

ANNUAL REPORT 2017





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.

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Report from the Interim Chief Executive and Chair



Unitec opened two major facilities at the Mt Albert campus in 2017, bringing significant improvements for staff and students. Delivered on time and on budget, the student hub and library building (Te Puna), and New Zealand's most advanced trades training facility (Mataaho) were open for use from the beginning of Semester 2.



The buildings mark a major milestone in the institute's development, providing modern and bespoke spaces, and concentrating core services at the southern end of the site.

Te Puna serves as the heart of the Unitec campus, providing a place for students to gather for study, break-out teaching spaces, and food vendors. It is a highly adaptable space, built sustainably with passive heating and cooling and incorporating design elements from Unitec's own architecture and design students.

At 7000m² Mataaho is New Zealand's largest open plan trades training facility. The design reflects a modern worksite with many disciplines in close proximity, giving students exposure to an array of specialties. Unitec invested nearly \$8 million to fill Mataaho with specialised tools and equipment, complemented by the largest range of virtual reality, augmented reality, and emulation equipment for trades training in the country.

The \$70m total cost of these buildings was funded through the sale of surplus land and buildings at the Mt Albert campus. A conditional agreement for the sale of 29 hectares was entered into with the Crown on 13 February 2018. The agreement became unconditional and the transaction settled on 16 April 2018. The sale and purchase agreement includes provisions which allow Unitec to maintain use of the teaching spaces sold until 2021, limiting disruption to our students and staff. The agreement also preserves an established garden space adjacent to Oakley Creek, ensuring it will remain for the future enjoyment of students, staff and residents.

During 2017, New Zealand, and particularly the Auckland region, continued to enjoy strong economic growth. While this is positive for the country, Unitec experienced a 7.2% decline in EFTS as increased job opportunities continue to put pressure on enrolments across ITPs. EBITDAR (earnings before interest, taxation, depreciation, amortisation, and restructuring) to total revenue was 1.1% in the year. Unitec's governance team is closely monitoring our expected EFTS levels and exploring options to increase operational efficiency.

Significant operational improvements were achieved during 2017 leading to a positive outlook for the new year. These include changes to our enrolments model to improve performance and return the critical enrolments processing function in-house. There was a focus on improving the applicant experience through a faster response and improving the quality and accuracy of course information provided via our enrolments channel. Increased efficiency and standardising processes led to significant cost savings. We are now on a path of continuous improvement.

A dedicated corporate partnerships team was created to broaden our links with existing partners and to seek new partners across a range of industries. Positive results have already been achieved with the addition of major partner organisations including Giltrap Volkswagen Group, Repco, Dulux International, and Lincoln Electric. Mataaho has proven a strong draw for external organisations as an unrivalled training facility.



Unitec's partnerships with secondary schools continued to grow, including the expansion of our Vocational Pathway NCEA-aligned programmes to encompass 14 schools across Auckland. We developed partnerships with two Rotorua High Schools to deliver a Year 13 pre-police programme in conjunction with the NZ Police.

The Unitec Pathways College added six vocational pathway courses, including Computer Science and Mechatronics, to offer 29 total options. Each is designed to assist students in adopting learning pathways which lead to further study, genuine employment opportunities, and help them attain their NCEA qualification.

In late 2017 we announced the appointment of Professor Christian Probst as the new director of the High Technology Transdisciplinary Research Network (HTTRN). The HTTRN works to identify research and development projects, both internal and external, which would benefit from computational support. HTTRN already has several projects underway, including a partnership with the National Institute of Water and Atmospheric Research (NIWA), to assist in the automated analysis of large data sets for air quality reporting, boat movements, and fisheries stock distribution.

Delivery of our new teaching and learning methods continued in 2017 with a focus on creating work-ready graduates by providing opportunities for our students

to gain work experience during their studies, and ensuring Unitec courses are closely aligned with the needs of industry.

Unitec remains focused on regaining its status as a Category 1 tertiary education provider. Following the appointment of Merran Davis as Executive Dean, Academic, a Category 1 Rōpu was established to oversee and drive key projects. Developing a comprehensive Academic Quality Assurance Framework was prioritised, along with a new Academic Dashboard to link educational performance indicators, capability and self-assessment, and compliance activity. The Unitec Council is committed to this process, supporting staff to deliver positive outcomes and a great experience for our students.

December 2017 marked the end of almost 10 years with Dr Rick Ede as Chief Executive at Unitec. Dr Ede dedicated a significant portion of his professional life to Unitec and we are grateful for the energy, passion, and vision with which he led this organisation over the past decade. It was announced Unitec Council member Alastair Carruthers would take on the role of Interim Chief Executive from 1 January 2018, while a permanent replacement is sought.

Alastair Carruthers

Alastair Carruthers
Interim Chief Executive

Dr Lee Mathias

Dr Lee Mathias
Chair



Leading Māori Success and Student Experience

Glenn McKay is the most recent appointment to Unitec's Executive Leadership Team, taking on a newly created role as Tumu Tauwhirowhiro and Executive Director Student Experience.

He agrees it is a broad position, with two significant portfolios, but is looking forward to the challenge.

"Ultimately this is about ensuring all of our students have the best possible experience, from enrolment through to graduation."

His early focus as Tumu Tauwhirowhiro is the delivery of Unitec's Māori Success Strategy, which will guide the organisation's engagement with Māori students, industry networks and iwi.

Glenn believes there are great opportunities to lift engagement and to have a wide-reaching impact.

"We need to tell our story, to ensure we have the rich data which allows us to demonstrate success and share those stories so that people will trust us and want to send their whanau to study here."

He says success comes in many forms: "If you are the first person in your family to engage in tertiary study, then that's already a great success. For others, success may be measured by the impact they have in the community after graduation."

A fluent Te Reo speaker, Glenn has enjoyed seeing the growing interest in the language and encourages anyone to attend Unitec's wonderful (and free) Kura Po classes, held at Unitec's Te Noho Kotahitanga Marae.

"Learning Te Reo Māori is like opening a doorway into the Māori world. It's not just about learning the language. You embark on a spiritual, cultural and environmental journey. There's a growing recognition now of the value Te Reo me ōna tikanga adds to an organisation."



Working Together for Pacific Success

Newly appointed Director of Pacific Success Falaniko Tominiko says 2018 marks the beginning of his five-year plan to empower staff and the community to support Pacific students.

"We want Unitec to be the tertiary institution of choice for Pacific people and to be the leader in Pacific prosperity in Auckland."

It is a new role, replacing and expanding on the previous Director of Pacific Centre position.

"Strategically Unitec has seen the importance of this role to be right across the institution and also out in the community supporting Pacific people," Niko says.

In the immediate future, success for Niko means working with the institution to increase positive outcomes and retention rates for Pacific students. He is also working with staff to empower them and ensure the support of Pacific students becomes an "all-staff responsibility" and not just the work of a few.

West Auckland has the fastest growing Pacific population and Unitec should be preparing for that growth as a multi-cultural, inclusive organisation, he says.

"An important first step is creating partnerships. I've placed a big emphasis on connecting with our wider Pacific community, letting them know that as an institution we value Pacific culture and knowledge, and embed this knowledge in our academic curricula. I want them to feel they can send their children and grandchildren to us because we have that understanding."



New Year Honours

The 2018 New Year Honours list celebrated the work of Unitec Pae Arahi, Hare Paniora, and Founder of the Mind Lab by Unitec, Frances Valentine.

Hare was appointed a Member of the New Zealand Order of Merit in recognition of his services to Māori and education. The honour reflects over 55 years' work in education, including his current role as Unitec's Māori Adviser.

The appointment highlighted his role in the development of Unitec's Te Noho Kotahitanga (The Partnership – Māori and Pākehā working together) principles of practice in 2002 and his involvement in the establishment of Te Noho Kotahitanga Marae on the Mt Albert campus in 2009.

It also captured his 25 years' experience as a Principal of primary schools throughout the North Island, eight years as a Senior Lecturer in Māori Studies at the Auckland College of Education, and his 2005 appointment as kaumātua of Te Whakamaharatanga Marae.

He is often called upon to conduct blessings for the opening of new buildings and to bless places where deaths have occurred, offering these services at no charge. He led a wānanga at his home Marae in Waimamaku in 2016 for 120 descendants on the history of the area, including tikanga marae, whai korero and karanga.

Within the wider community Hare has given voluntary service and supported organisations such as Matamata Rotary Club, Waikato East Principals' Association, and Lions Clubs in Rawene, Taumaranui, and Kumeu.

Also recognised in this years' Honours was Frances Valentine, who was appointed a Companion of the New Zealand Order of Merit for her services to education and the technology sector.

Frances has established three successful education organisations over the last 19 years and is a prominent spokesperson and mentor for women in the technology sector. She co-led the Media Design School in 1998, a tertiary institution that provides specialist training for the visual effects and computer game industries. In 2013 she founded The Mind Lab by Unitec, providing workshops and programmes with a focus on science, technology, and creativity.

Since launch, The Mind Lab has delivered education programmes to more than 100,000 students and 3,000 teachers have up-skilled through postgraduate studies in digital and collaborative learning. She launched the Tech Futures Lab in 2016 and has since worked with and advised hundreds of businesses navigating digital transformation, as well as working with executives studying a Masters in Technological Futures.



A High Tech Connector

Great ideas often start with an individual, but it can take a team to help them reach their full potential. Professor Christian Probst, Unitec's new director of the High Technology Transdisciplinary Research Network (HTTRN) says a big part of his role will be finding those opportunities to connect people, and their ideas, with the right teams.

Christian says it is a long job title, but essentially it means he is seeking projects which could be boosted with technological support and expertise.

"HTTRN today is basically computing plus something else. We see where someone is working on a project and help to introduce a computing component to support their work."

An earlier project by the team saw Unitec join forces with the National Institute of Water and Atmospheric Research (NIWA) to assist with environmental work. The institute was collecting a huge amount of data from its various monitoring devices. Unitec assisted with automated analysis of data, including air quality reporting, fishing boat movements, and stock distributions.

Christian says there are huge possibilities for creating computer models to support practical work, particularly

as monitoring technology becomes widespread with industries adopting the use of sensors and drones, and connecting to the Internet of Things networks. His vision for the HTTRN network is to start projects which are "truly transdisciplinary".

"They can combine different departments within Unitec, or partner with external organisations to assist with any issues they are facing.

"I want to turn HTTRN into an incubator that attracts transdisciplinary projects from all areas at Unitec."

Christian will also initiate and lead activities in the Cyber Security research space. He says the role provides an opportunity to make a positive impact, not just within the institute, but on New Zealand's economy, targeting some of our biggest industries.

"Unitec is in a great position when it comes to commercialising ideas. Universities often have greater pressure to publish their research immediately. We are able to pick up ideas and rapidly commercialise them. We can always publish them later."

Our Product

CASE STUDY



Unitec Scientists Test Captain Cook Plant Samples

Scientists from Unitec's Environmental and Animal Sciences pathway compared historic native leaf samples taken during Captain Cook's first visit to New Zealand nearly 250 years ago with modern day samples to see if they have changed over that time. They were looking for changes in the density of microscopic pores called stomata, which has been linked to changes in atmospheric CO₂ levels.

When Captain Cook made his first voyage to the South Pacific during 1769-1770 he was accompanied by two distinguished botanists, Sir Joseph Banks and Dr Daniel Solander. As they travelled the pair gathered samples which were sent to the British Museum in 1828.

Samples have since been returned to New Zealand and the team, led by Unitec Associate Professor Mark Large, was granted access. At 250 years old, the samples were extremely fragile, requiring researchers to develop a new technique for casting the leaves. They created a solution of agarose gel, extracted from seaweed, to apply and peel away, taking an imprint of the leaf surface.

These were compared with specimens taken in Northland during 1867 and Auckland during 1894, and with modern samples collected by Unitec researchers. They observed little variation between the 19th and 20th Century samples, but when the modern, 21st Century samples were analysed they showed a decrease in stomatal density by up to 53 percent. This corresponds to a significant increase in atmospheric CO₂ over that time.

Dr Large said the tests showed a critical change after the 19th Century, a result reflected in studies of Northern Hemisphere plants. "This has been a unique opportunity to look at some of the oldest herbarium specimens collected in the Southern Hemisphere," he said.

CASE STUDY

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Unitec Students Light Up Devonport for Glow@Artweek Auckland Festival

More than 100 Unitec Architecture students worked to transform Devonport's Windsor Reserve into an outdoor gallery of light installations as part of Auckland Artweek in September.

They formed teams to design and prefabricate a diverse range of light pavilions to be erected in the seaside reserve, working to a zero budget, zero waste brief. Students secured sponsorship from North Shore and Auckland businesses which provided materials and funding.

The 11 artworks captivated attending crowds who were able to wander amongst the displays, getting up close to touch and interact with them.

"Our students have risen admirably to the challenge of creating a range of functional, constructional and aesthetic installations for the GLOW festival," said Unitec Architecture lecturer Ainsley O'Connell.

"To take ideas from paper to reality takes thought, planning and group collaboration, and added to that, the challenges of working with the elements in a large-scale outdoor venue. We're very proud of what our students have achieved."

It was the third year that Unitec students took part in the GLOW@Artweek Auckland festival with double the number of students participating than in previous years. Unitec has committed to returning in 2018.

CASE STUDY



'Waiting' Selected for Toronto International Film Festival 2017

A short film by Unitec students won Best New Zealand Short Film at the New Zealand International Film Festival and was selected to screen at the prestigious Toronto International Film Festival (TIFF) in September.

'Waiting', a 2016 Unitec graduate-year film written by Samuel Kamu and directed by Amberley Jo Aumua, featured in the international line-up of the festival's Short Cuts programme. It was the first New Zealand student short film to screen at the world-acclaimed Toronto festival.

Shortly after its selection for TIFF 'Waiting' was awarded the Jury Prize at the New Zealand International Film Festival. Samuel and Amberley Jo are graduates of Unitec's Bachelor of Performing and Screen Arts degree. Dr Vanessa Byrnes, Head of Unitec's Creative Industries, was delighted by the selection.

"Creative Industries at Unitec was thrilled to have this student-made short film selected for one of the most prestigious film festivals in the world", she said.

"'Waiting' is a beautifully made short film that brings to the surface small acts of hope and heartbreak in a seemingly every day setting.

"Writer Samuel Kamu and Director Amberley Jo Aumua and team are great examples of the brave filmmaking talent we're nurturing at Unitec."

Amberley Jo said, "I'm stoked and proud for our cast and crew to be recognised on an international level at TIFF. This is definitely a momentous occasion for all of us."

Inspiration for 'Waiting' came from Samuel's West Auckland childhood and days spent outside the dairy – "a hangout place where the world didn't matter." It is a story of the importance of brotherhood, friendship and family.

First-time director Amberley Jo said the film gives audiences a glimpse into a world to which she naturally gravitates. She worked closely with fellow student and script writer Sam to create a strong, clean sense of realism which caught the eye of the selectors.

CASE STUDY



Artwork a Gateway to Waiheke

Visitors to Waiheke Island's Headland Sculpture on the Gulf exhibition were met by a spectacular wooden artwork – Gateway on Matiatia Bay.

The 16m long Gateway was a joint project, designed by Stevens Lawson Architects with engineering expertise supplied by Holmes Consulting. It was originally conceived for the 2012 Venice Architecture Biennale but plans were cut short by funding challenges. The Gateway was finally brought to life by Unitec students, meticulously constructed under the expert supervision of Ebert Construction.

Created with 255 pieces of laminated pine, the Gateway was designed to be a dynamic experience with visitors encouraged to walk around and through it, observing the play of light and shadow, casting their eyes along the passage and out to Rangitoto Island.

Unitec Dean of Construction and Infrastructure, Renee Davies, said the Gateway project was built into the curriculum with students from the construction, architecture, and engineering schools all coming together to realise the designers' vision.

"It was perfect for our programme, giving students real-life, hands-on experience. Not only does it help prepare them for the workforce, but it also gives them the personal satisfaction of having worked on one of the most ambitious art projects in New Zealand."

The Gateway won the Small Project Architecture award at the NZIA National Architecture awards.

Following the exhibition it was purchased by private collectors and remains on Waiheke Island.

Our Partnerships



Building Partnerships

Unitec benefits greatly from the many partnerships and stakeholder relationships it holds. They create opportunities for our students to gain work experience, help shape our curriculum, and ensure the relevance of our research and consultancy work.

Recognising the value of our partnerships, Unitec developed a new Partnerships and Business Development team to increase industry alignment, deepen engagement with existing major partners, and seek new partnership and consultancy opportunities. The team also serves as a central hub for managing Unitec's partnerships and stakeholder relationships.



Annie and Paul Ottaway

Supporting Local Business

Crafty Canners owners Annie and Paul Ottaway said they had never won anything before entering the Westpac Business Awards in 2017.

They run New Zealand's only mobile canning company, set up to cater for the rapidly expanding craft beer market. With help from Unitec marketing lecturer Denisa Hebblethwaite, they took home the award for Best Emerging Business at the West Auckland regional finals.

Unitec has long-supported the awards as a sponsor and this year four Unitec business lecturers donated their time to help mentor local businesses through the application process.

Denisa was a particularly good fit for the Crafty Canners team as she has inside knowledge of the craft brewing industry through her own West Auckland family business, Black Sands Brewing Company. She is also a previous winner of the awards and knows what it takes.

"My role is to coach a company through the application process. I can steer them around what to include and what to exclude as I have a good idea of what the judges are looking for," Denisa said. "I knew Annie and Paul had a strong idea. It's all about innovation, although it's very competitive."

Denisa has been a lecturer at Unitec for 11 years, following a career in the corporate world of Unilever and Danone. She is committed to staying connected with the industry and helping her students build their own connections.

An added bonus of working with the Westpac Business Awards is Denisa can keep building her 'little black book' of business contacts, seeking opportunities to connect students with jobs to support the 10-week industry-based learning component of Unitec's Bachelor of Business degree.

"Our students need real world issues to work on, opportunities to test their skills and be inspired to set up their own award-winning and successful enterprises," she says.



Expanding The Mind Lab

The Mind Lab by Unitec (TMLU) continues to grow with its vision to transform New Zealand education, enhance the digital literacy of our teachers and drive 21st Century pedagogy, skills, leadership, and confidence.

This year TMLU embarked on a site expansion, added new programmes, key partnerships, and new senior staff. The Postgraduate Certificate in Applied Practice (Digital and Collaborative Learning) expanded into new regions and had the highest annual enrolments since launch with 1,132 educators enrolled across 42 locations (27 new locations) from Kaitaia to Invercargill.

TMLU has had over 3,500 enrolled educators on the Level 8 programme, with expansion into more regions planned for 2018 and beyond.

TMLU has taught over 100,000 children in four specialist labs and in April launched MindLabKids.com, a free, online educational, video-based platform aimed at children aged

5-12. It challenges them to try hands-on experiments at home then upload and share their projects on the site.

In November TMLU, in partnership with Teach First: Ako Mātātupu, launched a new two-year Master of Teaching and Education Leadership (MTEL) for people with a non-teaching qualification or experience in specific high needs subject areas such as physics, Te Reo, English, science or chemistry. In 2017, the first 43 students were welcomed onto the programme.

The Masters is a unique two-year, employment-based teaching and education leadership programme. Participants are employed as teachers in secondary schools serving low-income communities, whilst working towards the MTEL.

TMLU was awarded Employer of the Year at the 2017 Newmarket Business Awards.





Mastering Technology at the Tech Futures Lab

The Tech Futures Lab (TFL) began teaching its Master of Applied Practice (Technological Futures), welcoming 48 students in February 2017. The programme works closely with industry, hosting guest speakers from the financial sector, agritech, machine learning, entrepreneurship, data science, agile methodologies and more.

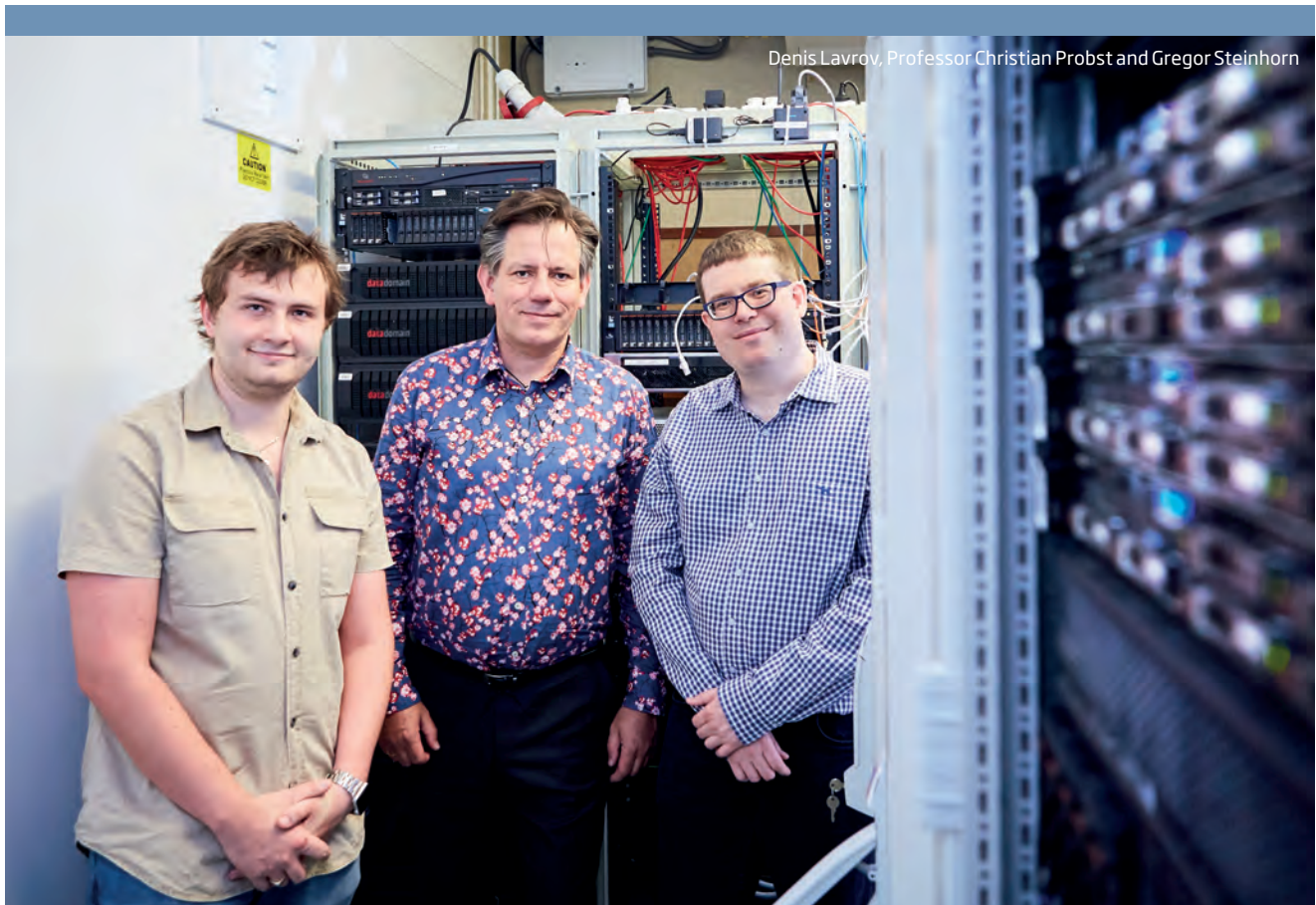
TFL continued to host outstanding events throughout the year, including two special events at Techweek NZ focused on women in tech, and a robotics and automation expo to showcase innovations happening in our own backyard.

Following its core mission to enable businesses and individuals to innovate and future-proof, TFL held workshops for teams from some of our best known

companies including Air New Zealand, Stuff, Beca, BNZ, and NZME. They also take their messages around the country, providing bespoke consulting services to Kiwi companies.

In July, Tech Futures Lab was appointed as one of four providers of the Driving Innovation Programme by Callaghan Innovation. The programme is designed to support a business to increase its pace of innovation by changing its product or service development methods.

The team's work was recognised at the 2017 Newmarket Business Awards with TFL winning Best Innovation of the Year and the Supreme Winner award.



Denis Lavrov, Professor Christian Probst and Gregor Steinhorn

Building a Strong 'Cyber Immune System' with Industry

Cybersecurity solutions developed at Unitec are now making their way into industry to strengthen New Zealand's cyber defences.

The Unitec team is part of the larger MBIE-funded STRATUS project, alongside the University of Waikato, University of Auckland, and the Cloud Security Alliance. The goal is to create software and technology solutions which can be commercialised, often through external partnerships with New Zealand businesses.

Unitec concentrates on Rapid Disaster Recovery Infrastructure, particularly for Small and Medium Enterprises (SMEs).

SMEs struggle to find suitable and affordable back up and disaster recovery solutions for IT systems. Without those protections in place, natural disasters, cyberattacks or user errors can spell disaster for a small enterprise. With an increased reliance on cloud services this is becoming even more urgent.

Within the STRATUS project, Unitec created CRaaS, a software system unifying back-up and business continuity to create an affordable disaster recovery option for SMEs. Unitec has partnered with New Plymouth-based cloud services provider NakiCloud to commercialise CRaaS. A Linux version will be released later this year with the Windows version to follow in 2019.

Unitec has also partnered with Delta Insurance, one of New Zealand's leading cybersecurity insurers, to explore the company's needs in this space. Through this partnership an outstanding opportunity emerged for one of Unitec's students. Bachelor of Communication student Megan Wolak was asked to write a White Paper for Delta on trends in cybersecurity. The project was supported by an Innovate ITP Research Voucher between Unitec and Delta Insurance. Megan's White Paper was extremely well received in the industry and as a result she has accepted a permanent role with Delta.



A Sustainable Direction

For Unitec to be an agent of positive economic and social change, staff and students should view the organisation as environmentally and socially responsible, says Unitec Sustainability Manager, Maja Zidov.

Maja says sustainability is about “more than just trees and bees, it’s about people too”.

Her aim is to build on the work done over the past seven years, which had a strong focus on environmental sustainability with initiatives to promote cycling, carpooling, waste management, energy monitoring, and environmental reporting systems.

She says effective utilisation of those systems requires a focus on the users. Incorporating the One Planet principles, activity in 2018 will focus on:

- **Travel:** making sustainable modes of travel an attractive option for staff and students
- **Health:** introducing health initiatives for staff to promote wellbeing
- **Food:** supporting healthy food options for students on and off campus
- **Waste:** promoting the reduction, reuse, and recycling of waste

Our Place



Te Puna

Students returning for Semester 2 were greeted with a brand new student centre and library facility in Te Puna. The building was named after the spring it sits beside, flowing through the Unitec campus and feeding into Oakley Creek below.

Te Puna forms the centre of student and staff life at Unitec, with 6900m² of floor space dedicated to student services, teaching and study spaces, library facilities, food outlets, and a student wellness centre.

Following the sale of surplus land and consolidation of Unitec buildings, Te Puna will also mark the centre of the new campus, linking the surrounding structures, and connecting to the land with its glass façade looking out over the protected green spaces.

Unitec students contributed to the design and delivery of Te Puna with projects worked into the Unitec curriculum including furnishings, landscaping, layout and traffic management planning. The design and construction process embodied Unitec's commitment to work-integrated learning.



Mataaho

At 7000m² Mataaho is New Zealand's largest open plan trades training facility. It was designed to reflect a modern working environment, with many disciplines in close proximity, encouraging interaction between groups of students and providing exposure to an array of skills and specialties.

Unitec invested nearly \$8 million to fill Mataaho with specialised tools and equipment, complemented by the largest range of virtual reality, augmented reality, and emulation equipment for trades training in the country.

Advanced training equipment includes virtual welding sets, VR spray painting, automotive emulation equipment (modular and customisable to individual vehicle specifications), and VR building site software.

As the country's most advanced trades training centre, Mataaho supports Unitec's goal of building new industry partnerships, providing training services to external organisations and current professionals.

On opening day Unitec announced partnerships with Giltrap Volkswagen, Lincoln Electric, Makita, Repco, Pullman Group, Dulux International, and Dayle ITM.

Statement of Service Performance

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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

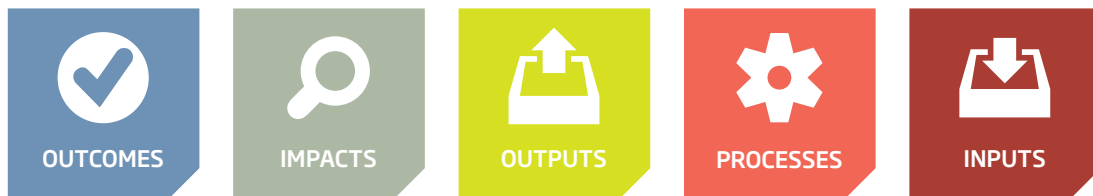
Learners

Infrastructure and Equipment

Funding

Four 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 like publications and conference presentations, and community activities. We are fully accountable for achievements at this level and below.

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

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 Pacific: Learner Achievement
- Improving adult literacy and numeracy: Teaching Services and Learner Achievement
- Strengthening research-based institutions: Research Activities and Research Outputs
- Growing international linkages: Learners

Below, each element of the outcomes framework is discussed. Each section has a description of the performance element, numeric performance measures (where they exist), commentary on performance, and any highlights and achievements. Historical performance may differ from that stated in previous annual reports due to corrections of previous estimates with final data. Footnotes are provided in those cases showing what was historically reported.

Measures that are Educational Performance Indicators are noted with (EPI) in brackets. 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 is not available. Service performance reporting reflects results for the Unitec Institute of Technology parent only, not the Group (including subsidiaries and other controlled entities). Some of the 2016 figures presented have been changed from those previously presented in the 2016 Annual Report, additionally the 2017 figures presented will likely be updated in the 2018 Annual Report as for certain measures more complete information is available after the completion of the Annual Report.

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

	2014	2015	2016	2017
Change in Auckland Economy	2.9%	3.5%	3.9%	2.6% ¹
Auckland Unemployment Rate ²	5.9%	5.8%	5.3%	4.6% ²

Commentary

The Auckland economy continued to grow strongly and unemployment dropped significantly. Such a situation is highly positive for our graduates but hinders our ability to attract and retain students due to growing employment levels, especially given our focus on the vocational field.

¹ Infometrics GDP(P) Year to September Regional GDP

² Regional Unemployment rates by regional area



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

	2014	2015	2016 ³	2017	Target
Employer Net Promoter Score (NPS)	-	26	-	(8)	28
Employer-Perceived Graduate Skills - Practical	-	83%	-	76%	NT
Employer-Perceived Graduate Skills - Technical	-	85%	-	74%	NT
Employer-Perceived Graduate Skills - People	-	88%	-	83%	NT
Employer-Perceived Graduate Skills - Technology	-	91%	-	84%	NT

Commentary

Unitec is committed to producing work-ready graduates. The decline in Employer NPS is a concern and Unitec is working with industry to ensure course content and delivery is closely aligned with the demands of employers. The implementation of this activity is intended to improve employer satisfaction.



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 intend to develop them in the future.

³ Survey not completed in 2016



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

	2014	2015	2016	2017	Target
Progression Rate (SAC L1-4) (EPI)⁴	37%	37%	33%	34%	38%
Māori	50%	43%	41%	39%	45%
Pacific	56%	52%	51%	49%	55%
Under 25	49%	49%	48%	46%	50%
Progression Rate (SAC L1-3)	48%	46%	43%	40%	50%
Māori	58%	49%	48%	35%	52%
Pacific	67%	57%	57%	49%	60%
Under 25	61%	61%	59%	52%	65%

Commentary

There was an improvement in the overall Level 1-4 progression rates, although it remains below target. The drop in Level 1-3 progression rates is partly the result of an improving employment environment as students can gain employment with lower-level qualifications. Declining rates for priority groups are an area of concern and more targeted support has been put in place with the appointment of our new Tumū Tauwhirowhīro Māori Executive Director and Director of Pacific Success.

⁴ 2016 reported Pacific 52%



IMPACT 2

Successfully Employed Graduates & 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

	2014	2015	2016	2017	Target
Graduates Employed, Studying or Combining (GESC)	81%	83%	85%	86%	85%
Employed Only	52%	56%	63%	62%	NT
Combining Both Study and Employment	14%	14%	11%	14%	NT
All Employed	66%	70%	74%	75%	NT
Studying	15%	13%	11%	11%	NT
GESC (Māori)	82%	80%	87%	93%	NT
GESC (Pacific)	76%	86%	91%	81%	NT
All Employed (Māori)	60%	59%	71%	84%	NT
All Employed (Pacific)	50%	65%	71%	60%	NT
Relevance of Qualification to Graduate Employment	72%	75%	78%	77%	77%
Relevance Adjusted Graduate Employment Rate (RAGER)⁵	72	78	83	82	80

Commentary

Our Graduates Employed, Studying, or Combining (GESC) score continued to improve, due to an increase in graduate employment, with the percentage embarking on further study remaining consistent with 2016. The relevance of qualifications to employment dropped slightly but remains within the target range.

⁵ Statistics NZ changed their 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 intend to 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 intend to 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 competency, and is primarily expressed through their successful completion of courses and qualifications.

Performance Measures

	2014	2015	2016	2017	Target
Qualifications Conferred	3,740	3,638	3,856	3,914	NT
Doctorates	-	-	-	2	NT
Master’s Degrees	137	103	133	137	NT
Bachelor’s Degrees	1,105	1,100	1,224	1,133	NT
Postgraduate and Graduate Certificates	29	183	418	664	NT
Postgraduate and Graduate Diplomas	310	438	506	467	NT
Certificates	1,677	1,438	1,158	1,106	NT
Diplomas	482	376	417	402	NT
Science, Technology, Engineering, Maths (STEM)	1,642	1,577	1,687	1,859	NT
Qualification Completion Rate (SAC) (EPI)⁶	52%	56%	55%	57%	73%
Māori	42%	47%	45%	46%	NT
Pacific	44%	48%	48%	50%	NT
Under 25	50%	54%	54%	57%	NT
Qualification Completion Rate (YG) (EPI)	52%	70%	53%	71%	NT
Graduate Net Promoter Score (NPS)	22	26	21	9	32
Course Completion Rate (SAC) (EPI)⁷	82%	81%	80%	78%	80-84%
Māori	75%	75%	73%	71%	76-80%
Pacific	74%	72%	70%	67%	73-77%
Under 25	80%	77%	77%	76%	80-84%

Commentary

Qualifications conferred increased, with a particularly strong performance in STEM subjects. It was pleasing to see improved Qualification Completion Rates across all groups, including Māori, Pacific, and Under 25s.

Our Graduate Net Promoter Score dropped by 12 points and is 23 points below Target. This indicates Unitec is not consistently delivering an experience or qualifications which aligns with student expectations. This is a serious concern and significant effort is being exerted to address any shortcomings, principally by the development of programme-level metrics that allow Unitec to better identify and address issues.

The target for Qualification Completion Rate (SAC) (EPI) is not directly comparable to the actual rate reported due to changes in the calculation methodology. The new process used to calculate retention rates results in reported rates between 12% and 18% lower than the rates previously reported and upon which the targets were based.

⁶ 2016 reported: SAC 75%, Māori 65%, Pacific 56%, U25 67%

⁷ 2016 reported Pacific 71%



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 to broadcast media.

Performance Measures

	2014	2015	2016	2017	Target
Hours of Community-Based Teaching and Learning	-	-	-	-	>2016

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. Our goal is to exceed the previous year’s performance year on year.



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

	2014	2015	2016	2017	Target
Research Outputs (total quality assured)	376	614	543	520	449
<i>By type:</i>					
Books (edited, written, or contributed to)	30	38	20	41	NT
Journal Articles	116	174	151	199	NT
Conference Presentations and Proceedings	144	280	166	217	NT
Other Types	86	122	206	63	NT
External Research Income (000s)	\$203	\$592	\$928	\$1,014⁸	\$817
Number of Industry-Funded Research Projects	-	17⁹	23	23	26

Commentary

The 2017 Research Output target was substantially exceeded. While there was a small decline in the total number of outputs, the External Research Income figure climbed significantly, indicating greater success in achieving funding and aligning research areas with societal and commercial demand.

⁸ Final number to be updated after the completion of audit

⁹ 2015 reported 21; reduction to 17 based on new classification approach to industry projects



PROCESS 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

	2014	2015	2016	2017	Target
Student Retention (SAC) (EPI)¹⁰	68%	70%	65%	66%	75%
Māori	66%	64%	56%	59%	70%
Pacific	59%	68%	62%	58%	73%
Under 25	68%	70%	66%	65%	75%
Student Retention (SAC) (Cohort EPI)	70%	72%	67%	66%	NT
Percentage of students in work-integrated learning	56%	49%	49%	43%	55%
Percentage of courses in contemporary models	-	-	-	-	NT
EFTS: Academic FTE Ratio	18.0	18.3	17.8	15.6	NT
Student Net Promoter Score	15	13	10	3	27

Commentary

Student retention rates remain consistent with the previous year although lower than observed in 2014 and 2015. This is likely linked to the Student Net Promoter Score which has also declined. The reasons for the decline are likely related to the significant changes associated with Unitec's transformation process and difficulties with the implementation of new enrolment processes. This is a concern. Unitec believes that it now has a stable enrolment platform and no further significant changes are anticipated that would adversely affect the student experience. As a result it is expected student retention rates will increase in the future.

The targets for student retention are not directly comparable to the actual rates reported due to changes in the calculation methodology. The new process used to calculate retention rates results in reported rates between 5% and 8% lower than the rates previously reported and upon which the targets were based.

¹⁰ The measure to calculate student retention rates changed in 2017. In previous years total student retentions was used as the basis, whereas in 2017 retention rates are only calculated for first year students. To ensure comparability the prior year figures have been restated on this basis.



PROCESS 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

	2014	2015	2016	2017	Target
Student Support Services					
Students Attending Career Workshops	2,697	2,134	1,699	1,665	NT
Students Provided Individual Career Advice	1,257	1,773	1,538	1,308	NT
Students Provided General Counselling	514	217 ¹¹	596	542	NT
Students Receiving Health Services	1,464	1,345	1,971	1,826	NT
Library Performance					
Loans	68,293	56,195	48,716	35,871	NT
Number of People Borrowing Items	6,685	6,557	5,674	4,736	NT
Teaching Sessions	463	326	241	247	NT
Sports Centre Membership	1,494	1,354	1,192	1,099	NT

Commentary

There were substantial increases in research support sessions as well as the use of ebooks, library web pages and Unitec's Research Bank. However, usage of print resources and some online resources dropped partly due to the drop in EFTS/enrolments and partly due to the main Mt Albert Campus Library having to close for two weeks in the middle of the year to allow for the move to the new Te Puna building.

¹¹ Incomplete data – single semester only



PROCESS 3

Industry & 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 regular informal discussions between Unitec staff and industry bodies. This also encompasses our exchange student programmes.

Performance Measures

	2014	2015	2016	2017	Target
Students on Inbound/Outbound Exchange	149	155	126	66	NT

Commentary

The number of students on exchange has dropped due to restrictions placed on our overseas partners by the local authorities.



PROCESS 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

	2014	2015	2016	2017	Target
Total Recordable Injury Frequency Rate	16	16	15	2	NT

Commentary

Card readers were introduced to control access to high-risk machinery in our trades training areas, ensuring only students who have completed testing are able to access and operate machines with reduced supervision. While we expect this to have an impact on the Total Recordable Injury Frequency Rate, the steep reduction can also be attributed to the reclassification of medically treated injuries (MTIs) during 2017 to align with industry.



PROCESS 5

Research Activities

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

As well as producing research outputs, such as articles and books, we need to engage in the internal process of research development. This involves time devoted to research, as well as knowledge-sharing and other related activities. We do not currently have numeric performance measuring our research outputs beyond the number of green-rated programmes.

Performance Measures

	2014	2015	2016	2017	Target
Green-Rated Degree Programmes	52%	57%	53%	68%	NT

Commentary

Green-rated degree programmes are those where at least 75% of teaching or supervising staff are research active. There has been an increase in these programmes despite general research outputs remaining constant. This indicates that research activities are being spread more evenly across staff.



INPUT 1

Staff

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

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

Performance Measures

	2014	2015	2016	2017	Target
Staff Engagement	68%	59%	-	60%	65%
Staff Satisfaction					
with Facilities	-	55%	-	60%	NT
with Career Development	59%	56%	-	55%	NT
with Senior Leadership	31%	25%	-	21%	NT
Staff (Headcount)	1,429	1,448	1,340	1,135	NT
Academic	737	736	676	591	NT
Allied	691	712	664	544	NT
Ratio Academic: Allied	1.07	1.03	1.02	1.09	NT
Staff (FTE)¹²	1,115	1,126	1,050	1,052	NT
Academic	544	545	511	538.5	NT
Allied	571	581	540	513	NT
Ratio Academic: Allied	0.95	0.94	0.95	1.05	NT
Attrition rate (total)	16.5%	11.3%	30.2%	18.0%	NT
Excluding redundancies	10.5%	10.0%	11.0%	16.3%	NT
Voluntary Turnover	9.9%	9.8%	10.5%	14.0%	NT
Voluntary Redundancy (VR) programme		1.3%	13.1%	0%	NT
Involuntary Turnover	6.6%	0.3%	6.6%	4.0%	NT
Sick Leave Per Capita (hrs)¹³	45.9	46.0	45.0	27.8	NT
Professional Development Leave Per Capita (hrs)¹⁴	32.3	31.6	31.4	32.8	NT
Staff with Professional Development Plans	40%	-	7%	78%	NT
Applicable Staff with Practice Passport	-	-	-	-	NT
Applications to Job Offers	-	22.7	35	29.6	NT
Total EFTS:Academic FTE Ratio	18.0	18.3	17.8	15.6	NT
Total EFTS:FTE Ratio	8.8	8.9	8.7	8.0	NT
Management to Total Staff Ratio	8.7%	9.3%	11.6%	15.0%	NT

¹² Full Time Equivalent accrued over full calendar year. Does not include "paid on invoice" staff

¹³ Per full and part-time staff member, not per FTE

¹⁴ Per full and part-time staff member, not per FTE

Commentary

Increasing staff engagement has been a key focus with several workstreams dedicated to providing events and resources to encourage staff awareness and engagement. These include programmes which support staff development such as Performance Partnering and Values-Based Leadership. The reported levels remain below our target; however, it is expected that there will be some delay before the impact of these new initiatives is reflected in staff reporting.

Staff redundancies reduced to near zero as the impact of organisational transformation lessened, however the attrition rate remains higher than previous years. It is expected staff engagement and support programmes will have a positive impact on retention. Staff satisfaction with the physical environment, a measure we introduced to capture the response to our campus redevelopment, has improved 5% and is now close to the target of 65% as the first building phase is completed.



INPUT 2

Infrastructure & Equipment

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

Unitec 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 the infrastructure and equipment provided for students, as well as that provided for staff.

Performance Measures

	2014	2015	2016	2017	Target
Total Useable Floor Area (UFA) m²	83,776	84,431	85,999	88,247	NT
UFA m ² per Equivalent Full Time Student	8.57	8.47	9.45	10.45	NT
Resource Utilisation: Energy (MWh)	12.40	11.75	10.84	11.67	NT
Resource Utilisation: Water (m ³)	82,371	85,501	75,663	63,217	NT
Resource Utilisation: Waste (tonnes)	321	374	366	118	NT
Resource Utilisation: Paper (kg)	59,672	48,860	39,161	36,550	NT
Resource Utilisation: Waste Water (m ³)	65,291	70,981	63,297	51,869	NT
Resource Utilisation: Petrol (l)	46,409	46,403	39,997	64,397	NT
Resource Utilisation: Diesel (l)	40,046	36,835	32,805	65,649	NT
Carbon footprint (CO ₂ e)	3,596	3,998	3,403	2,134	NT
Campus Recycle Rate (%)	-	-	14.5%	20.1%	NT
Trades Recycle Rate (%)	-	-	79.0%	82.0%	NT
Air Travel (pkm)	7.37	9.06	7.11	8.62	NT
Rental Cars (pkm)	8,160	6,836	5,394	0.185	NT
Refrigerant (kg)	66	86	125	97.5	NT
Library Collection Items	450,284	354,077	479,302	394,079	NT
Electronic	335,400	246,198	377,527	292,464	NT
Physical	114,884	107,879	101,775	101,615	NT

Commentary

The total useable space available to students has increased due to the two new buildings completed during the year. Physical library holdings continued to reduce as investment is focused on the digital collection.



INPUT 3

Learners

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

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

Performance Measures

	2014	2015	2016	2017	Target
Student Headcount (Enrolments)	18,767	19,307	17,701	17,018	NT
Total Equivalent Full-Time Students (EFTS)	9,771	9,968	9,100	8,442	9,752
% Māori	9.2%	9.2%	9.3%	9.5%	NT
% Pacific	14.3%	15.0%	14.4%	14.1%	NT
% Under 25	60.5%	57.4%	55.3%	52.6%	NT
EFTS (SAC)	7,285	7,148	6,508	5,928	6,881
Māori	812	838	781	734	NT
Pacific	1,217	1,344	1,191	1,065	NT
Under 25	4,196	3,950	3,469	2,976	NT
% Māori	11.1%	11.7%	12.0%	12.4%	13-18%
% Pacific	16.7%	18.8%	18.3%	18.0%	19-20%
% Under 25	57.6%	55.3%	53.3%	50.2%	64-69%
EFTS - International	1,962	2,181	2,114	2,035	2,259
EFTS - Domestic	7,809	7,786	6,986	6,407	NT
EFTS - Youth Guarantee	108	89	72	34	NT
EFTS (SAC) by Programme Level					
Level 3+	7,020	6,980	6,408	5,880	6,811
Level 1 to 2	226	138	96	61	NT
Level 3	706	587	512	640	NT
Level 4	1,474	1,401	1,281	1,018	NT
Level 5 to 6	1,034	1,022	935	856	NT
Level 7	3,528	3,445	2,988	2,528	NT
Level 8 to 10	317	556	696	825	NT
Students Entering from PTEs	212	168	244	113	NT
EFTS Entering From PTEs	143	127	121	51	NT
Students With Prior NEET Status	1,431	923	1,075	626	NT
EFTS With Prior NEET Status	719	601	704	228	NT

Commentary

Student enrolment levels (EFTS) have continued to reduce at significant rates; the 2017 year-on-year decline was 7.2%. This is a concern and is placing significant financial constraints on the organisation. A component of the reduced student levels can be attributed to the strong, broadly-based economic growth throughout New Zealand, and within the Auckland region in particular. However, this does not explain the total reduction. The lower than desired student, graduate and employer NPS scores were likely contributors to the falling enrolment levels, as were challenges with the enrolments system.

Our mix of students continues to evolve, with steady growth in Level 8-10 EFTS, largely due to our growing The Mind Lab by Unitec programmes. Drops in lower-level programmes are due to the factors discussed above.

We saw slight growth in Māori participation rates, Pacific participation was steady, while we saw a drop in Under 25s which is likely linked to the same high employment rates impacting overall EFTS.

SAC Level 3+ EFTS by subject area

	2017	Target
Agriculture, Horticulture	3	21
Architecture; Quantity Surveying	920	1,036
Arts; Advanced Studies for Teachers; Health Therapies; Humanities; Languages; Social Sciences	967	1,200
Osteopathy; Acupuncture	61	75
Business; Accountancy; Office Systems/Secretarial; Management	491	691
Computer Science	270	383
Engineering; Technology	230	371
Priority Engineering	273	302
Fine Arts; Design	151	223
Health Sciences	103	175
Law	15	11
Music and Performing Arts	120	127
Health Related Professions	15	26
Science	300	243
Teaching: Early Childhood Education Recognised Degree/Diploma of Teaching	131	179
Teaching: Primary Recognised Degree/Diploma of Teaching	541	435
Teaching: Secondary and Specialist Recognised Degree/Diploma of Teaching	7	NT
Trades 2: All Trade Courses other than for Trainees under Part III of the Industry Training Act 1992 and Agricultural, Horticultural, Forestry, and Primary Industry Cadets	797	742
Vocational Training for Industry: All courses where delivery is comparable to industry training	-	9
Comprehensive Nursing	355	446
Medical Imaging	72	82
Clinical Psychology	17	17
General Education	-	20

Commentary

Reductions were spread across most areas with the exception of Primary Teaching-related courses which were higher than targeted as a result of The Mind Lab by Unitec's strong performance. Trades-related courses also performed strongly, likely due to our investment in new facilities and the current high demand for skilled tradespeople.

Prior year comparisons are not presented for the above table as before 2017 these targets were not measured.



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 excludes Restructuring.

Performance Measures

	2014	2015	2016	2017	Target
Brand Health: First Choice	5%	4%	3%	3%	NT
Brand Health: Consideration	24%	30%	34%	34%	31%
Brand Health: Awareness	91%	86%	84%	84%	NT
Net Surplus/Average Equity (%)	0.9%	1.1%	(8.7%)	(10.7%)	(5.2%)
Gearing (%) / Net Debt to Equity (%)	1.2%	1.2%	15.2%	45.18%	25.9%
Total Revenue (\$,000)	147,680	151,930	137,745	129,377	149,900
Total Cash Expenditure (\$,000)	141,469	135,131	150,067	157,662	149,500
Depreciation (\$,000)	12,816	12,011	18,251	13,484	16,600
Interest (\$,000)	189	878	(79)	681	900
Net Surplus (\$,000)	2,118	2,764	(24,020)	(30,722)	(12,400)
Net Cash (Debt) (\$,000)	6,358	5,143	(12,323)	(108,106)	(83,300)
EBITDA (\$,000)	15,123	13,897	(5,691)	(14,800)	5,126
EBITDAR (\$,000)	15,838	15,253	14,355	1,420	24,000
EBITDA to Total Revenue	10.2%	9.2%	(4.1%)	(11.4%)	3.3%
EBITDAR to Total Revenue	10.7%	10.1%	10.4%	1.1%	15.3%
Other Revenue	17,203	15,905	14,304	12,576	7,000
Workforce Budget to Income	61.9%	63.1%	72%	76%	NT
Revenue per FTE (\$000)	132	134	131	123	135
Physical Maintenance Costs	3,694	4,287	5,204	4,418	NT
Percentage Programmes >50% Contribution	-	-	-	-	NT

Commentary

Brand awareness, consideration, and choice have remained fairly stable, although this stability has not been reflected in our student numbers.

Continued reduction in EFTS resulted in lower than targeted revenue. The fixed nature of Unitec's cost base meant expenditures were not able to be adjusted to offset reduced earnings, ending the year with higher than targeted debt levels. This is a significant concern to the organisation and a trend which will be addressed as a matter of urgency in 2018.

The Council and Executive Leadership Team have begun an extensive programme of cost rationalisation with the objective of offsetting any further revenue reductions with cost reductions to create a sustainable business model.



Governance Report

for the year ended 31 December 2017



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 s180 of the Education Act. These are:

- **Strategy:** Council set the long-term strategic direction for the organisation and ensure that there are measurable outcomes in place. They submit an Investment Plan for funding from the Tertiary Education Commission.
- **Human Resources:** Council appoint the Chief Executive and reward them on the basis of performance (in consultation with the State Services Commission); they set Remuneration Policy and approve key appointments to the CEO.
- **Policies and Compliance:** Council set policy and ensure that they are reviewed on a regular basis, they monitor regulatory compliance, appoint auditors and review 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 fulfill 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 and this was reviewed in 2017.

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.

Members of the Unitec Council 2017

CHAIR



Dr Lee Mathias
Ministerial Appointment
Appointed 1 May 2014

DEPUTY CHAIR



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

MEMBERS



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



John McConnell
Ministerial Appointment
Appointed 22 June 2017



Mark Heslop
Council Appointment
Appointed 19 June 2017



Alastair Carruthers
Council Appointment
Appointed 3 Nov 2014



Elena Trout
Ministerial Appointment
Appointed 12 June 2017



Vaughn Davis
Council Appointment
Appointed 3 Nov 2014

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 2017 Unitec Council held seven meetings. The following table provides a summary of attendance, fees and expenses for 2017.

Unitec Council

Council member	Held	Attended	Fees Received (\$)	Expenses Claimed (\$)
Dr Lee Mathias	7	7	40,000	1,821.12
Alastair Carruthers	7	7	20,000	
Aroha Hudson	2	2	7,816.69	
Sarah Haydon	7	7	20,000	1,234.39
Dianne Kidd	7	6	25,000	2,204.31
Martin Udale	1	1	5,000	
Vaughn Davis	7	7	20,000	552.17
Emeline Afeaki-Mafile'o	3	1	10,000	
Elena Trout	4	3	11,846	56.16
Mark Heslop	4	4	11,422	427.93
John McConnell	4	3	11,422	

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** – Pacific 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**.

Audit and Risk Committee

Council member	Held	Attended
Sarah Haydon	4	4
Dr Lee Mathias	4	4
Aroha Hudson	1	1
Dianne Kidd	4	4
Mark Heslop	2	2

Remuneration and Appointments Committee

Council member	Held	Attended
Alastair Carruthers	5	5
Dianne Kidd	5	4
Dr Lee Mathias	5	5

Fono Faufautua

Member	Held	Attended	Fees Received (\$)
George Gavet	4	4	960
Nuhi Seve-Williams	4	4	960
Nafetalai Ngaluafe	4	4	960
Metua Bates	4	2	480
Elena Timoteo	4	4	960
Ofa Dewes	4	3	720
Jemaima Tiatia-Seath	4	2	480
Tevita Funaki	4	3	720
Panama Leunanae	2	1	240
Council Members' Attendance			
Dr Lee Mathias	4	2	-
Vaughn Davis	4	3	-
Aroha Hudson	1	1	-

Wairaka Land Company

Member	Held	Attended	Fees Received (\$)	Expenses Received (\$)
Anne Blackburn (Ten Gracie Square Ltd)	11	10	16,000	
Chris Cardwell (Australis Property Ltd)	2	2	4,000	
Sarah Haydon	11	11	16,000	1,050.64
Martin Udale (Essentia Consulting)	11	11	33,000	
Derek Nolan (Bankside Chambers Ltd)	11	10	16,000	
Adrienne Young-Cooper	7	7	13,333	
John McConnell	6	6	7,527	

Te Rūnanga

Member	Held	Attended	Fees Received* (\$)
Mere Tunks	5	5	1,200
Tui Ah Loo	5	4	960
Clay Hawke	1	1	240
Awi Riddell	5	5	1,200
Arena Williams	5	4	960
Michele Tibble	5	2	480
Megan Tunks	5	4	960
Rowena Dunn	3	2	480
Council Members' Attendance			
Dr Lee Mathias	5	5	-
Vaughn Davis	5	3	-
Aroha Hudson	2	2	-

Council Register of Interests

Unitec Council

Disclosure of Interest Register as at 26 November 2017

Name	Interest	Nature of Interest	Whose Interest	Date
Alastair Carruthers	Carruthers Consulting Limited	Director & Owner	Self	Jan 2013
	Allpress Espresso NZ Limited	Chair and Director	Self	Feb 2017
	Colombo St South Café (2014) Ltd (formerly SPVW Ltd)	Director	Self	Feb 2017
	Underground Coffee Company (2014) Ltd (formerly SPVW Ltd)	Director	Self	Feb 2017
	Lux Espresso Bar Limited	Director	Self	Feb 2017
	Allpress Espresso International Ltd	Chair and Director	Self	Jul 2017
	Allpress Espresso UK Ltd	Director	Self	Aug 2017
	Allpress Espresso Australia Ltd	Director	Self	Aug 2017
	Te Papa Foundation	Co-Chair (Jul 17)	Self	May 2015
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	Sept 2016
	Massey University Agricultural and Life Sciences Sub Trust	Trustee	Self	Feb 2017
Dr Lee Mathias	Pictor Diagnostics India Limited	Director	Self	Oct 2017
	Auckland District Health Board	Member	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	June 2014
	Unitec Institute of Technology	Chairman	Self	June 2014
	Health Innovation Hub	Director	Self	Sept 2014
	Health Alliance Limited	Director	Self	Oct 2014
	John Seabrook Holdings Limited	Director	Self	Oct 2014
	Mathias Martin Family Trust	Trustee	Self	Oct 2014

Name	Interest	Nature of Interest	Whose Interest	Date
Vaughn Davis	Boosted	Deputy Chairman	Self	Jan 2015
	TGF Aviation Limited	Director & Shareholder	Self	Jun 2011
	The Goat Farm Limited	Director & Shareholder	Self	Feb 2011
Sarah Haydon	The Ports of Auckland Ltd	Director	Self	Aug 2016
	The Ports of Auckland Ltd	Chair, Audit Committee	Self	Jan 2017
	The Cooperative Bank Ltd	Director	Self	Mar 2015
	The Cooperative Bank Ltd	Chair, Audit Committee	Self	Mar 2015
	Cooperative Life Limited	Director	Self	Sept 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	June 2014
	Unitec Institute of Technology	Chair, Audit & Risk Committee	Self	June 2014
	The Institute of Geological and Nuclear Sciences Ltd	Deputy Chairman (July 2016)	Self	July 2014
	The Institute of Geological and Nuclear Sciences Ltd	Chair Audit and Risk Committee	Self	July 2014
	Cavalier Corporation Limited	Chairman (July 2015)	Self	May 2014

Name	Interest	Nature of Interest	Whose Interest	Date
Elena Trout	Contact Energy Ltd	Director, Member H&S	Self	Oct 2016
	Marsden Maritime Holdings Ltd	Director, Chair Audit and Risk	Self	Oct 2011
	Harrison Grierson Holdings Ltd	Director, Chair Audit and Risk	Self	June 2014
	Engineering New Zealand	Immediate Past President	Self	-
	Motiti Investments Ltd	Director	Self	May 1997
	Capability Governance Board (NZ Defence/Ministry of Defence)	Member	Self	-
	Energy Efficiency Conservation Authority	Member, Chair Light Emission	Self	-
	Ngapuhi Assets Holdings Co Ltd (NAHC) and related companies	Independent Director, Chair - Remuneration	Self	Oct 2017, Nov 2017
Mark Heslop	Sarginson Family Trust	Trustee	Self	Jan 2007
	Heslop Family Trust	Trustee	Self	Jan 2007
	Alma Consulting Limited	Director	Self	Jan 2007
	Alma Properties Limited	Director	Self	July 2010
John McConnell	McConnell Group	Director	Self	Sept 2016
	McConnell Property Limited	Director	Self	Feb 2010
	Steelpipe Limited	Director	Self	May 2003
	Orange H Group Limited	Director	Self	Dec 2011
	Cornwall Park Trust Board	Chairman and Trustee	Self	2011
	Sir John Logan Campbell Residuary Estate	Chairman and Trustee	Self	2011
	Sir John Logan Campbell Medical Trust	Chairman and Trustee	Self	2011
	McConnell Family Trusts	Trustee	Self	-



Financial Statements

for the year ended 31 December 2017



Statement of Responsibility

For the year ended 31 December 2017

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 2017.

Alistair Carruthers
Interim Chief Executive

Dr Lee Mathias
Chair

11 May 2018



Independent Auditor's Report

To the readers of Unitec Institute of Technology group's Financial Statements and Statement of Service Performance for the year ended 31 December 2017.

The Auditor General is the auditor of Unitec Institute of Technology group (the Group). The Auditor General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the Financial Statements and Statement of Service Performance of the Group on his behalf.

Opinion

We have audited:

- the Financial Statements of the Group on pages 52 to 90, that comprise the statement of financial position as at 31 December 2017, 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 Group on pages 20 to 43.

In our opinion:

- the Financial Statements of the Group on pages 52 to 90:
 - present fairly, in all material respects:
 - › its financial position as at 31 December 2017; and
 - › its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and.
- the Statement of Service Performance of the Group on pages 20 to 43 presents fairly, in all material respects, the Group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017.

Our audit was completed on 18 May 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to a material uncertainty related to going concern. 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.

Material uncertainty related to going concern

Without modifying our opinion, we draw your attention to the disclosures made in note 19 that highlight the Group's recent financial performance, and explain the uncertainties in relation to the Group achieving its financial forecasts (including forecast student revenue levels and cost savings) and meeting any future cash flow shortfalls from other funding sources. These matters indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. We consider the disclosures in note 19 to be adequate.

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 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 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 Group for assessing the 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 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 the Statement of Service Performance, our procedures were limited to checking that the information agreed to:

- the 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 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 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 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 consolidated 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 1 to 19, 44 to 51, 53, 92 and 93, 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 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 Group's Performance-Based Research Fund external research income. This is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Group.



Karen MacKenzie

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Operating Revenue				
Government grants	2(a)	55,230	65,357	62,079
Student tuition fees	2(b)	60,292	68,611	62,610
Student services fees	2(d)	1,874	2,489	2,099
Other revenue	2(c)	10,918	13,523	11,352
Total Operating Revenue (excluding finance revenue)		128,314	149,980	138,140
Operating Expenditure				
Personnel costs	3(a)	99,151	99,851	99,039
Depreciation and amortisation	9,10	13,485	15,642	18,252
Administration costs and other expenses	4(b)	46,807	52,599	45,579
Total Operating Expenditure (excluding finance costs)		159,443	168,092	162,870
Deficit before net finance costs		(31,129)	(18,112)	(24,730)
Finance revenue		112		346
Finance costs	4(a)	(787)	(2,840)	(419)
Net Finance revenue/(costs)		(675)	(2,840)	(73)
Deficit before share of jointly controlled entities		(31,804)	(20,952)	(24,803)
Surplus				
Share of Surplus of jointly controlled entities		1,065	918	402
Net Deficit		(30,739)	(20,034)	(24,401)
Other comprehensive revenue and expense				
Revaluation movements in property, plant and equipment	9	(12,422)		42,522
Total other comprehensive revenue/(expense)		(12,422)		42,522
Total comprehensive revenue/(expense)		(43,161)	(20,034)	18,121
Reconciliation of Surplus/(Deficit) before net finance revenue/costs to EBITDAR				
Deficit before net finance revenue/costs		(31,129)	(18,122)	(24,730)
<i>Deduct:</i>				
Net (gain)/loss on disposal of property, plant and equipment	2(c)	(153)	998	109
<i>Add back:</i>				
Transformation costs		12,621	15,572	16,316
Redundancies	3(a)	1,975	3,000	4,449
Depreciation and amortisation	9, 10	13,485	15,642	18,252
Impairment		2,438		70
Share of surplus/(deficit) of jointly controlled entities	16	1,065	918	402
Fair value (gains) / losses	4 (b)	1,099		(489)
EBITDAR		1,401	18,017	14,379

The accompanying notes form part of these Financial Statements. Explanations of major variances against budget are provided in note 23.

Statement of Financial Position

As at 31 December 2017

	Note	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Assets				
Current Assets				
Cash and cash equivalents		2,448		2,278
Trade and other receivables	5	3,790	7,665	4,850
Assets classified as held for sale	8	135,150		
Inventories		560	450	281
Prepayments		703	1,250	1,279
Total current assets		142,651	9,365	8,688
Non-current assets				
Investment in joint ventures	16	1,529		652
Loan to joint ventures				529
Property, plant and equipment	9	223,608	304,724	305,452
Intangible Assets	10	10,786	2,298	13,274
Assets under construction	9	17,608	51,667	35,409
Derivative Financial Instruments				630
Total non-current assets		253,531	358,689	355,946
Total assets		396,182	368,054	364,634
Liabilities				
Current Liabilities				
Trade and other payables	6	21,384	15,378	13,268
Revenue received in advance	7	10,017	17,218	11,663
Borrowings	11	110,554		26,856
Employee entitlements	3(b)	8,444	7,605	7,468
Property Provisions	12	100		2,214
Total current liabilities		150,499	40,201	61,469
Non-current liabilities				
Borrowings	11	2,098	95,478	16,542
Derivative financial instruments		662		118
Employee entitlements	3(b)	436	1,126	608
Property Provisions				249
Total non-current liabilities		3,196	96,604	17,517
Total liabilities		153,695	136,805	78,963
Net assets		242,487	231,249	285,648
Equity				
General Funds		52,184	63,336	82,923
Property revaluation reserves		190,303	167,913	202,725
Total equity		242,487	231,249	285,648

The accompanying notes form part of these Financial Statements. Explanations of major variances against budget are provided in note 23.

Statement of Changes in Equity

For the year ended 31 December 2017

	<i>General Funds \$'000</i>	<i>Property Revaluation Reserves \$'000</i>	<i>Total \$'000</i>
Group			
Prior 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
Current year			
Balance at 1 January	82,923	202,725	285,648
Surplus/(Deficit) for the year	(30,739)	(12,422)	(43,161)
Other comprehensive income			
Total comprehensive revenue and expenses for the year	(30,739)	(12,422)	(43,161)
Balance at 31 December	52,184	190,303	242,487

The accompanying notes form part of these Financial Statements. Explanations of major variances against budget are provided in note 23.

Statement of Cash Flows

For the year ended 31 December 2017

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.

	<i>Actual 2017 \$'000</i>	<i>Budget 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Government grants	62,397	65,426	61,722
Tuition fees	59,830	70,103	64,700
Interest received	125		336
Other operating receipts	13,033	15,756	10,699
	135,385	151,285	137,457
<i>Cash was applied to:</i>			
Payment to employees	98,444	104,289	104,045
Goods and services tax (net)	(1,872)		1,587
Interest paid	787	3,549	296
Payment to suppliers	47,320	37,936	44,868
	144,679	145,774	150,796
Net cash flows from operating activities	(9,294)	5,511	(13,339)
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		4,000	77
Sale of investments	100		846
	100	4,000	923
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	58,371	56,018	27,949
Purchase of intangible assets	2,295	2,471	9,225
Loan to joint ventures	(777)		605
	59,889	58,489	37,779
Net cash flow from investing activities	(59,789)	(54,489)	(36,856)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from borrowings	68,500	50,478	40,000
	68,500	50,478	40,000
<i>Cash was applied to:</i>			
Repayment (Drawdown) of finance leases	(753)	1,500	2,109
	(753)	1,500	2,109
Net cash flow from financing activities	69,253	48,978	37,891
Total net cash flows	170	-	(12,304)
Cash and cash equivalents at 1 January	2,278		14,582
Cash and cash equivalents at 31 December	2,448		2,278
Cash and bank			
Short-term investments	1,627		1,958
Closing cash and cash equivalents at 31 December	821		320
	2,448		2,278

The accompanying notes form part of these Financial Statements.

Statement of Cash Flows (continued)

For the year ended 31 December 2017

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

	<i>Actual 2017 \$'000</i>	<i>Budget 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Deficit before share of surplus of jointly controlled entities	(31,804)	(20,952)	(24,803)
Add/Less non-cash items:			
Depreciation/Amortisation	13,485	15,642	18,252
Bad debts	66		330
Impairment	2,438		
Loss (gain) on disposal of property, plant and equipment	(153)	998	109
Derivatives	1,173		(512)
Increase/(Decrease) in non-current property provisions			(251)
Increase/(Decrease) in non-current employee entitlements	(173)		(227)
Total non-cash items	16,836	16,640	17,701
Add/Less movements in working capital items:			
(Increase)/Decrease in inventories	(309)	-	(125)
(Increase)/Decrease in trade and other receivables	1,060	(779)	(2,222)
(Increase)/Decrease in prepayments	576	-	(8)
Increase/(Decrease) in trade and other payables	7,116	10,745	1,073
Increase/(Decrease) in revenue received in advance	(1,646)	1,957	530
Increase/(Decrease) in property provisions	(2,363)	(2,100)	2,214
Increase/(Decrease) in current employee entitlements	976	-	(4,677)
Net movement in working capital items	5,410	9,823	(3,215)
Items classified as investing activities	264		(3,022)
Net cash flows from operating activities	(9,294)	5,511	(13,339)

The accompanying notes form part of these Financial Statements. Explanations of major variances against budget are provided in note 23.



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 16 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 17.

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 2017, and were authorised for issue by the Council on 11 May 2018.

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 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
(a) Government grants		
Student Achievement Component funding	50,370	55,688
Performance-Based Research Fund (PBRF)	2,763	3,447
Youth Guarantee Fund	377	934
Māori & Pacific Grant	411	346
Refugee Study Grant	738	1,015
Other grants	571	651
	55,230	62,079
(b) Student tuition fees		
Domestic student tuition fees	25,300	28,499
International student tuition fees	34,992	34,111
	60,292	62,610
(c) Other exchange revenue		
Contract education	571	532
Copy Centre	476	590
Consultancy and student projects	1,333	1,827
Research	843	1,240
Gain on sale of property, plant and equipment	158	51
Gain on sale of investments	74	
Revenue from other operating activities	7,461	7,113
	10,916	11,352
(d) Other non-exchange revenue		
Student services fee income	1,874	2,099
Donations	2	
	1,876	2,099

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 future 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.

	Actual 2017 \$'000	Actual 2016 \$'000
(a) Personnel costs		
Salaries and wages	94,910	92,218
Employee benefits expenses	462	681
Employee entitlements expenses	1,804	1,691
Redundancies	1,975	4,449
	99,151	99,039
(b) Employee entitlements		
At 1 January	8,076	12,980
Adjustments during the year	804	(4,904)
At 31 December	8,880	8,076
Current portion	8,444	7,468
Non-current portion	436	608
	8,880	8,076
<i>Comprising of:</i>		
Salaries and wages	94	8
Annual leave	7,026	6,599
Retirement leave	307	358
Long service leave	103	289
Sick leave	154	206
Redundancy provisions	1,196	616
	8,880	8,076
<i>Redundancy provisions:</i>		
Opening balance	616	2,949
Provision for the year	1,031	422
Utilised	(451)	(2,755)
Closing balance	1,196	616

4 Other Expenditure

	Actual 2017 \$'000	Actual 2016 \$'000
(a) Finance cost		
Interest paid	567	113
Finance lease interest	220	306
	787	419
(b) Administration costs and other expenses		
Audit fees - paid to principal auditor for parent and subsidiaries - current year audit	190	160
Audit fees - paid to principal auditor for parent and subsidiaries - prior year audit		10
Audit fees - paid to principal auditor for external research income audit	7	7
Bad debts expense	(156)	330
Change in provision for doubtful debts	222	(313)
Councillors' fees	183	185
Class Materials	2,719	2,335
Research	771	1,029
Operating lease charges	581	3,824
Loss on disposal of fixed assets	3	160
Fair value (gains)/losses	1,099	(489)
Other administrative expenses	41,188	38,341
	46,807	45,579

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.

	Actual 2017 \$'000	Actual 2016 \$'000
Trade and other receivables		
Student fee receivables (non-exchange and exchange)	1,130	1,648
Trade receivables (exchange)	3,074	3,378
Accrued interest (exchange)		21
Government grants (non-exchange)		24
Less provision for impairment	(414)	(221)
Total Trade and other receivables	3,790	4,850

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

(a) Student fee receivables	Actual 2017 \$'000			Actual 2016 \$'000		
	Gross	Impairment	Net	Gross	Impairment	Net
Group						
1 - 30 days	309		309	251		251
31 - 60 days	270	(136)	134	240		240
61 - 90 days	33	(17)	16	60		60
>90 days	518	(261)	257	1,097	(192)	905
Total student fee receivables	1,130	(414)	716	1,648	(192)	1,456

(b) Trade receivables (exchange)	Actual 2017 \$'000			Actual 2016 \$'000		
	Gross	Impairment	Net	Gross	Impairment	Net
Group						
1 - 30 days	1,999		1,999	1,571		1,571
31 - 60 days	67		67	1,298		1,298
61 - 90 days				271		271
>90 days	1,008		1,008	238	(29)	209
Total trade receivables	3,074		3,074	3,378	(29)	3,349

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:		Actual 2017 \$'000	Actual 2016 \$'000
Student fee receivables			
At 1 January		192	490
Additional provisions made during the year		222	
Release of provision during the year			(298)
At 31 December		414	192
Trade receivables			
At 1 January		29	44
Additional provisions made during the year			26
Release of provision during the year		(29)	(41)
At 31 December			29

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 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Payables under exchange transactions		
Trade payables	1,127	733
Other payables – accruals	10,023	11,285
	11,150	12,018
Payables under non-exchange transactions		
Taxes payable	3,091	1,250
Government grants received in advance	7,143	
	10,234	1,250
Total trade and other payables	21,384	13,268

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

7 Revenue 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 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Exchange transactions		
International student fees received in advance	9,747	10,243
	9,747	10,243
Non-exchange transactions		
Domestic student fees received in advance	270	1,420
Total revenue received in advance	10,017	11,663

8 Assets classified as held for sale

	<i>Actual 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Assets classified as held for sale		
Land	132,630	
Buildings	2,520	
Total assets classified as held for sale	135,150	

On 13 February 2018 the Group entered into a conditional agreement to sell 29 hectares of land and associated buildings at its Mt Albert campus. Subsequently the agreement became unconditional and on 20 April 2018 the transaction was settled. The sale and purchase agreement includes provisions that allow the Group to continue to occupy the land and buildings for teaching purposes until 2021. When the assets were classified as held for sale no gain or loss has been recognised.

In March 2017 the Crown formally transferred ownership of the Crown-owned land and buildings to Unitec. As part of this transfer the Group is required to pay 20% of the net asset proceeds (or lesser amount as agreed) to the Crown in the event that the land and buildings transferred are sold. As a result of the sale of land and associated buildings at the Mt Albert campus mentioned above and this clause, the Group is required to pay \$3,084,564 to the Crown. This transaction (along with the sale of land and buildings) will be recognised in the 2018 financial year.

9 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. Costs that meet the above criteria are added to the value of the item of property, plant and equipment.

	<i>Land</i>	<i>\$'000 Buildings</i>
Cost or valuation		
Balance at 1 January - prior year	105,290	153,509
Additions	436	2,414
Revaluation increase/(decrease)	106,916	(70,950)
Reclassifications		
Adjustments/Movement		
Disposals	(158)	(4,760)
Balance at 31 December - prior year	212,484	80,213
Balance at 1 January - current year	212,484	80,213
Additions		56,740
Revaluation increase/(decrease)	(20,637)	4,476
Reclassifications		
Adjustments/Movement	1,221	2,323
Disposals		
Transfer to available for sales	(132,630)	(2,520)
Balance at 31 December - current year	60,437	141,231
Accumulated depreciation and impairment losses		
Balance at 1 January - prior year		
Depreciation Expense		11,316
Reclassifications		
Eliminate on disposal		(4,760)
Eliminate on revaluation		(6,556)
Adjustments/Movement		
Impairment losses		
Balance at 31 December - prior year		
Balance at 1 January - current year		
Depreciation Expense		3,739
Adjustments / movements		
Eliminate on disposal		
Eliminate on revaluation		(3,739)
Impairment losses		
Balance at 31 December - current year		
Carrying amounts		
At 1 January - prior year	105,290	153,509
At 31 December - prior year and 1 January - current year	212,484	80,213
At 31 December - current year	60,438	141,232

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 valuers 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 three 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>\$'000 Total</i>
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
14,653	6,212	2,131	15,956	950	8,272	340,871
6,921	2,678	302	4,358	71	342	71,412
						(16,161)
	(130)					3,414
(9)		(157)	(1,959)	(3)		(2,128)
						(135,150)
21,565	8,760	2,276	18,355	1,018	8,614	262,258
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
10,870	3,496	1,703	12,140	808	6,402	35,419
1,489	476	212	2,576	49	423	8,964
119						119
(5)		(150)	(1,957)	(1)		(2,113)
						(3,739)
						-
12,473	3,972	1,765	12,759	856	6,825	38,650
2,946	2,322	631	3,786	163	2,060	270,706
3,783	2,716	428	3,816	142	1,870	305,452
9,092	4,788	511	5,596	162	1,789	223,608

Valuation

At year end (31 December 2017), Jones Lang LaSalle (independent valuers) 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

During the year the Crown transferred legal title of various land and buildings to the Institute. A term of this transfer is that Unitec is required to remit to the Crown 20% of any proceeds from disposal of the transferred land and/or buildings that occurs within five years of the transfer. Details concerning the financial impact of this on the Group are included in note 8 of the Financial Statements.

Restrictions on Title

Under the Education Act 1989, the Group is required to obtain consent from the Ministry of Education to dispose of or sell 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 2017 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 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Buildings	10,643	31,531
Software	2,632	662
Fixtures and fittings	63	956
Course development (Intangible asset)	4,270	2,260
Total assets under construction	17,608	35,409

¹Assets under construction include Borrowing costs of \$333,914 (2016: \$52,074) capitalised using a weighted average interest rate of 3.71% (2016: 2.76%)

Finance leases

The carrying value of property, plant and equipment held by the Group under finance leases and hire purchase contracts at 31 December 2017 is \$3,798,000 (2016: \$3,051,000). This relates to computer equipment \$3,229,000 (2016: \$2,091,000) and plant and equipment \$569,000 (2016: 960,214). Additions during the year totalled \$2,597,000, of which \$2,575,000 relates to computer equipment and \$222,000 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

10 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.

	Computer Software \$'000	Course Development \$'000	Total \$'000
Group			
Cost or valuation			
Balance at 1 January - prior year	14,744	338	15,082
Additions	6,813	2,069	8,882
Disposals			
Balance at 31 December - prior year	21,557	2,407	23,964
Balance at 1 January - current year	21,557	2,407	23,964
Additions	2,243	52	2,295
Disposals			-
Balance at 31 December - current year	23,800	2,459	26,259
Accumulated amortisation and impairment losses			
Balance at 1 January - prior year	8,538	68	8,606
Depreciation Expense	1,697	387	2,084
Eliminate on disposal			-
Impairment losses			-
Balance at 31 December - prior year	10,235	455	10,690
Balance at 1 January - current year	10,235	455	10,690
Depreciation Expense	4,277	506	4,783
Eliminate on disposal			-
Impairment losses			-
Balance at 31 December - current year	14,512	961	15,473
Carrying amounts			
At 1 January - prior year	6,206	270	6,476
At 31 December - prior year and 1 January - current year	11,322	1,952	13,274
At 31 December - current year	9,288	1,498	10,786

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:

Course development	5 years
Computer software	3 - 10 years

11 Borrowings

On 21 December 2015, the Institute entered into two separate revolving advance facility agreements (and the accompanying negative pledge deeds): one with 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 \$115 million (2016: \$85 million), with final maturity dates of 21 December 2018 and 21 December 2022. As at 31 December 2017, the total revolving advance facilities was \$115 million (2016: \$85 million), and \$108.5 million (2016: \$40 million) had been drawn down on these facilities. The Institute uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. The weighted average interest rate on the outstanding loan for the year was 3.71% (2016: 2.76%).

Borrowings are initially recognised at their fair value less directly attributable transaction costs and subsequently measured at amortised cost. 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.

The Group's borrowings are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group did not comply with the EBITDAR/net interest expense ratio as at 31 December 2017 which required a minimum coverage of 2.5 times. Therefore the Group's bankers (Westpac and ASB) were entitled to request immediate repayment of the outstanding loans. As a result, the balances at 31 December 2017 are presented as a current liability as at 31 December 2017. Neither ASB nor Westpac requested early repayment of the borrowings and waived the right to request early repayment and the requirement for the Group to comply with the net interest expense / EBITDAR ratio for the period ended 31 December 2017. As of the date when these Financial Statements were approved the Group has fully repaid the outstanding borrowings from the proceeds of land sales which were received after year end.

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 principle repayments.

	<i>Actual 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Current portion		
Borrowings/loans	108,427	24,994
Finance leases	2,127	1,862
Total current portion	110,554	26,856
Non-current portion		
Borrowings/loans		14,931
Finance leases	2,098	1,611
Total non-current portion	2,098	16,542
Total borrowings	112,652	43,398

Minimum payments future lease repayments

	<i>Actual 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Within one year	2,347	2,052
After one year but not more than five years	2,128	1,706
Future finance charges	(251)	(285)
Total minimum lease payments	4,224	3,473

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.

12 Property Provisions

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

	Actual 2017 \$'000	Actual 2016 \$'000
Current provisions		
Onerous Lease		1,490
Lease Make Good	100	724
Total current provisions	100	2,214
Non-current provisions		
Onerous Lease		249
Lease Make Good		
Total non-current provisions		249
Total property provisions	100	2,463

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:	Actual 2017 \$'000	Actual 2016 \$'000
Onerous Lease		
At 1 January	1,739	
Additional provisions made during the year		1,739
Utilised during the year	(1,532)	
Released during the year	(207)	
At 31 December		1,739
Make Good		
At 1 January	724	500
Additional provisions made during the year		224
Utilised during the year	(229)	
Released during the year	(395)	
At 31 December	100	724

13 Operating Lease Commitments

Operating leases as lessee

	<i>Actual 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Non-cancellable operating lease commitments		
Land and buildings		
Within one year	361	436
Later than one year and not later than two years	182	195
Later than two years and not later than five years	372	352
Later than five years		44
	915	1,027

Operating leases as lessor

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

	<i>Actual 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Non-cancellable operating lease commitments		
Land and buildings		
Not later than one year	949	1,268
Later than one year and not later than two years	817	553
Later than two years and not later than five years	1,675	1,113
Later than five years	24	308
	3,465	3,242

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

14 Commitments

Capital commitments

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

	<i>Actual 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Buildings	865	22,079
Computer equipment	74	177
Computer software	547	639
Fixtures and fittings	125	3,261
Plant and equipment		3,633
Course development	116	587
Total capital commitments	1,727	30,376

15 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.

16 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 (%)	
			2017	2016
Stars in Her Eyes	Dormant	New Zealand	50	50
The Mind Lab by Unitec Limited Partnership	Specialist education	New Zealand	50	51
The Tech Futures Lab – Unitec Limited Partnership	Dormant	New Zealand	50	50

Stars in Her Eyes is a dormant entity with no assets or liabilities. It incurred no expenses and earned no revenues in the period. In the year the Group sold 1% of its share of The Mind Lab By Unitec Limited Partnership to its partner for \$100,000. Equity interest in The Tech Futures Lab is no longer displayed as its business and assets are now held by The Mind Lab By Unitec.

	Actual 2017 \$'000	Actual 2016 \$'000
Summarised statement of financial position of The Mind Lab Limited		
<i>Assets:</i>		
Current assets	1,356	1,341
Non-current assets	3,184	2,192
Total assets	4,540	3,533
<i>Liabilities:</i>		
Current liabilities	1,482	1,544
Non-current liabilities		1,210
Total liabilities	1,482	2,754
Net assets	3,058	779
Carrying amount of investment in Group's Financial Statements	1,529	779
Summarised statement of financial performance of The Mind Lab Limited		
Income	9,730	7,201
Expenses	7,600	6,145
Net surplus/(deficit)	2,130	1,056
Group's share of surplus	1,065	1,056
Loan to The Mind Lab Limited		529
Share of Net Assets	1,529	652
	1,529	1,181

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

17 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 2017 \$'000</i>	<i>Actual 2016 \$'000</i>
Summarised statement of financial position		
<i>Assets:</i>		
Current assets	314	337
Non-current assets		2
Total assets	314	339
<i>Liabilities:</i>		
Current liabilities	474	21
Non-current liabilities		219
Total liabilities	474	240
Net assets	(160)	99
Summarised statement of financial performance		
Income		396
Expenses	190	564
Net surplus/(deficit)	(190)	(168)

18 Related Party Transactions

	Actual 2017 \$'000	Actual 2016 \$'000
Key management personnel remuneration		
<i>Council members:</i>		
Remuneration	234*	230*
Full-time Equivalent Members	11.0	12.0
<i>Leadership Team:</i>		
Salaries and other short-term employee benefits	3,175	2,870
Full-time equivalent members	10.3	9.1
Total remuneration	3,409	3,100

* 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.

19 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.

Material uncertainty about Group's ability to continue as a going concern

The Group has reported a net deficit of \$30.7 million (2016 \$24.4 million net deficit) and a net cash out flow from operating activities of \$9.3 million (2016: \$13.3 million outflow) for the year ended 31 December 2017. Further, the Group has classified bank borrowings of \$108.5 million as a current liability as at 31 December 2017 because it has breached its banking covenants at that date making the loans repayable on demand. Covenant breaches were waived and bank borrowings were fully repaid (as explained in note 11) on 24 April 2018 when the Group sold land as detailed in note 8. On this date the Group also secured a \$35 million borrowing facility with Westpac.

The Council has reviewed the existing and projected working capital against the operating requirements for the Group and have a reasonable expectation that there will be sufficient funds to enable the Group to continue to operate for the foreseeable future, including meeting debts when they fall due. The funds are available from net current cash balances generated from the sale of assets held as available for sale in April 2018 (further details in note 8), banking facilities which are available where certain conditions are met, and further asset sales (where required).

The Group's projected earnings, operating cash flows and liquidity for 2018 are inherently uncertain and are contingent upon the levels of Domestic and International student enrolments, the Group's ability to reduce core operating and transformational costs (as defined in note 20) and the Group's ability to realise further asset sales if required. Consequently, the Council notes the following uncertainties:

- The Group has experienced year on year declines in student enrolments since 2012. As a result there is uncertainty about the Group's ability to achieve budgeted student revenue levels. There is also uncertainty on the level of funding that will be received from TEC beyond 2018 as the outcome of the investment plan process for 2019-2020 will not be confirmed until later in the 2018 year.
- The ability of the Group to reduce core and transformation operating costs and capital expenditure in the near term to offset any budget revenue shortfalls
- The Group's ability to meet cash flow requirements from banking facilities by either:
 - Complying with existing banking facility financial covenants, or;
 - Negotiating new banking facilities with financial covenants that the Group is able to comply with
- The ability of the Group to sell surplus land, if needed on terms that are acceptable to the Group.

The above matters create material uncertainty in the Group's ability to continue as a going concern and have required the Council to carefully consider the going concern basis of accounting. However, the Council has considered this and has concluded that the adoption of the going concern basis is appropriate based on a reasonable expectation that there will be sufficient funds to enable the Group to continue operations at existing levels and meet its debts when they fall due for the foreseeable future and not less than twelve months from the signing of the Financial Statements.

The Council reached this conclusion, having regard to the circumstance which they consider likely to occur, or which could occur and the potential impact on the Group during the period twelve months from the date of signing the Financial Statements. The Financial Statements do not reflect adjustments that would be required if they were prepared on any other basis.

20 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 9.

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 year, no impairment was recognised (2016: nil).

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 in the determining of covenant compliance under the Group's revolving credit facilities and the TEC monitoring framework.

Classification of Wairaka Land Precinct

On 13 February 2018 the Group entered into a conditional agreement to sell Land and Buildings valued at \$135 million to the Crown for \$134 million and the right to occupy at no cost certain land and buildings until 2021. Management had commenced negotiations with the Crown in November 2017 and although at balance date an agreed sale and purchase agreement had been drawn up and signed by Unitec the assets are classified as plant property and equipment as at balance date and it is management and the Councils assessment that the sale transaction was highly probable in its current condition. As such, the assets are classified as a non-current asset held for sale.

21 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 cashflows 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 cashflows and associated future debt levels on a short, medium and long term basis. This activity occurs 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 loss of \$1,315,000 (2016: \$731,000). A shift of +/- 100 basis points would result in an equivalent change in the 2017 value of +\$1,293,000 / -\$4,355,000 (2016: +\$191,000 / -\$191,000), 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 2017 (2016: none).

Sensitivity analysis

As at 31 December 2017, 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
2017	60,147	(60,147)
2016	104,996	(104,996)

As at 31 December 2017, 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
2017	445,000	(445,000)
2016	73,076	(73,076)

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 11.

The Group has a maximum amount that can be drawn down against its revolving credit facility of \$115 million (2016: \$85 million). The Group has complied with all banking covenants under these facilities.

The contractual maturity of derivative financial instruments are as follows:

	<i>Liability carrying amount</i>	<i>Asset carrying amount</i>	<i>Contractual cash flows</i>	<i>Less than 6 months</i>	<i>6 - 12 months</i>	<i>1 - 2 years</i>	<i>Greater than 2 years</i>
2017							
Gross settled forward exchange contracts	-	-	-	-	-	-	-
Outflow							
Inflow							
Net settled interest rate derivatives	(707)	-	(707)	(64)	(64)	(128)	(452)
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

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 (2016: \$64 million) The fixed interest rates of all derivative contracts vary from 2.97% to 3.75%.

Information about forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts in NZD were \$1.0 million (2016: \$4.6 million). The foreign currency principal amounts were AUD 0.9 million (2016: AUD 4.3 million).

22 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.

23 Major Budget Variances

The budget figures are derived from the Group's 2017 budget which was approved by the Council in November 2016. The budget figures are for 12 months to December 2017, and have been prepared in accordance with PBE FRS – 42 using accounting policies consistent with those applied in preparing the 2017 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 international students, domestic students and government grants as a result of lower than expected domestic and international student enrolments.

Expenses

Expenditures were lower than budgeted due to:

- Lower building values resulting in lower than expected depreciation expenditure
- Less transformation costs than budgeted together with generally reduced administration and other expenditure

Finance cost

Net finance costs were lower than budgeted due to higher than budgeted interest capitalisation.

Statement of financial position

Assets

Cash and cash equivalents were higher than budgeted due to the timing of debt drawdowns resulting in some cash on hand at year end.

Trade receivables were lower than budgeted, reflecting lower receipts from semester one 2018 enrolments.

Property, plant, and equipment exceeded budget due to higher than expected land and building valuation uplifts in December 2016, coupled with budgeted building sales not occurring.

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

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

Liabilities

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

Revenue received in advance was lower than budgeted reflecting lower receipts from semester one 2018 enrolments.

Employee entitlements exceeded budget as significant restructuring costs had been accrued but not paid in the expected timeframe.

Total borrowings are higher than budgeted as cash flows from operations were lower than budgeted.

Statement of cash flows

Cash from operating activities

Lower than budgeted due to reduced student revenues. Somewhat but not fully offset by lower than budgeted expenditures.

Cash from investing activities

There was a slightly higher cash outflow as a result of a budgeted minor building sale not occurring.

Cash from financing activities

Total borrowings are higher than budgeted as cash flows from operations were lower than budgeted.

24 Significant events after balance date

Apart from the subsequent events reported in note 8 and note 11 in relation to the Group's sale of land at its Mt Albert campus and repayment of debt there are no other subsequent events.

25 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.

26 Reasons for delayed completion of the Financial statements

These Financial Statements were completed on the 11th of May 2018 following a detailed review of matters associated with going concern as outlined in note 19. This is 11 days later than the date specified in Section 156(2) of the Crown Entities Act (2004).



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. The levy per EFTS in 2017 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 2017.

	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
FY2017	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	341,105	209,581	1,044,985	30,156	17,159	177,256	60,915	58,014	207,895	60,312	2,207,380
Expenditure	565,568	347,495	1,732,632	50,000	28,451	293,898	101,000	96,191	344,700	100,000	3,659,934
Net cost	224,463	137,914	687,647	19,844	11,292	116,642	40,085	38,176	136,805	39,688	1,452,554

	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

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	7.1%
Chinese	8.3%
Fijian	2.3%
Indian	7.6%
Māori	11.4%
NZ/European/Pakeha	51.1%
Other	27.8%
Pacific Islanders	8.2%

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.

AGE PROFILE

Age Band	<i>All Staff</i>	<i>Academic Staff</i>
10 - 19	5	1
20 - 29	125	41
30 - 39	280	124
40 - 49	303	155
50 - 59	372	205
60 - 69	203	119
70 - 79	48	28
80 - 89	7	1
Total	1348	674

Gender Mix	<i>Total</i>	%
Female	777	57.6%
Male	571	42.4%
Total	1348	100%

Occupational Group	<i>Full-time</i>	<i>Part-time</i>	<i>Casual</i>	<i>Total</i>
Academic	453	175	134	762
Allied	289	79	156	524
Management	150	13	0	163
Total	892	267	290	1449

Remuneration and Gender	<i>Total Staff</i>	<i>>\$100k</i>	<i>>\$150k</i>
Female	57.6%	40.3%	28.6%
Male	42.4%	57.5%	71.4%

TOTAL REMUNERATION OVER \$100,000

BANDS	<i>MANAGEMENT</i>			<i>ACADEMIC</i>			<i>TOTAL</i>		
Gender	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
100,000 - 110,000	17	9	26	13	8	21	30	17	47
110,001 - 120,000	2	8	10	3	2	5	5	10	15
120,001 - 130,000	6	8	14	5	6	11	11	14	25
130,001 - 140,000	2	2	4	4	5	9	6	7	13
140,001 - 150,000	3	1	4	2		2	5	1	6
150,001 - 160,000	3	1	4	1		1	4	1	5
160,001 - 170,000	2	2	4				2	2	4
170,001 - 180,000	2	2	4				2	2	4
180,001 - 190,000	2		2				2	0	2
190,001 - 200,000	1		1				1	0	1
200,001 - 210,000	1	1	2				1	1	2
210,001 - 220,000	1		1				1	0	1
220,001 - 230,000	1		1				1	0	1
230,001 - 240,000	1		1				1	0	1
240,001 - 250,000	1		1				1	0	1
260,001 - 270,000		1	1				0	1	1
270,001 - 280,000		1	1				0	1	1
330,001 - 310,000	1		1				1	0	1
330,001 - 340,000	1		1				1	0	1
380,001 - 390,000	1		1				1	0	1
420,001 - 430,000	1		1				1	0	1
Total	49	36	85	28	21	49	77	57	134

