	Shareholder/Director	Self	Apr 2004
	Auckland Council	Contractor	Self	Sep 2015
	Families Commission (Social Policy Evaluation and Research Unit or Superu) Board	Board Member	Self	Nov 2016
	Parenting Place	Trustee	Self	Dec 2015
	TAF Consortium Ltd	Shareholder/Director	Self	Oct 2016
	Southern Initiative (Auckland Council)	Consultant	Self	Oct 2016
Alastair Carruthers	Carruthers Consulting Limited Interests in film production and advisory work to Crown Agencies and professional services firms	Director	Self	Jan 2013
	Peter Gordon	Life Partner	Other	n/a
	Te Papa Foundation	Chair (May 2016)	Self	May 2015
	NZ Official Exhibition for the 2017 Venice Biennale	Commissioner	Self	Jul 2015
	Numerous companies and interests in food and restaurants, notably Air New Zealand and Sky City Group	n/a	Self	n/a
Dianne Kidd	RJ and DJ Kidd Partnership	Partner/Shareholder	Self	1992
	Whenuanui Farm Trust	Trustee	Self	1994
	The Co-operative Bank Limited	Director	Self	2009
	Hounslow Holdings Ltd	Shareholder	Self	2004
	Helensville Birthing Centre Ltd	Director	Self	2009
	Kaipara Medical Centre Ltd	Chairman	Self	Feb 2013
	McEwan Kidd Limited Partnership	Director	Self	2012
	Massey University Foundation	Trustee	Self	Sep 2016
Lee Mathias	Counties Manukau District Health Board	Chairman	Self	May 2014
	Auckland District Health Board	Deputy Chairman	Self	May 2014
	Health Promotion Agency	Chairman	Self	May 2014
	Pictor Limited	Shareholder/Director	Self	May 2014
	Lee Mathias Family Trust	Trustee	Self	May 2014
	Awamoana Family Trust	Trustee	Self	May 2014
	Lee Mathias Limited	Director	Self	May 2014
	Unitec Trust	Trustee	Self	Jun 2014
	Unitec Institute of Technology	Chair	Self	Jun 2014
	Health Innovation Hub	Director	Self	Sep 2014
	Health Alliance Limited	Director	Self	Oct 2014
	John Seabrook Holdings Limited	Director	Self	Oct 2014
	Mathias Martin Family Trust	Trustee	Self	Oct 2014
NZ Health Partnerships Limited	Director	Self	Jul 2014	
Vaughn Davis	Boosted	Deputy Chair	Self	Jan 2015
	TGF Aviation Limited		Self	Jun 2011
	The Goat Farm Limited		Self	Feb 2011

Name	Interest	Nature of Interest	Whose Interest	Date
Aroha Hudson	Auckland PHO	Director	Self	Nov 2010
	Te Hononga o Tamaki me Hoturoa	Director	Self	
	Heart Foundation	Director	Self	
	Wellness Out West Trust	Director	Self	
	Unitec Institute of Technology	Board Member	Self	
	Spectrum Care	Director	Self	
Sarah Haydon	The Ports of Auckland Ltd	Director	Self	Aug 2016
	The Cooperative Bank Ltd	Director	Self	Mar 2015
	The Cooperative Bank Ltd	Chair, Audit Committee	Self	Mar 2015
	Cooperative Life Limited	Director	Self	Sep 2015
	NZ Riding for the Disabled Association Inc	Chairman	Self	May 2014
	The Boardroom Practice Limited	Associate	Self	May 2014
	Waste Disposal Services	Executive Committee Member	Self	May 2014
	R&E Seelye Trust	Trustee	Self	May 2014
	Wairaka Land Company	Director	Self	Aug 2015
	Unitec Trust	Trustee	Self	Jun 2014
	Unitec Institute of Technology	Chair, Audit & Risk Committee	Self	Jun 2014
	The Institute of Geological and Nuclear Sciences Ltd	Deputy Chairman	Self	Jul 2014
	The Institute of Geological and Nuclear Sciences Ltd	Chairman, Audit & Risk Committee	Self	Jul 2014
	Cavalier Corporation Limited	Chairman (July 2015)	Self	May 2014
Martin Udale	Waikato Innovation Park	Director	Self	Dec 2012
	Innovation Waikato Ltd	Director	Self	Jun 2010
	Essentia Consulting Group	Director/Shareholder	Self	
	Eladu Trust	Trustee	Self	
	Canvas Investments	Director	Self	Dec 2011
	Tamaki Redevelopment Company Limited	Director	Self	Dec 2012
	Tamaki Regeneration Company Limited	Director	Self	Mar 2016
	THA GP Ltd	Director	Self	Mar 2016
	Paparata Limited	Director/Shareholder	Self	Jul 2014
	Tall Wood Limited	Director/Shareholder	Self	Oct 2014
	Pānuku Development Auckland	Director	Self	Sep 2015
	Kiwi Rail Property Advisory Committee	Member	Self	Sep 2015
	Wairaka Land Company	Chair	Self	Aug 2015
	Advisory Committee for McConnell Property	Director	Self	Feb 2016
	Fleming Urban Limited	Director / Shareholder	Self	Nov 2015
	Hobsonville Development GP Ltd	Director	Self	Jul 2016
	New Ground (Hobsonville Point) Ltd	Director	Self	Jul 2016
	Cardinal Trustees Ltd	Director	Self	Jun 2016
	Forest Group Ltd	Director	Self	Jun 2016

Financial Statements

for the year ended 31 December 2016



Statement of Responsibility

For the year ended 31 December 2016

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 2016.

Dr Rick Ede
Chief Executive

Dr Lee Mathias
Chair

10 April 2017



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 2016

The Auditor-General is the auditor of Unitec Institute of Technology (the Institute) and 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 his behalf.

Opinion

We have audited:

- the financial statements of the group on pages 69 to 98, that comprise the statement of financial position as at 31 December 2016, 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 35 to 57.

In our opinion:

- the financial statements of the group on pages 69 to 98:
 - present fairly, in all material respects:
 - › its financial position as at 31 December 2016; and
 - › its financial performance and cash flows for the year then ended;
 - 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 on pages 35 to 57 presents fairly, in all material respects, the Institute's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2016.

Our audit was completed on 10 April 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the financial statements and the statement of service performance

The Council is responsible on behalf of the Institute and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of the Institute and group for preparing a statement of service performance that is fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the Institute and group for assessing the Institute and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the Institute and group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and statement of service performance, our procedures were limited to checking that the information agreed to:

- the group's Council approved budget for the financial statements; and
- the investment plan for the statement of service performance.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the Institute's statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 4 to 34, 58 to 65 and 100 to 102, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Institute and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards 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.



Karen MacKenzie

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Operating Revenue				
Government grants	2(a)	62,079	67,743	69,356
Student tuition fees	2(b)	62,610	67,507	65,677
Student services fees	2(d)	2,099	2,378	2,324
Other revenue	2(c)	11,352	11,635	14,382
Total Operating Revenue (excluding finance revenue)		138,140	149,263	151,739
Operating Expenditure				
Personnel costs	3(a)	99,039	99,986	96,271
Depreciation and amortisation	8,9	18,252	15,170	12,013
Administration costs and other expenses	4(b)	45,579	50,839	41,571
Total Operating Expenditure (excluding finance costs)		162,870	165,995	149,855
Surplus/(Deficit) before net finance costs		(24,730)	(16,732)	1,884
Finance revenue		346		1,023
Finance costs	4(a)	(419)	(403)	(135)
Net Finance revenue/(costs)		(73)	(403)	888
Surplus/(Deficit) before share of surplus/(deficit) of jointly controlled entities		(24,803)	(17,135)	2,772
Share of Surplus/(Deficit) of jointly controlled entities		402	1,041	267
Net Surplus/(Deficit)		(24,401)	(16,094)	3,039
Other comprehensive revenue and expense				
Revaluation movements in property, plant and equipment	8	42,522		22,488
Total other comprehensive revenue/(expense)		42,522		22,488
Total comprehensive revenue/(expense)		18,121	(16,094)	25,527
Reconciliation of Surplus/(Deficit) before net finance revenue/costs to EBITDAR				
Surplus/(Deficit) before net finance revenue/costs		(24,730)	(16,732)	1,884
Deduct:				
Net(gain)/loss on disposal of property, plant and equipment		109	5,085	(1,387)
Add back:				
Transformation costs		16,316	11,940	4,630
Restructuring		4,449	2,500	3,242
Depreciation and amortisation		18,252	15,170	12,013
Impairment		70		
Share of surplus/(deficit) of jointly controlled entities		402	1,041	267
Net gain on derivative financial instruments		(489)		
EBITDAR		14,379	19,004	20,649

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 22.

Statement of Financial Position

As at 31 December 2016

	Note	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Assets				
Current Assets				
Cash and cash equivalents		2,278		14,582
Trade and other receivables	5	4,850	5,659	2,604
Inventories		281	282	156
Prepayments		1,279	1,158	1,271
Total current assets		8,688	7,099	18,613
Non-current assets				
Investment in joint ventures	15	652		
Loan to joint ventures	15	529		1,020
Property, plant and equipment	8	305,452	238,390	270,704
Assets Held for Sale			46,995	
Intangible Assets	9	13,274	7,885	6,476
Assets under construction	8	35,409	30,934	10,577
Derivative Financial Instruments		630		
Total non-current assets		355,946	324,204	288,777
Total assets		364,634	331,303	307,390
Liabilities				
Current Liabilities				
Trade and other payables	6	13,268	14,757	12,403
Revenue received in advance	7	11,663	9,836	10,901
Borrowings	10	26,856		1,222
Employee entitlements	3(b)	7,468	6,900	12,145
Property provisions	11	2,214		
Total current liabilities		61,469	31,493	36,671
Non-current liabilities				
Borrowings	10	16,542	51,017	1,857
Derivative financial instruments		118		
Employee entitlements	3(b)	608	900	835
Property provisions	11	249	189	500
Total non-current liabilities		17,517	52,106	3,192
Total liabilities		78,987	83,599	39,863
Net assets		285,648	247,704	267,527
Equity				
General Funds		82,923	84,990	107,324
Property revaluation reserves		202,725	162,714	160,203
Total equity		285,648	247,704	267,527

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 22.

Statement of Changes in Equity

For the year ended 31 December 2016

	<i>General Funds</i>	<i>Property Revaluation Reserves</i>	<i>Total</i>
Prior year			
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
Total comprehensive revenue and expenses for the year	3,039	22,488	25,527
Balance at 31 December	107,324	160,203	267,527
Current year			
Balance at 1 January	107,324	160,203	267,527
Surplus/(Deficit) for the year	(24,401)		(24,401)
Other comprehensive income		42,522	42,522
Total comprehensive revenue and expenses for the year	(24,401)	42,522	18,121
Balance at 31 December	82,923	202,725	285,648

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 22.

Statement of Cash Flows

For the year ended 31 December 2016

	<i>Actual</i> 2016 \$000	<i>Budget</i> 2016 \$000	<i>Actual</i> 2015 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Government grants	61,722	67,751	70,634
Tuition fees	64,700	68,635	67,527
Interest received	336		994
Other operating receipts	10,699	11,046	14,508
	137,457	147,432	153,663
<i>Cash was applied to:</i>			
Payment to employees	104,045	102,460	93,410
Goods and services tax (net)	1,587		813
Interest paid	296	1,283	135
Payment to suppliers	44,868	40,378	39,477
	150,796	144,121	133,835
Net cash flows from operating activities	(13,339)	3,311	19,828
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment	77		2,536
Repayment of loan from joint ventures	846	1,020	
	923	1,020	2,536
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	27,949	52,555	15,667
Purchase of intangible assets	9,225	2,471	183
Loan to joint ventures	605		
	37,779	55,026	15,850
Net cash flow from investing activities	(36,856)	(54,006)	(13,314)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Loan drawn	40,000	51,017	
	40,000	51,017	
<i>Cash was applied to:</i>			
Repayment of finance lease liabilities	2,109	2,790	1,364
	2,109	2,790	1,364
Net cash flow from financing activities	37,891	48,227	(1,364)
Total net cash flows	(12,304)	(2,468)	5,150
Cash and cash equivalents at 1 January	14,582	2,468	9,432
Cash and cash equivalents at 31 December	2,278		14,582
Cash and bank	1,958		1,248
Short-term investments	320		13,334
Closing cash and cash equivalents at 31 December	2,278		14,582

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 22.

Statement of Cash Flows (continued)

For the year ended 31 December 2016

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

	<i>Actual</i> 2016 \$000	<i>Budget</i> 2016 \$000	<i>Actual</i> 2015 \$000
Surplus/(deficit) before share of surplus/(deficit) of jointly controlled entities	(24,803)	(17,135)	2,772
Add/Less non-cash items:			
Depreciation/Amortisation	18,252	15,170	12,013
Bad debts	330		303
Net(Gain)/Loss on disposal of property, plant and equipment	109	5,085	(1,387)
Derivatives	(512)		
Increase/(Decrease) in non-current property provisions	(251)		
Increase/(Decrease) in non-current employee entitlements	(227)		(65)
Total non-cash items	17,701	20,255	10,864
Add/Less movements in working capital items:			
(Increase)/Decrease in inventories	(125)		167
(Increase)/Decrease in trade and other receivables	(2,246)	(1,178)	967
(Increase)/Decrease in prepayments	(8)		(89)
Increase/(Decrease) in trade and other payables	865	944	2,309
Increase/(Decrease) in revenue received in advance	762	1,661	1,654
Increase/(Decrease) in property provisions	2,214		
Increase/(Decrease) in current employee entitlements	(4,677)		1,184
Net movement in working capital items	(3,215)	1,427	6,192
Items classified as investing activities	(3,022)	(1,236)	
Net cash flows from operating activities	(13,339)	3,311	19,828

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 22.



1 Group Information

The Group is comprised of 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 15 of these financial statements.

Group financial statements only are presented as there is no material difference between the Group and Parent financial statements. The impact of the controlled entities on the Group financial statements is presented in note 16.

Unitec 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 for the purpose of financial reporting.

The financial statements of the Group are for the year ended 31 December 2016, and were authorised for issue by the Council on 10 April 2017.

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 consideration received or to be received.

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

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
(a) Government grants		
Student Achievement Component funding	55,688	62,850
Performance-Based Research Fund (PBRF)	3,445	3,326
Youth Guarantee Fund	934	1,087
Māori & Pasifika Grant	346	339
Refugee Study Grant	1,015	1,015
Other grants	651	739
	62,079	69,356
(b) Student tuition fees		
Domestic student tuition fees	28,499	32,369
International student tuition fees	34,111	33,308
	62,610	65,677
(c) Other exchange revenue		
Contract education	532	430
Copy Centre	590	612
Consultancy and student projects	1,826	2,772
Research	1,240	615
Gain on sale of property, plant and equipment	51	1,646
Revenue from other operating activities	7,113	8,307
	11,352	14,382
(d) Other non-exchange revenue		
Student services fee income	2,099	2,324
	2,099	2,324

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 employee 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 extent that absences in futures periods are expected to be greater than the sick leave entitlements earned in the coming year.

A liability and an expense is recognised for bonuses and redundancy costs where contractually the Group is obliged or where due to past practise or circumstances that create an expectation 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 employee renders the related service, such as long service leave and retirement gratuities, have been calculated as the present value of the future expected cash flows.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
(a) Personnel costs		
Salaries and wages	92,218	90,388
Employee benefits expenses	681	616
Employee entitlements expenses	1,691	2,025
Redundancies	4,449	3,242
	99,039	96,271
(b) Employee entitlements		
At 1 January	12,980	9,558
Adjustments during the year	(4,904)	3,422
At 31 December	8,076	12,980
Current portion	7,468	12,145
Non-current portion	608	835
	8,076	12,980
<i>Comprising of:</i>		
Salaries and wages	8	2,030
Annual leave	6,599	6,837
Retirement leave	358	429
Long service leave	289	350
Sick leave	206	385
Redundancy provisions	616	2,949
	8,076	12,980
<i>Redundancy provisions:</i>		
Opening balance	2,949	40
Provision for the year	422	3,202
Utilised	(2,755)	(293)
Closing balance	616	2,949

4 Other Expenditure

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
(a) Finance cost		
Interest paid	113	
Finance lease interest	306	135
	419	135
(b) Administration costs and other expenses		
Audit Fees - paid to principal auditor for parent and subsidiaries - current year audit	160	156
Fees - paid to principal auditor for controlled entities - prior year review	10	
Fees - paid to principal auditor for external research income review	7	6
Bad debts expense	330	303
Change in provision for doubtful debts	(313)	132
Councillors' fees	185	147
Class Materials	2,335	2,884
Research	1,029	907
Operating lease charges	3,824	2,699
Loss on disposal of fixed assets	160	259
Net gain on derivative financial instruments	(489)	
Other administrative expenses	38,341	34,078
	45,579	41,571

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) are unable to make required payments.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Trade and other receivables		
Student fee receivables (non exchange)	1,117	330
Student fee receivables (exchange)	531	906
Trade receivables (exchange)	3,378	1,872
Accrued interest (exchange)	21	30
Government grants (non exchange)	24	
Less provision for impairment	(221)	(534)
Total Trade and other receivables	4,850	2,604

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

(a) Student fee receivables	<i>Actual 2016 \$000</i>			<i>Actual 2015 \$000</i>		
	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>
Group						
1-30 days	251		251	326		326
31-60 days	240		240	205		205
61-90 days	60		60	35		35
>90 days	1,097	(192)	905	670	(490)	180
Total student fee receivables	1,648	(192)	1,456	1,236	(490)	746

(b) Trade receivables (exchange)	<i>Actual 2016 \$000</i>			<i>Actual 2015 \$000</i>		
	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>
Group						
1-30 days	1,571		1,571	1,756		1,756
31-60 days	1,298		1,298	20		20
61-90 days	271		271	45	(1)	44
>90 days	238	(29)	209	51	(43)	8
Total trade receivables	3,378	(29)	3,349	1,872	(44)	1,828

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.

(c) Movements in the provision for impairment are as follows:	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Student fee receivables		
At 1 January	490	399
Additional provisions made during the year		91
Release of provision during the year	(298)	
At 31 December	192	490
Trade receivables		
At 1 January	44	3
Additional provisions made during the year	26	41
Release of provision during the year	(41)	
At 31 December	29	44

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.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Payables under exchange transactions		
Trade payables	733	2,364
Other payables - accruals	11,285	6,689
	12,018	9,053
Payables under non-exchange transactions		
Taxes payable	1,250	3,350
	13,286	12,403

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

7 Revenue Received in Advance

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

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Exchange transactions		
International student fees received in advance	10,243	9,341
	10,243	9,341
Non-exchange transactions		
Government grants received in advance		984
Domestic student fees received in advance	1,420	576
	1,420	1,560
Total revenue received in advance	11,663	10,901

8 Property, Plant and Equipment

Property, plant and equipment is 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 and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group, 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 and equipment.

	<i>Land</i>	<i>Buildings</i>
Cost or valuation		
Balance at 1 January 2015	100,069	142,651
Additions	1,247	5,841
Revaluation increase/(decrease)	3,974	5,502
Disposals		(485)
Balance at 31 December 2015	105,290	153,509
Balance at 1 January 2016	105,290	153,509
Additions	436	2,414
Revaluation increase/(decrease)	106,916	(70,950)
Adjustments/Movement		
Disposals	(158)	(4,760)
Balance at 31 December 2016	212,484	80,213
Accumulated depreciation and impairment losses		
Balance at 1 January 2015		6,499
Depreciation Expense		6,464
Eliminate on disposal		(149)
Eliminate on revaluation		(12,814)
Balance at 31 December 2015		
Balance at 1 January 2016		
Depreciation Expense		11,316
Eliminate on disposal		(4,760)
Eliminate on revaluation		(6,556)
Adjustments/Movement		
Balance at 31 December 2016		
Carrying amounts		
At 1 January 2015	100,069	136,152
At 31 December 2015 and 1 January 2016	105,290	153,509
At 31 December 2016	212,484	80,213

Subsequent to initial recognition, property, plant and equipment is measured using either the cost model or at fair value. To determine the fair value of an asset appropriately experienced values are engaged to perform valuations on a class-by-class basis when there has been significant changes in asset values, as a minimum valuations are required at least every 3 years. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued. Gains and losses are recognised in other comprehensive income, except in the event the loss exceeds the existing reserves, in such cases the loss is recognised in the surplus or deficit.

<i>Plant & Equipment</i>	<i>Furniture & Fittings</i>	<i>Motor Vehicles</i>	<i>Computer Equipment</i>	<i>Office Equipment</i>	<i>Library Collection</i>	<i>Total</i>
10,333	5,096	2,259	14,867	1,068	7,753	284,096
762	1,305	183	2,249	117	225	11,929
						9,476
(124)	(932)	(198)	(2,169)	(258)		(4,166)
10,971	5,469	2,244	14,947	927	7,978	301,335
10,971	5,469	2,244	14,947	927	7,978	301,335
751	743	85	2,178	24	294	6,925
						35,966
2,950						2,950
(19)		(198)	(1,169)	(1)		(6,305)
14,653	6,212	2,131	15,956	950	8,272	340,871
7,422	3,009	1,427	11,139	931	5,393	35,820
728	246	323	2,191	42	525	10,519
(124)	(108)	(137)	(2,169)	(209)		(2,896)
						(12,814)
8,026	3,147	1,613	11,161	764	5,918	30,629
8,026	3,147	1,613	11,161	764	5,918	30,629
1,561	349	267	2,146	45	484	16,168
(8)		(177)	(1,167)	(1)		(6,113)
						(6,556)
1,291						1,291
10,870	3,496	1,703	12,140	808	6,402	35,419
2,911	2,087	832	3,728	137	2,360	248,276
2,945	2,322	631	3,786	163	2,060	270,706
3,783	2,716	428	3,816	142	1,870	305,452

Legal ownership of land and buildings

	LAND		BUILDINGS	
	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Institute owned	151,913	72,310	57,302	120,936
Crown owned	60,571	32,980	22,911	32,573
Total	212,484	105,290	80,213	153,509

Valuation

At year end (31 December 2016) independent valuers, Jones Lang LaSalle 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 lands, 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 asset is 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 life of assets is estimated.
4. Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Crown owned land and buildings

Crown-owned land and buildings are included as part of the Institute's property, plant and equipment. These were first recognised on 1 January 1995 and although legal title at 31 December 2016 had not yet transferred, the Institute had assumed all the normal risks and rewards of ownership.

As noted in Note 23 Significant events after balance date, the Crown transferred the land and buildings at the Mt Albert Campus, Carrington Road, Auckland to the Institute on 23 March 2017.

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 historic 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 2016 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 or intangible asset category.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Buildings	31,531	6,577
Software	662	1,951
Fixtures and fittings	956	133
Course development	2,260	1,916
Total assets under construction	35,409	10,577

¹Assets under construction include borrowing costs of \$52,074 (2015: nil) capitalised using a weighted average interest rate of 2.76% (2015: nil)

Finance leases

The carrying value of property, plant and equipment held by the Group under finance leases and hire purchase contracts at 31 December 2016 is \$3,051,000 (2015: \$3,017,000). This relates to computer equipment \$2,091,000 (2015: \$3,017,000) and plant and equipment \$960,214 (2015: nil). Additions during the year totalled \$1,885,000, of which \$905,000 (2015: \$2,114,000) relates to computer equipment and \$980,000 for plant and equipment. 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 life of the asset. Depreciation is charged at rates calculated to allocate the cost or fair value of the asset less any estimated residual value over its remaining useful life:

<i>Asset Category</i>	<i>Useful Life</i>
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

9 Intangible Assets

Course development

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

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 the 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.

	<i>Computer Software</i>	<i>Course Development</i>	<i>Total</i>
Cost or valuation			
Balance at 1 January 2015	14,561	338	14,899
Additions	183		183
Balance at 31 December 2015	14,744	338	15,082
Balance at 1 January 2016	14,744	338	15,082
Additions	6,813	2,069	8,882
Balance at 31 December 2016	21,557	2,407	23,964
Accumulated amortisation and impairment losses			
Balance at 1 January 2015	7,112		7,112
Amortisation Expense	1,426	68	1,494
Balance at 31 December 2015	8,538	68	8,606
Balance at 1 January 2016	8,538	68	8,606
Amortisation Expense	1,697	387	2,084
Balance at 31 December 2016	10,235	455	10,690
Carrying amounts			
At 1 January 2015	7,449	338	7,787
At 31 December 2015 and 1 January 2016	6,206	270	6,476
At 31 December 2016	11,322	1,952	13,274

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

<i>Course development</i>	5 years
<i>Computer software</i>	3 - 10 years

10 Borrowings

On 21 December 2015, the Institute entered into two separate revolving advance facility agreements (and the accompanying negative pledge deeds): one with the ASB Bank Limited and one with Westpac New Zealand Limited. These facilities have been established in accordance with the conditions of the Consent to Borrow granted by the Secretary for Education, under section 192 (4) (d) and (7) of the Education Act 1989.

The total revolving advances facilities from ASB Bank Limited and Westpac New Zealand Limited are for the total amount up to \$85 million (2015: \$85 million), with final maturity dates of 21 December 2017 and 21 December 2022. The ASB Bank Limited facility was renewed on 27 February 2017, with a final maturity date of 21 December 2018. The facility with Westpac New Zealand Limited provides for increases in the facility of \$20 million from 1 January 2017 and \$35 million from 1 January 2018.

The Institute uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. As at 31 December 2016 \$40 million (2015: nil) had been drawn down on these facilities. These facilities provide for borrowing terms of between one and six months with standard commercial repayment and redraw provisions. The weighted average interest rate on the outstanding loan for the year was 2.76% (2015: nil).

Borrowings are initially recognised at their fair value less directly attributable transaction costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Institute incurs in connection with the borrowing of funds.

All loans and borrowings are unsecured so there are no assets pledged as security.

During the current year and prior years there were no defaults or breaches on any of the loans or borrowings.

Leases are classified into two categories, finance leases and operating leases. Arrangements are determined to be finance leases 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 arrangements 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.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Current Portion		
Borrowings/loans	24,994	
Finance leases	1,862	1,222
Total current portion	26,856	1,222
Non-current portion		
Borrowings/loans	14,931	
Finance leases	1,611	1,857
Total non-current portion	16,542	1,857
Total borrowings	43,398	3,080

Minimum payments future lease repayments

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Within one year	2,052	1,305
After one year but not more than five years	1,706	1,913
Future finance charges	(285)	(138)
Total minimum lease payments	3,473	3,080

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 to purchase the asset at the end of the lease term, but it is likely the option to purchase will not be exercised because the leased assets are usually technologically obsolete at lease expiry. The 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.

11 Property Provisions

Property provisions relate to future unavoidable costs valued at year end prices.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Current Provisions		
Onerous Lease	1,490	
Lease Make Good	724	
Total Current Provisions	2,214	
Non-Current Provisions		
Onerous Lease	249	
Lease Make Good		500
Total Non-current Provisions	249	500
Total Property Provisions	2,463	500

The nature of the property provisions are as follows:

- The provision for onerous leases arises where the Group has an unavoidable obligation under a contract where the costs required to fulfil the obligation exceed the benefits under the contract.
- Lease Make-Good provision are in respect of leased premises where the Group is required at the expiry of the lease term to make-good any damage and remove any fixtures and fittings installed by the Group.

(a) Movements in the provision are as follows:	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Onerous Lease		
At 1 January		
Additional provisions made during the year	1,739	
At 31 December	1,739	
Make Good		
At 1 January	500	400
Additional provisions made during the year	224	100
At 31 December	724	500

12 Operating Lease Commitments

Operating leases as lessee

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Non-cancellable operating lease commitments		
Land and buildings		
Within one year	436	2,025
Later than one year and not later than two years	195	1,772
Later than two years and not later than five years	352	938
Later than five years	44	
	1,027	4,735

At 31 December 2015, a significant portion of the total non-cancellable operating leases expense related to the lease of the Albany Campus. The lease expires in March 2018, with an option to renew the lease until February 2027. During the year, it was announced that the Group would be exiting the Albany Campus. As a result the Group has recognised an onerous lease provision.

Operating leases as lessor

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

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Non-cancellable operating lease commitments		
Land and buildings		
Not later than one year	1,268	1,808
Later than one year and not later than two years	553	1,354
Later than two years and not later than five years	1,113	984
Later than five years	308	562
	3,242	4,708

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

13 Commitments

Capital commitments

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

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Buildings	22,079	36,215
Computer equipment	177	54
Computer software	639	362
Fixtures and fittings	3,261	29
Plant and equipment	3,633	486
Course development	587	
Total capital commitments	30,376	37,146

14 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 impact on the Group's financial position.

On 23 March 2017, the Crown formally transferred the Crown-owned land to the Institute. Under the terms and conditions of the transfer, if the Institute sells any or all of the land within five years of the transfer, the Crown has the right to 20% of the net sale proceeds or such lesser amount as agreed.

15 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 net assets of the associates or joint ventures that the Group is entitled to or has a legal or constructive obligation in relation to.

Name of venture	Principle Activities	Country of Incorporation	Equity Interest (%)	
			2016	2015
Stars in Her Eyes	Dormant	New Zealand	50	50
TEPU Limited	Dormant	New Zealand	50	50
The Mind Lab by Unitec Limited Partnership	Specialist education	New Zealand	51	51
The Tech Futures Lab - Unitec Limited Partnership	Specialist education	New Zealand	50	-

TEPU Limited and Stars in Her Eyes are dormant entities with no assets or liabilities, and incurred no expenses and earned no revenues in the period.

The aggregate amount of the Group's share of significant Joint Ventures and Associates is included in the table below:

	Actual 2016 \$000	Actual 2015 \$000
Summarised statement of financial position		
Assets		
Current assets	1,341	754
Non-current assets	2,192	1,761
Total assets	3,533	2,515
Liabilities		
Current liabilities	1,544	2,703
Non-current liabilities	1,210	
Total liabilities	2,754	2,703
Net assets	779	(188)
Summarised statement of financial performance		
Income	7,201	4,593
Expenses	6,145	4,175
Net surplus/(deficit)	1,056	418
Group's Investment		
Loans to Joint Ventures	529	1,020
Share of Net Assets	652	
	1,181	1,020

Loans to joint ventures are unsecured, non-interest bearing and repayable on demand. Therefore, the carrying value approximates their fair value.

16 Unitec Controlled Entities

Unitec controls three entities. Two are constituted as charitable trusts being Unitec Trust and Unitec Apprenticeship Training Trust. The charitable purposes of the trusts are to further student education, achievement and employment. The other entity is Wairaka Land Company, a 100% subsidiary of Unitec, which was incorporated on 25 September 2015 to implement Unitec's property strategy.

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Summarised statement of financial position		
Assets		
Current assets	337	375
Non-current assets	2	3
Total assets	339	378
Liabilities		
Current liabilities	21	111
Non-current liabilities	219	
Total liabilities	240	111
Net assets	99	267
Summarised statement of financial performance		
Income	396	830
Expenses	564	823
Net surplus/(deficit)	(168)	7

17 Related Party Transactions

	<i>Actual 2016 \$000</i>	<i>Actual 2015 \$000</i>
Key management personnel remuneration		
Council members		
Remuneration*	230	180
Full-time Equivalent Members	12.0	9.3
Leadership Team		
Salaries and other short term employee benefits	2,870	2,628
Full-time equivalent members	9.1	8.6
Total remuneration	3,100	2,808

* This includes Directors' fees paid to Unitec Council members in their capacity as Board members of Unitec subsidiaries.

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

For the purpose of financial reporting each council member and director is considered 1 full time equivalent if they held office for the entire financial year.

18 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 includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). 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 derivative financial instruments, buildings and land classified as property, plant and equipment, which have been measured at fair value.

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

19 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 revenues, 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 amount of assets or 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 nature, location and condition of the property. The key assumptions used to determine the fair value of these non-financial assets 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 value of costs that can be recovered through the remaining usage, and any excess between costs capitalised and recoverable value is recognised as impairment expense in the statement of comprehensive income. In the current financial year no impairment was recognised (2015: nil).

Crown-owned land and buildings

Property in the legal name of the Crown that is occupied by the Institute and Group is recognised as an asset in the statement of financial position. The Institute and Group consider it has assumed all the normal risks and rewards of ownership of this property, despite legal ownership not being transferred, and accordingly, it would be misleading to exclude these assets from the financial statements. The Institute and Group has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years from 1 December 1995 at nil rent.

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

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.

Transformation costs

All one-off or non-recurring costs associated with transformation have been classified as transformation costs in the reconciliation to EBITDAR under the Statement of Comprehensive Income. Transformation costs are a key determinant of EBITDAR which is a key component of covenant compliance under the Groups revolving credit facilities and the TEC monitoring framework.

20 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, trade and other receivables and loans to joint ventures have been categorised as loans and receivables.

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

Derivative financial instruments are categorised as fair value through the surplus or deficit. The Group has elected not to apply hedge accounting.

Fair value hierarchy

Derivatives are valued using observable inputs (level 2).

Financial instrument risks

The Group's activities expose it to a variety of financial instrument risks, including market risk, interest rate 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 Group is subject to interest rate risk and foreign exchange 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 sufficient interest rate cover is maintained. Foreign exchange rate risk is the risk that the value of foreign currency denominated future cash flows will fluctuate due to changes in exchange rates. The Group manages this risk for significant commitments by fixing relevant future exchange rates with forward exchange contracts.

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.

Interest rate risk

Interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cash flow interest rate risk. The Group holds \$39 million interest rate swaps, \$10 million interest rate caps and \$15 million interest rate swaptions at year end.

The interest rate derivatives are marked to market at the end of the reporting period. This has resulted in a gain of \$731,000 (2015: nil). A shift of +/- 100 basis points would result in an equivalent change in the 2016 value of \$191,000 (2015: nil), with all other variables held constant.

Interest rate risk is managed in accordance with the Treasury Management Policy. The Group applies maximum limits to approved counterparties to mitigate concentration of interest rate risk. There were no breaches of the Treasury Management Policy for the 12 months to 31 December 2016 (2015: none).

Sensitivity analysis

As at 31 December 2016, if the average interest rate on interest-bearing deposits over 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	Higher	Lower
2016	104,996	(104,996)
2015	145,820	(145,820)

As at 31 December 2016, if the average interest rate on net interest-bearing debt over 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	Higher	Lower
2016	73,076	(73,076)
2015	nil	nil

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 which 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, deposits and derivatives are held with registered banks in New Zealand which 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 historic 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, availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Group mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements. The Group has cash, short-term deposits and borrowings that it can use to meet its ongoing payment obligations.

The Group's creditors are mainly those reported as trade and other payables and borrowings. The Group will pay trade and other creditors within 30 days of incurring the liability. The contractual maturity of Borrowings and Finance leases are disclosed in note 10. The Group has a maximum amount that can be drawn down against its revolving credit facility of \$85 million (2015: nil). The Group has complied with all banking covenants under these facilities.

The contractual maturity of derivative financial instruments are as follows:

	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	6 - 12 months	1 - 2 years	Greater than 2 years
2016							
Gross settled forward exchange contracts	(118)						
Outflow			(4,643)	(2,074)	(2,279)	(290)	
Inflow			4,525	2,028	2,215	282	
Net settled interest rate derivatives		630	630	48	48	95	439

There were no derivatives in 2015.

Fair Value

Interest rate derivatives

The fair values of interest rate derivatives have been determined by calculating the expected cash flows under the terms of the derivatives and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Forward foreign exchange contracts

The fair values of forward exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

Information about interest rate derivatives

The notional principal amounts of the outstanding interest rate derivative contracts totalled \$64 million (2015: nil) The fixed interest rates of all derivative contracts vary from 2.965% to 3.75%.

Information about forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts in NZD were \$4.644 million (2015: nil) the foreign currency principal amounts were AUD 4.349 million.

21 Capital Management

The Group's capital is its equity, which is comprised of 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 or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

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

22 Major Budget Variances

The budget figures are derived from the Group's 2016 budget which was approved by the Council in November 2015. The budget figures are for 12 months to December 2016, and have been prepared in accordance with PBE FRS - 42 using accounting policies consistent with those applied in preparing the 2016 financial statements.

Explanations for significant variances from budget are as follows:

Statement of comprehensive income

Revenues

Revenues were lower than budget primarily due to lower revenues from domestic students and government grants as a result of lower than expected domestic student enrolments.

Expenses

Expenditures were lower than budgeted due to:

- Timing of asset disposals which had been budgeted to occur during the year, but did not occur
- Reduction in personal costs due to realignment of staffing through sector alignment
- These have been offset by additional costs incurred through the exit of the Albany Campus and costs incurred through sector alignment

Finance cost

Net finance income was earned in the year and not the cost budgeted due to the higher than budgeted closing cash position at the end of 2015 and the timing of cash flows during the year.

Statement of financial position

Assets

Cash and cash equivalents are higher than budgeted as the budget assumed all cash and cash equivalents are applied against the net debt position.

Property, plant, and equipment exceeded budget primarily due to the valuation of the Group's land following the zoning changes outlined in the Auckland Unitary Plan. This change has resulted in a significant uplift in the value of land which is offset by a decrease in buildings. In addition to this, the budget assumed an earlier sale of assets (assets held for sale) which has not occurred.

Intangible assets are higher than budgeted due to the completion and capitalisation of software projects during the year.

Assets under construction are higher than anticipated. This principally relates to the later commencement than was anticipated in the budget of a range of property, plant and equipment projects.

Liabilities

Trade and other payables are lower than budget due to the timing of third party invoice receipt and payments. Revenue received in advance is lower than budget due to the later receipt of Semester One 2017 enrolments.

Borrowings are lower than budgeted as the Group had a higher opening cash position than budgeted, this coupled with prudent cash management has resulted in the Group being able to delay the requirement to draw down on external funding. The budget also assumed all borrowings would be term.

Statement of cash flows

Cash from operating activities

Are lower than budget due to lower government grants and tuition fees as a result of lower domestic students, offset by higher payments to employees due to timing of restructuring and higher payments to suppliers as opening trade payables for operating activities were higher than expected last year.

Cash from investing activities

The lower than budgeted cash applied to investing activities is due to the timing of the mix of project expenditure and timing of payments to capex payables.

Cash from financing activities

As a result of the higher opening cash position and prudent cash management less external funding was required and as a result the cash receipts from financing activities was lower than budgeted.

23 Significant events after balance date

Subsequent to balance date the following significant events have occurred:

The Crown transferred the land and buildings at the Mt Albert Campus, Carrington Road, Auckland to the Institute on 23 March 2017. Previously, the Crown had legal title to a portion of the land and buildings. However, the Institute had in substance ownership of the land and buildings and reported these assets as if owned by the Institute.

The ASB Bank facility, which had an original maturity date of 21 December 2017, has been extended for a further term of 12 months. This was effective from 27 February 2017.

2015: Additional redundancies of \$2,100,000 were communicated to impacted employees.

24 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)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- 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, which 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 Services Fees. Providers are required to comply with the Ministerial Direction, within given timeframes and ensure there are appropriate mechanisms for enrolled students to be involved in specific aspects of the process.

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

It also requires institutions to report a description of the services funded out of the fee and a statement of the fee income and expenditure for each type of student service in the institution's annual report as well as the levy charged per Equivalent Full Time Student (EFTS). The levy per EFTS in 2016 was \$317, and the accompanying tables provide an overview of the income and expenditure related to this.

The direction also requires providers to make decisions jointly or in consultation with students or their representatives on the amount of the fee, the types of services to be delivered, and how these are procured and how expenditure is authorised. Unitec consulted with students through the Unitec Student Council on these matters prior to providing a proposal to the Unitec Council for the setting and use of these fees for 2016.

	Advocacy and Legal Advice	Careers Information, Advice and Guidance	Counselling Services and Pastoral Care	Employment Information	Financial Support and Advice	Health Services	Media	Childcare Services	Clubs and Societies	Sports, Recreation and Cultural Activities	Total
FY2016	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	318,663	186,158	984,328	37,048	30,220	171,728	85,211	41,371	182,587	61,747	2,099,061
Expenditure	516,077	254,042	1,377,653	60,000	40,333	235,350	138,000	67,000	295,700	100,000	3,084,154
Net cost	197,414	67,884	393,324	22,952	10,113	63,622	52,789	25,629	113,113	38,253	985,093

	Advocacy and Legal Advice	Careers Information, Advice and Guidance	Counselling Services and Pastoral Care	Employment Information	Financial Support and Advice	Health Services	Media	Childcare Services	Clubs and Societies	Sports, Recreation and Cultural Activities	Total
FY2015	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	339,234	197,302	1,010,198	39,135	18,052	197,246	85,444	50,503	338,514	45,657	2,321,285
Expenditure	518,129	285,119	1,525,864	60,000	27,438	286,180	131,000	77,430	519,000	70,000	3,500,159
Net cost	178,895	87,817	515,667	20,865	9,385	88,934	45,556	26,927	180,486	24,343	1,178,874

Advocacy and Legal Advice

This is provided by our Pou Aroha Student Support team, and includes academic grievances and income support services.

Careers Information, Advice and Guidance

We provide both individual and group career workshops and guidance.

Counselling Services

We provide counselling services for worries about study or personal matters, and also have mental health advisors for specialist support.

Employment Information

We provide students with information about employment opportunities.

Financial Support and Advice

We have an on-site budget advisor.

Health Services

We provide on-site affordable and comprehensive healthcare.

Childcare Services

We provide an on-site affordable childcare centre.

Clubs and Societies

We provide assistance to a range of clubs and societies.

Sport, Recreation and Cultural Activities

We support a range of sports and cultural activities for students, especially around Orientation.

2 Key staff statistics

Ethnic Mix	%
British/Irish	7.3
Chinese	7.9
Fijian	2.5
Indian	7.5
Māori	10.1
NZ/European/Pakeha	50.4
Other	23.0
Pacific	7.2

Where a person reported more than one ethnic group, they have been counted in each applicable group. As a result, percentages do not add up to 100. Those who did not disclose their ethnicity were excluded from this table.

Gender Mix	Total	%
Female	754	56.3
Male	586	43.7
Total	1340	100

AGE PROFILE

Age Band	All Staff	Academic Staff
10 - 19	3	
20 - 29	107	26
30 - 39	267	119
40 - 49	309	146
50 - 59	366	210
60 - 69	236	142
70 - 79	51	31
80 - 89	2	2
Total	1340	676

Occupational Group	Full-time	Part-time	Casual	Total
Academic	371	166	139	676
Allied	292	82	135	509
Management	139	16	0	155
Total	802	264	274	1340

TOTAL REMUNERATION OVER \$100,000

BANDS	MANAGEMENT			ACADEMIC			OTHER STAFF			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
100,000 - 110,000	4	5	9	15	7	22	5	3	8	24	15	39
110,001 - 120,000	6	2	8	8	4	12	6	2	8	20	8	28
120,001 - 130,000	2	10	12	2	2	4	1	1	2	5	13	18
130,001 - 140,000	4	2	6	4	2	6	2		2	10	4	14
140,001 - 150,000	5	4	9	3		3				8	4	12
150,001 - 160,000		3	3	2	1	3				2	4	6
160,001 - 170,000				1		1				1		1
170,001 - 180,000	5	2	7							5	2	7
190,001 - 200,000	3	2	5	1		1				4	2	6
200,001 - 210,000	1		1							1		1
210,001 - 220,000	3		3							3		3
220,001 - 230,000	1		1							1		1
230,001 - 240,000	1		1							1		1
240,001 - 250,000	1		1							1		1
270,001 - 280,000	1	1	2							1	1	2
280,001 - 290,000		1	1								1	1
299,001 - 300,000	1		1							1		1
350,001 - 360,000	1		1							1		1
360,001 - 370,000	1		1							1		1
370,001 - 380,000	1		1							1		1
460,001 - 470,000	1		1							1		1
Total	42	32	74	36	16	52	14	6	20	92	54	146

3 Sustainability



One Planet Strategy

One Planet Principle	Target	Indicator	2016 Target	2016 Result	2016 Status
Zero Carbon	Reduce Carbon Emissions by 30% (by 2.7% per year) by 2025 & 50% by 2030	Tonnes CO ₂ e	3,402	3,403	Within a margin of error of less than 0.001%
	Achieve Carbon Neutral status through the CarboNZero programme	Yes / No	CarboNZero status Certification	Yes	Achieved
	Generate ≥ 1% of Unitec's energy renewably onsite by 2025	MWh		Solar Design Competition started	On target
	Increase space utilisation to 56% by 2020	U% => (Room Frequency (RF) x Occupancy (O))	32%	13%	Not achieved
Zero Waste	Reduce waste to landfill by 5% per annum	Tonnes pa	289	366	Not achieved
Sustainable Transport	≥ 80% of students choosing sustainable transport to travel to campus by 2020	% by travel mode	71%	52%	Not achieved
	Reduce air travel carbon emissions by 30% (by 6.1% per year) by 2020	Tonnes CO ₂ e	1,114	1,108	Achieved
	Fossil fuel free fleet by 2020	Tonnes CO ₂ e			Not started
	All new fleet vehicles must exceed 5* fuel efficiency rating	* rating	5* Rating on all new vehicles	Purchase of 3.5* vehicles	Not achieved
Sustainable Materials	90% of goods purchased in accordance with Unitec's Sustainable Procurement policy by 2020	Certification			Not started
	Reduce paper consumption by a further 50% by 2020	Tonnes	46.5	39.2	Achieved
Local and Sustainable Food	Establish and increase the proportion of domestically produced food being sold on campus to ≥ 70%	\$ spent / year on local produce			Not started
Sustainable Water	Reduce water consumption to 5.9 m ³ / EFTS / year by 2020	m ³ / EFTS	7.71	8.33	Not achieved
	Reduce total water use to 59,000 m ³ per annum or by ≥30% by 2020	m ³	69,964	75,712	Not achieved
	Improve water quality of our receiving environments, Wairaka Puna and Oakley Creek, work with Friends of Oakley Creek and Nga Kaitiakitanga to establish agreed measure				Not started
Land Use and Wildlife	Increase the Wairaka Stream Macro Invertebrate Community Index (MCI) to 90 by 2020	MIC	79.9	71.7	Not achieved
Culture and Community	Establish mauri-ometer biodiversity performance indicators	Yes / No	Establish mauri-ometer	Yes	Achieved
Equity and Local Economy	90% of goods purchased in accordance with Unitec's Sustainable Procurement policy	Certification			Not started
Health and Happiness	Student NPS Performance reported in Statement of Service Performance				

The One Planet Strategy contains 10 key principles, each with a range of stretch targets designed to make Unitec a more sustainable academic institution.

