

2006

Unitec Annual Report



experience
REAL WORLD LEARNING

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Key Results 2006

An unconsolidated net loss for the year of \$643,566, despite strict financial management, due to a drop in international student numbers and funding for domestic students that failed to keep pace with the real costs of service provision.

The opening of the new teaching block and a joint Unitec-community library at the Waitakere campus represented the culmination of our \$30 million investment to expand our provision of services to the West Auckland and Waitakere communities.

9,803 Equivalent Full Time Students (EFTS), including a modest 2% growth in Government-funded domestic EFTS over that achieved in 2005. A total of 8,030 domestic EFTS, including Adult and Community Education (ACE).

670 EFTS taught at Waitakere campus through 18 formal programmes.

4,528 EFTS enrolled as first-year students into award programmes, making up 53% of the total EFTS.

52,398 students enrolled, including 48,685 in formal award programmes and 3,713 in non-formal qualifications.

19 new programmes were approved, including a number designed specifically for the Waitakere community.

The Unitec Charter was revised and confirmed through consultation with stakeholders.

An increase in international partnerships, strategic active collaboration programmes and links through memorandums of understanding (MOU). A total of 151 MOU have now been signed with universities and tertiary institutions throughout the world.

Research outputs as measured by PBRF rules increased by 40% from 2005.

Mission

*Unitec inspires people
to discover and apply
their intellectual and
creative potential and
contribute responsibly
to their societies
and cultures*

Distinctive Character

As an integrated dual-sector institution, with both national and international frames of reference, Unitec is committed to offering programmes from certificates to doctorates, across a wide range of professional and vocational areas, and thus to providing:

- == Access for learners from all educational backgrounds and age groups;
- == Opportunities for learners to progress from one level of qualification to another while remaining within a single organisational culture; and
- == Parity of esteem for students and programmes in both vocational and higher education.

This balanced and continuing commitment to postgraduate and degree-level study on the one hand, and to vocational education and training on the other, distinguishes Unitec from other institutes of technology and universities in New Zealand.

Unitec fosters an institutional culture in which innovation and enterprise are expected and rewarded, and is committed to providing graduates with the knowledge and skills to face the challenges of the future and to live in a multi-cultural world.

Unitec recognises and celebrates the diverse backgrounds of its students and is committed to providing them with a socially, culturally and spiritually responsive environment. In particular, Unitec seeks to provide excellent academic and pastoral support for, and to interact with, students in whatever ways best suit their learning needs.

Unitec has a distinctive guiding principle based on educating people for work, in work and through work:

- == Educating people for work is manifest in the vocational and professional outcomes for all Unitec programmes and the active and responsive interactions that take place with key industry, professional and community groups to shape the curricula;
- == Educating people in work is reflected in the special focus that Unitec has on adult learners who are already in the workforce and who seek to change or enhance their careers; and
- == Educating people through work is demonstrated by a commitment to offering students at all levels access to credit-bearing, work-based educational opportunities.

Unitec has an educational philosophy based upon the nexus between excellence of teaching, relevance of research and currency of practice.

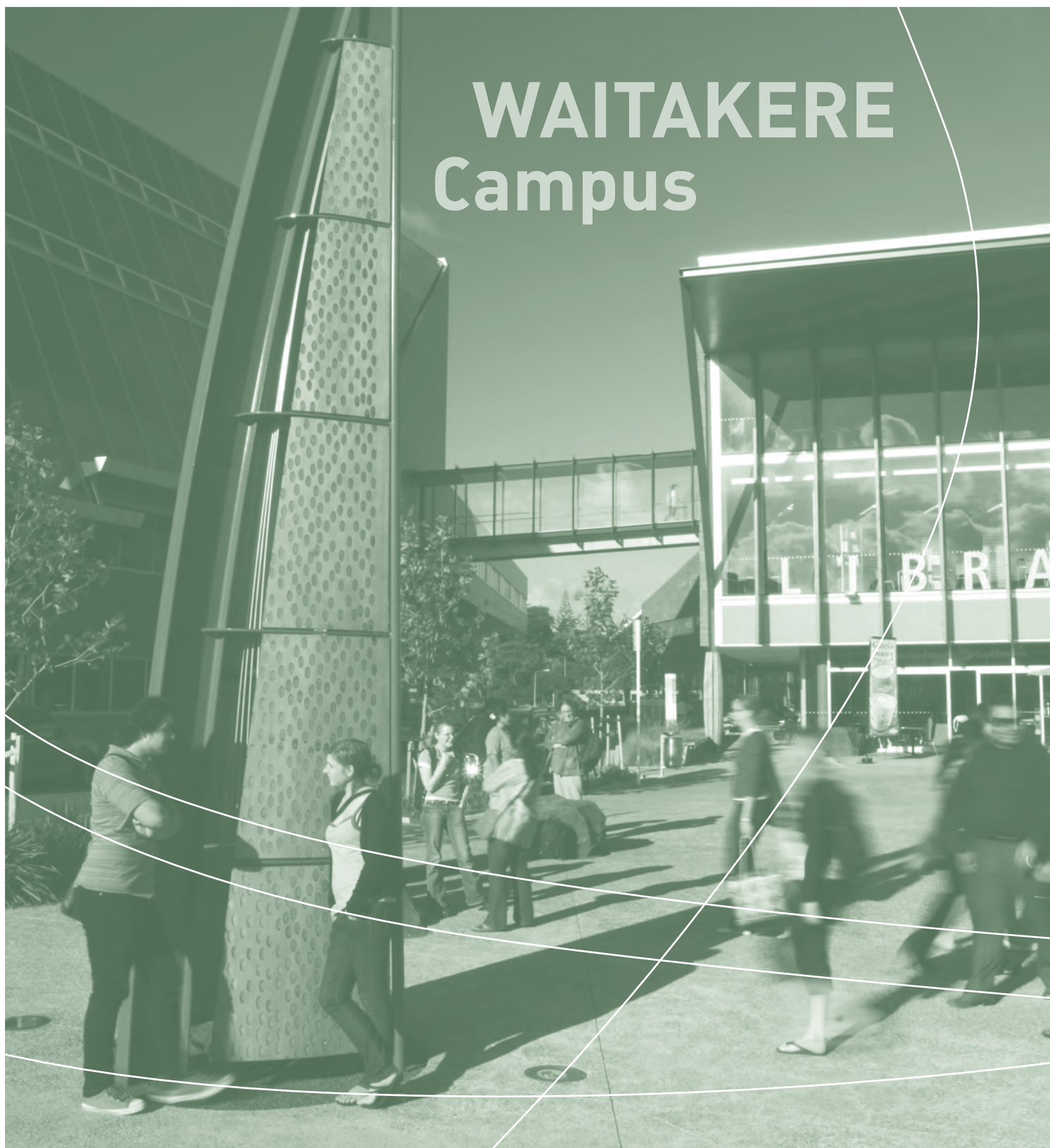
Unitec focuses upon applied research that serves educational, social and economic goals, regionally, nationally and internationally.

Unitec is committed to sustainable development, and seeks to apply the principles of sustainability in its teaching and research, and in developing an eco-campus environment that enhances the learning experience.

Year in review

For the year ended 31 December 2006

WAITAKERE Campus



Chairman's Report

It is with much pleasure that I deliver my inaugural report as Chairman of the Unitec Council. The 2006 annual report sets out the progress Unitec has made towards meeting its commitments outlined in our Charter, Profile and Strategic Plan for 2006 to 2008. In particular, it records our achievements in tertiary education in the Auckland region, with a special emphasis on the west and north.

During 2006, Council revised the Unitec Charter, which sets out the institution's vision, goals and values. It outlines our undertakings to our stakeholders, including the distinctive contributions that Unitec makes within New Zealand's tertiary system and the country's wider economic, social and cultural development. Feedback following extensive consultation with various communities of interest supported our direction and commitment to teaching and learning within the dual-sector framework of a university of technology.

As a council, we have maintained a strong commitment to dual-sector education, as reflected in our strategic purpose of becoming a university of technology. We have sought to strengthen Unitec's distinctive character through our firm resolve to promote an integrated dual-sector framework with the delivery of programmes, from certificate to doctorate, across a range of relevant professional and vocational areas. This commitment is a clear driver in all our decisions as to the nature of Unitec's strategic direction and in our governance of the institution over the past year. The development of our campus at Waitakere has provided the opportunity to demonstrate this in our physical asset base, as well as the creation of a culture that engages these principles at its very core.

A major highlight for Council has been the developments taking place at the Waitakere campus, including the completion and commissioning of the new learning centre and the shared Unitec and community library. Our developments in West Auckland have required substantial investment and we are confident that they are now beginning to provide real benefits for the people of Waitakere, an area with significant educational needs. We look forward to continuing to expand our regional provision and improve access to tertiary education in West Auckland.

Securing designation as a university of technology has been our fundamental goal for more than 10 years. We remain convinced that this will provide the most secure legal framework within which to address the diverse and expanding educational needs of our region. Hon. Brian Donnelly's Education (Establishment of Universities of Technology) Amendment Bill 2006 to establish a new category of institution, a university of technology, should bridge this legal gap. The new category caters for institutions such as Unitec whose profiles extend across both the university and polytechnic sectors.

Unitec has a distinctive character based on real world learning and the provision of comprehensive educational pathways for students at all stages of their careers. Throughout the year, Council sought to boost this character by improving Unitec's business results, enhancing stakeholder outcomes, streamlining internal processes and continuing the development of the organisation and its people. The systems and structures established over the past year, both within Council and across the whole institution, will ensure that good governance and

sound financial management safeguard these investments. New Council committees established during the year included an Audit and Risk Committee and a Strategic Development Committee.

The current fiscal climate has made the achievement of positive strategic outcomes increasingly difficult, with shortfalls resulting from policy constraints on both tuition fees and bulk funding, as well as continual increases in compliance costs. The softening of the international student market has meant that we have not been able to offset these costs with income generated from international education activities to the extent that has been the case in the past. While we have benefited from some of the many funds established to counter a deficient government funding system, in real terms our income continues to erode. Once again in 2006, we were unable to generate a sufficient surplus to provide for investment in infrastructure and assets required to maintain a sustainable future. Serious consideration is being given to the reconfiguration of our asset base.

Enrolment levels overall are relatively stable, with Unitec achieving a total of 9,803 EFTS and maintaining a strong domestic as well as international focus. Balance has been achieved between enrolments in vocational education and training (VET) programmes and enrolments in undergraduate and postgraduate programmes, providing an unambiguous dual-sector profile. Seamless pathways within a broad range of disciplines have enabled over a quarter of our students to progress to further study on the successful completion of their qualification. Our graduates have a broader set of vocational and professional capabilities in areas much in demand by our business, industry and community stakeholders. Through our focus on real world learning we help ensure that our graduates have workplace skills and knowledge of the highest standard.

On behalf of Council, I would like to thank Alan Dickinson for over 20 years of service to Unitec. During this time, Alan has made an outstanding contribution in a variety of roles, including Chairman of the Construction and Quantity Surveying Advisory Committee, Chairman of the Council Development Committee and, for the last four years, as Chairman of Council. Alan has provided exemplary governance and guidance during what has been one of the most difficult periods in Unitec's history.

I would like to thank Dr John Webster, our President and Chief Executive, and his executive management team for their support. And also my Council colleagues for their contribution over the past year. Each member offers an extensive range of experience and specialist knowledge that greatly enhances Unitec's governance.

We have achieved a great deal in 2006 and look forward with hopefulness that 2007 will be the year in which we gain recognition as a university of technology. This recognition will create pathways for our students to move seamlessly across all levels of tertiary education, and deliver high quality, real world education that clearly meets the needs of our learners and the industries, professions and communities we serve.



E K van Arkel
Chairman of Council

Chief Executive's Report

Introduction

This report marks the end of another challenging year for Unitec, as we move closer to being recognised as the first dedicated university of technology in New Zealand. It has not been easy dealing with the challenges of delivering services to a complex, growing, multicultural community while having to defend the very dual-sector profile that makes those services possible. We were heartened, however, to note that the Tertiary Education Strategy now appears to reflect acceptance by Government of our argument that balanced tertiary education systems need both a traditional university sector and a comprehensive professional and vocational education sector. Both sectors must provide pathways along which students can advance to the highest educational levels within a consistent educational framework as their personal and professional development needs evolve. The distinctive contributions of a university of technology make that vision achievable.

Despite the challenges, 2006 saw a number of significant achievements, including the opening of our new teaching block at Waitakere. As well, the development of a new Charter allowed us to reconsider our vision, mission and values in consultation with our stakeholders, and the feedback we received provided solid support for the direction we are pursuing. We may not be a traditional university or a traditional polytechnic, but our fit with the Tertiary Education Strategy and the Statement of Tertiary Education Priorities is now very strong indeed.

Our commitment to seamless educational pathways, from foundation and vocational education through to professional postgraduate studies, is intent on raising workplace skills and knowledge throughout the Auckland region and the country. To succeed in this we have embarked on a series of organisational infrastructure developments that will benefit our students for years to come. While many of these changes have been necessitated by financial imperatives, the results should assist us to better meet the needs of our stakeholders and the communities we serve.

Distinctiveness

Unitec is committed to teaching and learning of the highest possible quality and relevance, designed to ensure that students can, at any stage during their careers, achieve their personal and professional goals, and progressively strengthen their contributions to economic, social and cultural development. Our integrated dual-sector structure is a key factor in achieving that outcome.

Unitec demonstrates the characteristics of a university through our commitment to teaching informed by research and practice, but we do not seek to emulate the profiles or priorities of established universities. At the same time, we demonstrate the characteristics of a polytechnic in our professional and vocational focus and through our engagement with business, industry and the community. However, our commitment to seamless educational pathways that extend to the highest levels differentiates us from existing universities and polytechnics.

In recent years, universities integrating postgraduate, undergraduate and vocational education have emerged in most developed countries, offering seamless pathways from vocational education and training to degrees and on to the highest levels of postgraduate study. In line with these international precedents and standards, Unitec seeks to remove the barriers between:

- == Industry training and vocational education and training; and
- == Vocational education and training and professional education; and
- == Undergraduate and postgraduate education and continuing professional practice.

Our continuing development as a university of technology is designed to:

- == Mobilise the benefits that students gain from access to a teaching-led, research-informed institution;
- == Provide seamless education from certificate to doctorate level, to achieve national workforce goals;
- == Enhance access to university-level education for people to whom it has traditionally been denied;
- == Secure the integrated delivery of professional and vocational education in key industry sectors;
- == Contribute to the social, economic and cultural development of our region and the country;
- == Promote the value and standing of the work of students and staff members; and
- == Facilitate the export of dual-sector educational services.

Modelling ourselves on some of the most successful dual-sector universities of technology in other jurisdictions, our academic management structure is based on three divisions – Vocational Education and Training (VET), Undergraduate Studies and Postgraduate Studies. Each division is responsible for programmes within a specific band on the National Qualifications Framework, while vertically integrated, discipline-based schools offer teaching and research services across a range of cognate disciplines and industry sectors.

Our structure is designed to secure programme delivery across Unitec in the various categories and ensure that seamless learning opportunities are available to students in an environment that facilitates life-long learning. This pattern of degree and postgraduate programmes designed to address key professional and vocational priorities, and often incorporating significant components of workplace learning, is comparable to that of universities of technology overseas.

In particular, our postgraduate programmes build accessible pathways for practising professionals seeking to better equip themselves to face the challenges and opportunities of a knowledge society. Masters and doctoral programmes provide current practitioners, often enrolled on a part-time basis, with opportunities to upgrade their knowledge and skills. In some instances, they enable graduates to meet the academic standards for practice in their chosen profession. Such developments complement and inform continued growth in sub-degree programmes, and create additional new professional pathways.

University of Technology

The Education (Establishment of Universities of Technology) Amendment Bill 2006 promoted by Hon. Brian Donnelly, Chair of the Select Committee on Education and Science, seeks to establish a separate university of technology category within New Zealand. The bill, if passed into law, will resolve many long-standing difficulties and provide a more flexible and responsive framework for the future development of the country's tertiary education sector.

Our fundamental aim is to ensure that students experience real world learning. Recognition of our status as a university of technology would help us further effectively address this and the goals established within the Tertiary Education Strategy and the Statement of Tertiary Education Priorities, thus contributing to regional and national development. We could be expected to take a wider national position and the recognition would further validate the leading role that we have taken in the emergence of an international network of new generation universities. This role was exemplified in April by our hosting of the International Association of New Generation Universities conference at our new Waitakere campus. The conference was opened by the Minister of Tertiary Education, the Hon. Dr Michael Cullen.

Our Charter and Profile already reflect the needs and priorities of the complex and diverse communities that we serve, and would remain essentially constant whatever our legal designation.

Enrolments and Funding

A strong labour market constrained enrolments of first-year domestic students and put pressure on returning students in 2006. Nevertheless, we experienced increasing enrolments at our Waitakere campus and into the Certificate in Construction Site Safety. International student EFTS dropped by 15% and contributed to a reduction of \$4.01 million in revenue, when compared with 2005. Funding for domestic students failed to keep pace with the real costs of service provision and, despite strict financial management, our end of year financial result was a deficit of some \$600,000. To a considerable extent, of course, that outcome reflects the high upfront costs of our investment in a major new campus without Government support, an investment which, on present indications, will be repaid with interest in the near future.

Our total student load of 9,803 EFTS enrolled in 2006 was some 210 short of that achieved in 2005. However, this modest overall decline masked significant variations in the distribution of demand between disciplines. Changes in the international market impacted on our divisional balance, with the Undergraduate Division experiencing a decline due to the ongoing effect of the drop in international Business and Computing students over the last two years. The VET Division experienced an increase in demand, with students coming from a range of countries to study in our trades and technical areas. And, continuing growth has been experienced in our Postgraduate Division, with a 4% increase in EFTS in our programmes designed primarily for professional practitioners.

Discussion with the Tertiary Education Commission (TEC) during the year will require our withdrawal from the Certificate in Construction Site Safety from the end of 2007, despite the quality of the programme and its positive impact on the level of deaths and injuries in the construction industry. The first cohort of graduates celebrated their completion of this programme in September 2006.

Organisational Development

Developing the organisational infrastructure required to support our dual-sector mission during a period of major cost constraints has been a significant challenge. The shared service model for delivering back-office services that were previously undertaken by faculties or schools, together with enhanced front-line services aimed at strengthening student retention and success, was further developed in 2006. We are committed to organisational development and have invested substantially in human resources and staff development, focused on improving managerial capability and performance at all levels within the organisation. Initiatives introduced during the year included systems to enable the capturing of, and easy access to, organisational information, developing comprehensive academic and administrative policies, and re-engineering our business processes to support the delivery of academic and administrative services.

We also embarked on a major programme to streamline student recruitment, admission and enrolment processes, including the full implementation of electronic transactions. This project will help to improve student success and retention, and facilitate strategic enrolment management in the proposed new funding framework for tertiary education. We also strengthened our systems for monitoring and controlling financial and other performance indicators.

In response to the decline in international EFTS and changing patterns of domestic student demand, we carried out comprehensive reviews in schools and central service units. Each unit was required to develop a zero-based budget that reflected the most accurate assessment we could make of revenue flows over the next few years. At the same time, we have been particularly conscious that we must continue to deliver high-quality programmes to students who often need greater levels of support than their counterparts at a traditional university.

These reviews resulted in the School of Accountancy, Law and Finance, and the School of Management and Entrepreneurship being integrated into a new School of Business. The School of Language Studies' review also led to significant restructuring to ensure the viability of its programmes.

Several key business processes were also reviewed, to increase efficiency across the organisation while providing an improved level of service. A project on structuring teaching and learning will enable greater efficiency through centralised timetabling, while a review of purchasing throughout the organisation has resulted in the introduction of a centralised purchasing service, which should result in significant savings.

We are progressively moving to identify all material risks facing the organisation and to implement strategies to avoid or mitigate those risks. The process has served as a catalyst for units and schools to address risks within their more immediate ambit. This initiative, together with the proposed appointment of a strategic property planner and centralised purchasing controls, should contribute considerably to our organisational resilience as the current tertiary education reforms unfold.

Excellence in Teaching

Strengthening capability and fostering excellence in teaching and learning are key Unitec goals, and a number of mechanisms have been used to achieve these ends, including:

- Regular evaluation of teaching and teachers;
- Strengthening the importance placed on teaching performance in the promotion process;
- The application of comprehensive benchmarks for student retention and success;
- Staff development opportunities, including the Graduate Diploma in Higher Education; and
- Frequent seminars and workshops offered by schools, the Centre for Teaching and Learning Innovation, Te Tari Awhina, the Research Office, the Library and the People Capabilities Unit.

We recognise and respect the diversity of learning needs across our student population, and the provision of flexible learning opportunities has been important in successfully catering to a market that includes school leavers, mature students and mid-career professionals. It is pleasing to report that our success and retention indicators improved during the reporting period.

Overall, 95% of students commencing a course were enrolled for the full duration of the course, which is up slightly from 2005. The student success rate, as measured by the proportion of students completing their courses with a positive outcome, increased from 81% to 88%.

Students can, and do, enter Unitec at the level best suited to their needs and abilities, and then progress to our higher-level programmes as their careers evolve. On completing each level, they gain a substantial professional or vocational qualification, improving their immediate employment prospects and providing them with a solid foundation for further study. As well, our annual survey of graduates showed that some 29% were continuing their study and just under 60% were employed in areas related primarily to their study. Many of these graduates will, over time, return to study again as they progress through their careers.

During the year, NZQA undertook a Quality Audit of Unitec. The audit panel was satisfied that we were meeting our goals and objectives and that comprehensive systems were in place and implemented. The report confirmed that we remain focused on providing high quality learning opportunities to students and are committed to responding to stakeholder needs.

Waitakere/North West

During 2006, we continued to expand our regional provision, focusing on access, equity and regional development. To date we have invested \$30 million enhancing our services to communities in West Auckland and Waitakere by providing ready access to programmes and services. Many students in those communities come from Maori, Pasifika, recent migrant or other groups that are under-represented in tertiary education.

Capital developments commissioned early in 2006 included a new teaching block, a joint institution-community library and a parking building, constructed on a large site extending between Ratanui Street and Trading Place in Henderson. In a remarkable demonstration of how public organisations can work together constructively for a common purpose, Unitec and Waitakere City Council completed the project on time and within budget.

The new teaching block is used for Nursing and Community Development with a strong focus on meeting local needs through a number of new programmes, at certificate and diploma level, developed specifically for this purpose and selected existing programmes and short courses. Teaching and research in Nursing have been considerably enhanced by the collaboration between Unitec and Waitemata Health, which led to a wing of the Waitakere Hospital being refurbished to serve as a well-equipped teaching and laboratory facility.



We are acutely aware of the need to address educational disadvantages that exist within the community. In a very real sense, the new facilities have been created by and for that community, and there are exciting growth opportunities. A total of 670 EFTS were taught in 2006 across 18 formal programmes of study, as well as a number of Adult and Community Education courses. That student load is set to increase substantially in 2007.

This investment is a key element in our strategy to meet the challenges outlined in our Charter and thereby both secure our future as an institution and help the communities that we serve to realise their goals and aspirations. Given the similarities between the challenges facing a new regional polytechnic and those facing Unitec Waitakere, and the clear need for us to deliver most of our new programmes there at certificate and diploma level, we have gained support for those developments from funds restricted to the Institutes of Technology and Polytechnics (ITP) sector, primarily the Quality Reinvestment Programme and the ITP Business Links Fund.

We are now moving to identify key growth programmes, staff capability requirements and opportunities, and to determine how Waitakere's own special character and culture can be built upon for the benefit of Unitec as a whole. We have commenced planning for significant long-term domestic enrolment growth, addressing long-standing disadvantages and meeting urgent community needs.

We are also conscious of the needs that will arise from residential and commercial development in the northwestern growth corridor extending from north of Orewa, through Albany, Whenuapai, Westgate and Kumeu to Helensville. Discussions have started with the TEC on the establishment of a campus in that corridor, which is focused on trades and technical education but also incorporates a "tertiary village" to facilitate the transition from secondary school to tertiary education.

Real World Learning

Real world learning is one of Unitec's key guiding principles and is fundamental to our distinctive character as outlined in our Charter. As a leader in professional and vocational education, we play a distinctive role in providing work-ready graduates possessing professional and vocational skills to business and industry in both New Zealand and overseas.

In 2006, we secured funding through the ITP Business Links Fund, enabling us to undertake a five-year development project designed to significantly strengthen our capacity to assist business and industry to respond to the changing needs of the regional and national workplace. The project will help ensure we remain relevant, anticipating and assessing changing needs for skills and knowledge, and are fully engaged with employers and other regional stakeholders in planning for the future needs of the workplace. Our extensive portfolio of practice-based or experiential learning will be enhanced through the increased capacity to offer our students an "applied" education supported by structured workplace learning opportunities.

The first stage of the project, carried out in late 2006, involved researching and analysing the skills, training and recruitment needs of specific sectors within business and industry, and testing how well our curriculum was meeting these needs. Emphasis was placed on the nine growth industries identified in the Waitakere Employment and Skills Project as experiencing skills shortages.

Another early component of the project was the identification and implementation of strategies to strengthen stakeholder engagement throughout the institution to enable greater responsiveness to the changing needs of business and industry. This involved the research, review and documentation of processes in several of our schools developing and promoting "best practice models", which can then be rolled out to all Unitec programmes. The long-term outcome will be an integrated, organisational approach which is efficient, effective and responsive to the needs of the wider community.

Our student population is very diverse, mirroring the strong migrant base of the Auckland region. In its latter stages, the project will explore factors and propose strategies that can improve the regional employment opportunities for specific groups, such as migrants, Pasifika, Maori and people with disabilities.

Student Focus

In 2006, we commenced a number of initiatives to improve the level of academic and administrative services offered to students. Student focus aims to improve the provision of academic and pastoral support services, and ensure that programmes maximise the potential benefits to students. This requires methods of teaching that foster learning in whatever ways best meet student needs and maximise student retention and success.

An example of student focus in action is our commitment to adult learning, e-learning and cooperative education. Experiential or practice-based learning is a key component of our brand and is reflected in our academic structure. We have developed close relationships with major regional employers to enhance the work placement opportunities available to students.

Research and Advanced Practice

Unitec recognises that research is fundamental to teaching at degree level and above. All academic staff are encouraged to undertake research that enables them to reach and remain at the leading edge of their disciplines and professions. This ensures that students can learn in an environment marked by critical enquiry, innovation and a commitment to addressing major issues facing societies and communities. We have fostered a vibrant research culture across all disciplines, informing and being informed by practice, and thus involving and impacting upon industry, professions and the wider society.

Over 22% of Unitec staff members were given research-active status in the Performance Based Research Fund (PBRF) round in 2003 (and more would have achieved that status had the exercise not been restricted to staff teaching at degree level). That proportion will be significantly higher by the time our next comprehensive evaluation takes place in 2012. These results prove that Unitec far exceeds polytechnic levels of research performance, and compares closely with the ranking achieved by the country's newest university, AUT.

We believe that teaching must occur within a research-active environment for the benefit of all students, with the enthusiasm and excitement of generating knowledge being reflected in, and enhancing, teaching. We initially expected that the effect would be most apparent in teaching at degree level and above. However, we have been delighted to see the level of enthusiasm also shown by staff members teaching at sub-degree level. Their participation has had a significant impact on programme design and delivery, and enhanced student learning.

While still legally classified as a polytechnic, we are limited in our capacity to attract funding from certain sources, and the Government has recently reinforced that limitation by restricting access to certain funds to institutions with university status. This was contrary to the policies set in establishing the PBRF. We will do our best to overcome these unnecessary barriers, in the interests of students, staff members and the communities we serve.

In 2006, a total of 1,181 research and advanced practice outputs were achieved. We have significant strengths in research on environmental management, sustainable urban and building design, and the application of information and communication technology to encourage community development. These strengths reflect the needs and aspirations of our West Auckland and Waitakere communities. Our key centres of Information Technology, Innovation and Entrepreneurship, and Property and Construction Innovation are already providing leadership for their respective industries.

Contribution to Maori and Pasifika Development

Since 2001, Unitec has maintained a unique partnership between Maori and Pakeha, which, after broad and careful consultation, resulted in the signing of Te Noho Kotahitanga, which articulates a series of values that guide decision-making at Unitec. These values acknowledge Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand, and as a living, dynamic expression of partnership. We are committed to respecting and promoting the equal standing that Te Tiriti confers on both Tangata Whenua and Tangata Tiriti.

Throughout the year, the Runanga, a high-level Maori community advisory group, was represented on Council, and guided us in our responses to implementing the partnership. We have a long-standing commitment, at all levels, to achieving better outcomes for Maori students and communities. This occurs through engaging in effective educational partnerships and providing accessible pathways for students to advance within a supportive educational environment.

A major initiative in 2006 was the co-location of the teaching and learning support provided by Puukenga, our School of Maori Development, and Maori student pastoral and academic support services provided by Maia, into a newly formed Centre for Maori Education. We will continue building the capacity of this area to support Maori students and staff members and, increasingly, to bring a Maori dimension to all teaching, learning and research within Unitec. The success rate for Maori students at Unitec continues to improve, and this year was actually higher than that for all students, offering further testament to the dedication of staff working in this area.

We are also committed to encouraging the success of Pacific people by engaging with communities in decision-making, providing pathways for students and equipping them with the knowledge, skills and attributes that meet their educational aspirations. We have established a high-level advisory committee, reporting directly to the Chief Executive and Council, to facilitate engagement with Pacific community groups. The Fono Faufautua includes appropriate representatives from the external Pacific community and from Unitec's Pacific staff and students. Their mission is to guide Unitec in responding to the needs and aspirations of Pacific people, helping to ensure that they have a successful and barrier-free educational journey, and contributing effectively to personal, professional and community development. Under the guidance of the Fono, we will continue to build the capacity of our Centre for Pacific Education and Development to support Pacific students and staff members and to make the diverse knowledge of Pacific people available to all those engaged in teaching, learning and research within Unitec.

We are now seeking to address the barriers that appear to prevent Pasifika students from achieving similar levels of success to their Maori and Pakeha counterparts. We have adopted a range of strategies, including building a strong partnership with the National University of Samoa, designed to provide a secure base for articulation and joint academic programmes. We are also currently working closely with Maori and Pasifika private providers in the region, so that students who complete qualifications with those providers can transfer with credit into appropriate higher-level programmes at our Waitakere campus.

Capital development

One of the most significant changes to our delivery continues to be in the development of our Waitakere campus. Its growth has been a key strategic direction and the entire institution has benefited from the energy and vibrancy associated with the new campus.

Consideration was given to the development of our Waipareira property based on the "tertiary village" concept. While this concept remains attractive, few providers were able to commit to such a venture at this time, due to the uncertainties affecting much of the tertiary education sector. The property was assessed as surplus to current requirements and a sale was concluded in September 2006, resulting in a modest profit being allocated to our capital programme.

Our main campus in Mt Albert is unique for a large urban tertiary institution in New Zealand, covering 55 hectares, with an ecologically-sensitive waterway and extensive green spaces. No buildings are higher than four stories. While the Waitakere City development has removed any immediate need for expanding teaching space at Mt Albert, we will continue work to maximise the effectiveness of our existing facilities.

The most significant single capital development now under way at the Mt Albert campus is our Marae. The project began five years ago and has required considerable consultation. We have commissioned a highly esteemed carver and artist, Lyonel Grant, to act as tohunga whakairo.

Financial support for the project has been secured from many sources, including a substantial grant from the ASB Trust. The design is complete, carving is well advanced, and the essential infrastructure and services are in place. In December, Council authorised commencement of construction of the whareniui in 2007, and we are seeking further external sponsorship to enable us to complete the marae complex.

Local iwi have warmly supported the project, and we have worked with them to establish the kaupapa to be followed, as the Marae becomes a centre for spiritual renewal, debate and learning.

International

We strongly support the internationalisation of education. We consider that it is vital in the context of the global economy and also makes very positive contributions to Unitec's development, social environment and operating efficiencies.

Although the direct value of export education for the New Zealand economy is clear, internationalisation entails far more than just the recruitment of international students. We have numerous initiatives under way, involving building international links, enhancing our curriculum, delivering offshore programmes, extending international recruitment, joint research and consultancy, and fostering staff and student exchanges.

While international students make a positive contribution to Unitec, establishing an appropriate balance of programme and student demographics ensures that the learning requirements of our domestic students are not compromised. Our aim is to maintain a suitable balance between domestic and international students, and balance the regional locations of our international students.

International student numbers have dropped significantly in recent years, and the student body has become more diverse. While exchange rate movements may enhance the attractiveness of New Zealand as a destination for education, policy decisions by overseas governments

have led us to explore collaborative ventures with overseas universities. As a result, more students will come to us only for the final years of their professional studies, having completed preparatory studies, and gained a satisfactory command of the English language, at universities in their home country. Some of them will graduate with degrees from both institutions.

Several such ventures with overseas universities were underway in 2006, involving joint programmes or the offshore delivery of Unitec programmes. Student and staff exchanges involve universities across a broad range of countries, including Korea, American Samoa, Western Samoa, Mexico, Japan and Sweden. Scholarships allow students enrolled in our School of Language Studies or School of Communication to study abroad, with Japan and Europe being the most popular destinations.

While most international activity has occurred at university level, we are attracting increasing numbers of international students to vocational education and training programmes, and have built relationships with relevant bodies and institutions overseas. These have been particularly effective when the overseas institutions share our dual-sector mission and character.

The accord with RMIT University in Melbourne has led to substantial collaboration at VET level, and we also expect our existing activity in Samoa to increase in the wake of this year's merger between the National University and Samoa Polytechnic. We are also beginning to provide stair-casing opportunities for graduates from two-year community colleges in the United States.

Conclusion

The leadership and governance provided by the Unitec Council, under the Chairman, Ted van Arkel, has been vital throughout the year. We have dealt with the financial pressures produced by the continued downturn in the international student market and ongoing deficiencies in the funding regime for domestic students, while seeking to improve the teaching and learning outcomes of our students.

Our Waitakere campus now offers a first-class facility to the communities of West Auckland. Our commitment to addressing the education needs of North and West Auckland will continue to have a major influence on our development in years to come.

Real world learning is fundamental to our achievement of this core mission. Formal recognition as a university of technology, hopefully in the very near future, will further support this goal.



Dr J A Webster
Chief Executive and President

School Reports

APPLIED TECHNOLOGY INSTITUTE



The Applied Technology Institute is a leader in trade and technical education, developing the capabilities and innovative thinking of its students through practical research and programmes that prepare graduates for the global economy.

HEAD OF SCHOOL | Associate Professor Shane West MAppSc UNSW, BBuild UNSW, GradDip (Adult) ED (SCAE), FAIB, MRICS

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	166.93	51.70	-	218.63
Vocational	2,132.62	265.16	165.76	2,563.54
Total	2,299.55	316.86	165.76	2,782.17

The Applied Technology Institute (UATI) offered over 25 programmes and 46 short courses during 2006, with more than 120 staff working in three departments – Transport Technology (Automotive Engineering and Marine), Building Technology and Electrotechnology. UATI had the largest number of enrolled students of all Unitec schools during the year, experiencing 10% growth over 2005.

UATI offers programmes in automotive engineering, boatbuilding, building construction, carpentry, electrotechnology, interior decor, plumbing, gasfitting, drainlaying, and welding and fabrication. Existing programmes continue to be refined and new programmes introduced, offering students a career path in trades from entry level certificates to the Bachelor of Applied Technology. The success of such initiatives was reflected in the growing number of students in the Certificate of Applied Technology (764 EFTS), a 24% increase over 2005.

Research developments during the year included the continuation of research into biofuels, which has successfully produced fuel from coconut oil. Research work on coconut oil fuels is being conducted to assess electricity generation potential and their use as an alternative transport fuel for Pacific communities. Energy and water, regenerative braking, affordable housing, women in trades and safety are other key UATI research areas.

PUUKENGA - SCHOOL OF MAORI EDUCATION



"He Puukenga wai, He Puukenga Tangata. Ma te Maatauranga, Ka tu Tangata Ae!"

HEAD OF SCHOOL | Tui Ah Loo GDip in Business (Maori Development)

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	4.83	1.10	-	5.93
Vocational	62.67	5.27	-	67.94
Total	67.50	6.37	-	73.87

Puukenga, Unitec's School of Maori Education, teaches a range of courses in Maori language and cultural heritage. Te reo courses range from beginner to advanced levels. Students can also learn the creative art of traditional and contemporary Maori flax weaving from some of the most skilled weavers in Aotearoa New Zealand.

Puukenga's teachers are well known and respected in the Maori community. They are dedicated to helping students deepen their knowledge of Maori language and culture, and focus on providing support and encouragement to help learners succeed.

Work continued during the year on the construction of the Unitec marae. Renowned Maori artist Lyonel Grant is the tohunga whakairo, or master carver, in charge of the marae's design and construction.

SCHOOL OF ACCOUNTANCY, LAW AND FINANCE



The School of Accountancy, Law and Finance aims to be the leading professional accountancy educator in New Zealand.

ACTING HEAD OF SCHOOL | Elizabeth Rainsbury MMS Waik, FCA

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	7.88	-	-	7.88
Undergraduate	292.12	254.37	-	546.48
Vocational	4.17	-	-	4.17
Total	304.17	254.37	-	558.53

In 2006, the School offered undergraduate programmes in accountancy and finance and postgraduate programmes in accountancy. Workshops to assist students prepare for the Professional Competence Examination 1 of the New Zealand Institute of Chartered Accountants were also offered.

Staff have strong links with professional bodies, both as members and through their contribution to education programmes. Relationships are also being maintained with secondary school accounting teachers, with professional development forums and with the business community through our Industry Based Learning hosts and Advisory Board.

Our regular research workshop series was conducted during the year and staff undertook research activities through doctorate programmes and completing masters theses. Other researchers submitted portfolios for the Performance Based Research round.

A review of business education at Unitec has resulted in the formation of the Unitec Business School, which will commence operations on 1 January 2007. The new school will integrate the School of Accountancy, Law and Finance with the School of Management and Entrepreneurship into a single entity.

SCHOOL OF ARCHITECTURE AND LANDSCAPE ARCHITECTURE



The focus of the School of Architecture and Landscape Architecture aims to operate as a dynamic and engaged education provider to society, to the architecture and landscape architecture professions and to the academic community.

HEAD OF SCHOOL | Tony van Raat BArch Auckland

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	7.44	1.32	-	8.76
Undergraduate	384.75	22.90	-	407.65
Vocational	90.80	12.58	0.15	103.53
Total	482.99	36.80	0.15	519.94

In 2006, the School of Architecture and Landscape Architecture (ScALA) offered the following programmes: the Master of Architecture (by design), Master of Landscape Architecture (by design), Bachelor of Architecture, Bachelor of Landscape Architecture, Certificate in Home Garden Design and Diploma in Landscape Design.

These programmes provide students with the opportunity to 'staircase' their qualifications from lower to higher levels, as well as for the programmes themselves to include cross-disciplinary teaching and joint projects.

During the year, students and staff took part in two study tours to Europe (the Netherlands, France, Switzerland and Germany) and the South Pacific. In addition, the School continued its delivery of joint courses in architecture at universities in China. We enjoy receiving overseas students in the various programmes the School delivers and are delighted to see that no fewer than 23 nationalities are represented in the student body.

SCHOOL OF BUILT ENVIRONMENT



The School of Built Environment will be recognised locally and internationally for improving the management of the built environment.

HEAD OF SCHOOL | **Roger Birchmore** MPM UTS, BTech (Hons) *L'boro*, CEng *UK*, MCIBSE

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	255.75	62.32	-	318.07
Vocational	274.82	38.73	4.32	317.87
Total	530.57	101.05	4.32	635.94

The School of Built Environment is the country's largest deliverer of diploma programmes in the areas of architectural technology, construction management, quantity surveying, land surveying and civil engineering. These offer graduates a number of pathways into our undergraduate programmes and, eventually, into masters programmes, providing a seamless path of continuing education.

The School offers undergraduate programmes in construction and engineering. The Bachelor of Construction provides majors in construction economics and property development, and the country's only major in construction management. The Bachelor of Engineering Technology (Civil) and Bachelor of Engineering (Environmental) complete a suite of programmes focused on the management of the built environment.

The School has one of Unitec's four Key Research and Development Centres for Teaching and Learning, focusing on property and construction innovation. This centre, which has been running since 2001, conducts collaborative research both internally and externally.

SCHOOL OF COMMUNICATION



The School of Communication is a recognised centre of learning, teaching, practice and research in the field of communication.

HEAD OF SCHOOL | **Jacqueline Harrison** BA *Auck*, MA (Hons) *VUW*, PhD *Waik*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	11.63	10.88	-	22.50
Undergraduate	84.15	55.44	-	139.59
Vocational	28.89	3.00	-	31.89
Total	124.67	69.32	-	193.98

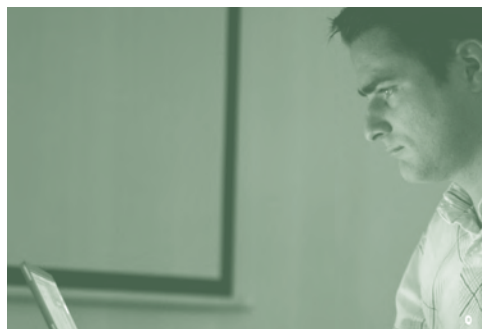
The School of Communication offers undergraduate and postgraduate qualifications in the field of international communication.

Our 2006 programmes and courses covered a wide range of communication subjects, including interpersonal and written communication skills, business information and communication management, digital and multimedia communication, intercultural and global communication, and public relations and media communication.

The School has a strongly developed research culture. Being involved in ongoing research is now standard practice for our staff, and this is also reflected in the quality of research being undertaken by our undergraduate and postgraduate students. Staff members are also active outside Unitec, with several holding executive roles in their professional organisations, both in New Zealand and overseas.

During the year, members of staff completed many consulting engagements and research projects, including two commissioned by external bodies – New Zealand On Air (on measuring quality in broadcasting) and the Inland Revenue Department (on the readability of the Income Tax Act 2004).

SCHOOL OF COMPUTING AND INFORMATION TECHNOLOGY



The School of Computing and Information Technology aims to be recognised nationally and internationally as a leading provider of highly qualified, industry capable, information technology professionals.

HEAD OF SCHOOL | **Alison Young** Cert in Business Studies ATI, PGDip CBL *Waik*

EFTS by Division and Funding Source

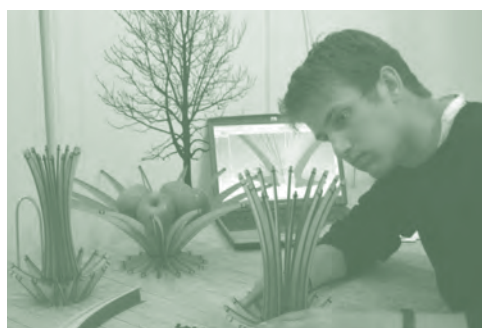
	Govt Funded	International	Other	Total
Postgraduate	34.55	21.15	-	55.70
Undergraduate	187.65	149.42	-	337.07
Vocational	102.02	11.20	-	113.22
Total	324.21	181.77	-	505.98

The School of Computing and Information Technology offered a variety of programmes and courses in 2006, from entry level introductory courses through to the Doctor of Computing. Programmes are designed to produce multi-skilled graduates who push the boundaries and think creatively, and there is a strong emphasis on pathways of progression.

During the year, a number of new programmes were developed and approved, including the Diploma in Applied Computer Systems Engineering and the National Certificate in Educational Administration (Administrative Support). The Master of Computing, our very successful niche market professional postgraduate programme that is strongly related to industry needs, was approved to be taught in Otago in a joint venture with Otago Polytechnic.

The School is home to the Unitec Centre for Information Technology Research (CITRUS), Unitec's newest Research and Development Centre. This is the first hub in a national network of applied ICT research centres created by the National Advisory Committee on Computing Qualifications (NACCQ). NACCQ comprises computing and information technology schools from within all of New Zealand's institutes of technology and polytechnics.

SCHOOL OF DESIGN



The School of Design's staff members include nationally and internationally recognised experts in many design areas, working to produce creative graduates who are not afraid to push boundaries.

HEAD OF SCHOOL | **David Hawkins** BSc (Hons) DPS *L'boro*, PhD *Plymouth*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	11.41		-	11.41
Undergraduate	485.25	56.90	-	542.15
Vocational	31.65	14.85	-	46.50
Total	528.31	71.75	-	600.06

Students continued taking a significant share of the prizes in a number of key design and photography competitions during the year, including top prizes in the Mighty River Power and Metro Photography Awards, and the Glaister Ennor Graduate Art Awards. An incubator unit aimed at providing a route into business for graduates was initiated, and a mentoring system was established with existing successful design businesses. The School's graduates – digital animators, graphic designers, interior designers, jewellers, multi-media artists, object-makers, painters, photographers, product designers, researchers and strategists – are winning awards and building successful careers worldwide.

Successes among the School's 70 staff included Dr Joanne Drayton's Alexander Turnbull National Library Fellowship, and Dr Cris De Groot's success in gaining \$1.2 million of Growth and Innovation Pilot Initiatives (GIPI) funding to set up the Communities of Design Innovation Project, The Design Hot House.

Staff across the School continued to exhibit their work widely and performed well in the PBRF exercise. A major initiative to engage with designing and manufacturing in China has begun, with the establishment of the Mayland Design Exchange in Guangzhou. This partnership, with support from New Zealand Trade and Enterprise, will enable staff and students to undertake placements, work with Chinese companies and designers, and put designs into production for sale in the Chinese market. It will also raise the profile of New Zealand design. The project will interface with the Hot House and Incubator initiatives to provide opportunities for students, graduates and staff members.

Although recruitment to programmes in general was satisfactory, there were some weaknesses at postgraduate level. The review of the certificate and diploma programmes, moving the Bachelor of Design to a 3+2 year format and work to re-energise the masters programmes is seen as providing more effective staircasing and a more attractive offering from 2008. Work to further improve our relationships with the secondary school sector has been assisted by engagement with the Curriculum Alignment Project, along with initiatives from within the School.

SCHOOL OF EDUCATION



The School of Education is dedicated to learning and research that promotes critical enquiry and supports effective teaching, leadership and management in all education sectors.

HEAD OF SCHOOL | **Professor Carol Cardno** BA *Punjab*, MEdAdmin *Massey*, PhD *Auck*, DipTchg *TTC NZ*, *TTC Punjab*, *AFNZIM*, *FNZEAS*, *FCCEAM*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	50.00	5.25	0.50	55.75
Undergraduate	232.76	8.68	-	241.44
Vocational	0.21	0.41	22.57	23.18
Total	282.97	14.34	23.07	320.37

The Bachelor of Teaching (Early Childhood Education), the School's largest programme, continued to experience strong demand in response to the Ministry of Education's strategic plan for the use of degree-qualified staff in early childhood centres by 2020. The first cohort of students to complete this degree and qualify did so at the end of 2006. The School also appointed its first Associate Professor in Early Childhood Education during the year.

Postgraduate programmes in educational leadership and management and in education studies continued to attract students, with the Master of Educational Management achieving a very high level of successful completions. The appointment of Tanya Fitzgerald to full professorship was a noteworthy achievement for the School, and we now have two professors, two associate professors and an increasing rate of staff doctoral degree completion.

SCHOOL OF FOUNDATION STUDIES



The School of Foundation Studies will be recognised and valued, both within Unitec and nationally, as a leader in the provision of tertiary bridging programmes based on equity, excellent programme delivery, pastoral care and research.

HEAD OF SCHOOL | **Rae Trewartha** BA *Auck*, MA *SF State*, DipTchg *ACE*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	2.78	0.08	-	2.86
Vocational	185.82	9.62	13.08	208.52
Total	188.60	9.70	13.08	211.38

The School of Foundation Studies has three programmes: the Certificate in Employment Skills and Certificate in Employment and Community Skills, which are both for special needs students, and the general admission Certificate in Foundation Studies: Whitinga. These programmes enable our students to either gain admission qualifications for further study or to enter employment. The Foundation Studies programme is now also delivered at Waitakere.

More than 200 students are now participating in programmes within Unitec after successfully completing their Certificate of Foundation Studies: Whitinga.

With the increase in student numbers from 28 to approximately 40, our Special Needs programmes have been able to offer more options to cater for individual learning styles and abilities. In addition, we were again successful in obtaining funding for these programmes from the Enhanced Learning Strand of the Foundation Learning Pool for an individualised and small group literacy programme.

The School continues to be part of a new cross-sector literacy and numeracy initiative, Learning for Living. Tutors are participating in a professional development and resource development project which will inform the Adult Literacy Planning Framework.

Recommendations from the Report on Bridging and Foundation Education at Unitec have led to the School working with programmes within the wider Unitec community to develop Academic Study Skills courses. Contextualised to each programme, these courses are designed to meet the needs of students both in level four certificate programmes and in the first year of degree programmes.

SCHOOL OF HEALTH SCIENCE



The School of Health Science engages in innovative health-related education and opportunities underpinned by research-informed teaching and practice.

HEAD OF SCHOOL | **Maurice Drake** RN, BHSc, MA, Cert AT, MCNA(NZ)

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	75.75	3.63	1.00	80.38
Undergraduate	431.86	56.15	-	488.01
Vocational	50.88	21.79	15.27	87.94
Total	558.49	81.57	16.27	656.33

The School was established during 2006 following the transfer of the community and social practice programmes within the previous School of Health and Community Studies to a new School Te Pae Whanake – School of Community Development. The establishment and continued development of the Education and Practice Simulation Centre at Waitakere Hospital for nursing, medical and allied health education (a joint venture with Waitemata District Health Board) saw increasing use by

Unitec, WDHb and other third party groups. The purchase of SimMan, a high fidelity mannequin, has enabled the development and implementation of more complex, simulated learning opportunities promoting significant real world learning.

Programme highlights during 2006 included:

- Successful regulatory re-approval of the Bachelor of Health Science, with Unitec maintaining its approved tertiary provider status
- Continued growth in the postgraduate health science course offerings
- Significant success in the final clinical assessments for students enrolled in the Master of Osteopathy (MOST) programme
- The attraction of external research funding
- The successful delivery of the complete three-year Bachelor of Nursing programme from the Waitakere campus, and
- Significant growth in the School's short course/professional development initiatives.

The Osteopathy Clinic continues to be popular with the broader community, providing students with necessary real world learning experiences required for entry to the osteopathic profession. Next year will see the development of a reconceptualised health service, managed by the School and combining the existing health centre and osteopathy clinic into a "one-stop-shop". This will provide opportunities to expand health services to meet the needs of the student body and for greater workplace learning for students.

SCHOOL OF LANGUAGE STUDIES



The School of Language Studies vision is to be recognised nationally and internationally as a leader in the field of language teaching, language teacher education and research.

HEAD OF SCHOOL | **Nick Shackelford** MEd (Hons) *Auckland*, MA (Applied Linguistics) *Macquarie*, BA CNAA, PGCE *Warwick*, Cert TEFL *RSA*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	76.67	48.65	5.00	130.32
Vocational	425.37	263.96	25.06	714.39
Total	502.04	312.61	30.06	844.71

The School of Language Studies was created at the start of 2006, as an amalgamation of the School of English and Applied Linguistics and the School of Languages. The new School brings together English language programmes for migrants and international students with English as an additional language (EAL). The programmes address the English language needs of students from basic entry certificate level through to the three-year Bachelor of Arts (EAL) degree.

In addition to our English programmes, we also offer a range of international and community languages, including a Bachelor of Arts major in Japanese, and programmes in language teacher education. The School also has a close association with Unitec's International English Language Testing System (IELTS) Testing Centre.

During the year, we successfully integrated our programmes, services and facilities into one location and undertook extensive programme development in the Certificate in English, Certificate in Intensive English, Diploma in English and language teacher education programmes.

The School established a Research and Advanced Practice Committee to support the wide ranging research and conference activities of staff and continued to liaise extensively with Auckland funding and community agencies. The School is also maintaining and extending its co-operation with universities overseas for student exchange, credit transfer and group visits.

SCHOOL OF MANAGEMENT AND ENTREPRENEURSHIP



The School of Management and Entrepreneurship's vision is to be the most locally relevant and internationally competitive educational partnership in the South Pacific.

HEAD OF SCHOOL | **Professor Pieter Nel** BCom (Hons), UED *Natal*, MCom (Training Management) DCom (Employment Relations) UNISA, DPLR CHRP, MIPM

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	24.38	6.38	-	30.76
Undergraduate	141.51	149.46	-	290.97
Vocational	179.70	40.20	10.24	230.14
Total*	345.59	196.04	10.24	551.87

**includes 32 EFTS from the Enterprise Unit*

The School of Management and Entrepreneurship (SME) once again experienced a very successful year and the revised EFTS target was again exceeded by a significant margin.

Our research profile has constantly been enhanced over the past few years and in 2006 reached a very satisfactory overall level for both the School and individual staff members. This reflects well on the commitment of our staff to pursue excellence both in teaching and research.

The School entered into strategic discussions with various stakeholders early in the year to map out the strengthening of business education at Unitec and to consolidate its aim to be more competitive in this field. This resulted in the formation of the Unitec Business School, which will become operational on 1 January 2007 after the fusion of the School of Accountancy, Law and Finance, SME and business-focused programmes from the School of Communication. Consequently, SME will cease to exist on 31 December 2006, closing a chapter in business education at Unitec, but also signaling the start of an exciting new beginning as a significant role player within the new school.

SCHOOL OF NATURAL SCIENCES



The School of Natural Sciences provides a nurturing environment in which research and informed theory underpin practice and which encourages our students to realise their full potential within a real world context.

HEAD OF SCHOOL | **Clive Cornford** PhD *Exeter*, BSc (Hons) CNAA

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	114.17	20.10	-	134.27
Vocational	237.75	27.82	-	265.57
Total	351.92	47.92	-	399.84

The School of Natural Sciences enjoyed a productive year in 2006, with a marked improvement in both academic and financial performance. The Diploma in Veterinary Nursing achieved best practice accreditation via the New Zealand Veterinary Nursing Association and a new Certificate in Horticulture was introduced. During the year, we also successfully developed a new certificate in floristry and a diploma in horticulture, both of which will start in 2007.

The School exceeded its EFTS target in 2006 and changes to our administrative processes together with initiatives such as the introduction of a School Teaching and Learning committee have led to increased student satisfaction. A feature of 2006 was the strengthening of our relationships with external stakeholders, particularly in the area of animal welfare. Staff research also continued to strengthen across the School, with a broader range of staff now producing quality-assured, PBRF-relevant outputs.

SCHOOL OF PERFORMING AND SCREEN ARTS



The School of Performing and Screen Arts' mission is to equip students to reach their full potential by providing excellent teaching and integration within the performance and screen arts industries.

HEAD OF SCHOOL | **Associate Professor Christina Hong** PhD, MA *Texas*, BA (Hons), Dip Ed, Dip Tchg *Massey*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	222.78	12.85	-	235.63
Total	222.78	12.85	-	235.63

The School of Performing and Screen Arts offers a unique programme environment, with students able to collaborate on cross-disciplinary projects as they each pursue their specialist pathway: acting for screen and theatre, contemporary dance, directing and writing for screen and theatre, screen arts (cinematography, editing, production, sound design) and performance technology (sound/audio visual technology, costume technology, scenic/art department).

In 2006, student year groups gained valuable real world experience through engaging in practice-based initiatives. Our Year 3 dance cohort gave performances and workshops to schools in the Auckland region and then undertook a successful performance and workshop tour to Christchurch, with stops in Tauranga, Hamilton, Palmerston North and Wellington en route. The Year 3 acting cohort performed a season at Bats Theatre in Wellington, followed by a performance and workshops in Taranaki. Performance technology students provided technical support to each of the tours and also contributed scenic elements to professional theatre productions in Auckland. Several of our Year 3 actors were also successful in gaining valuable learning through joining the cast in a professional theatre production of Shakespeare's *Twelfth Night* directed by Michael Hurst for the Auckland Theatre Company.

The School continued to review and refine its structures and processes to further enhance programme delivery and operational viability. Of note was the review of our academic management structure and review of the Bachelor of Performing and Screen Arts programme.

SCHOOL OF SPORT



The School of Sport aims to provide quality leadership in sport development, travel and tourism, which is responsive to the needs of the industry and community.

HEAD OF SCHOOL | **Nicki Turner** BSc *Cant*, DipTchg *Chch*, MNZM

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	198.00	18.45	-	216.45
Vocational	41.76	2.57	-	44.33
Total	239.76	21.02	-	260.78

Sport, fitness and physical activity are part of the New Zealand way of life, and the demand for skilled managers, coaches and consultants continues to expand. To help cater for this growth, during 2006, we offered the Diploma in Sport and Fitness Education and the Bachelor of Sport with its majors in coaching and management.

Our academic staff have backgrounds as elite athletes, coaches, officials and managers. They use this wealth of experience to guide students through academic lectures, interactive group discussions, practical sessions, workshops, case studies and research.

The School's applied courses, underpinned by strong academic foundations, bring our students into everyday contact with all aspects of sport, fitness and physical recreation organisations, as well as professional athletes. Auckland Rugby and the Blues franchise have their training base at the Mt Albert campus. Squash New Zealand, College Sport and Adventure Works are also located at Unitec and have partnerships with the School. We also value our links with Sport and Recreation New Zealand (SPARC), the New Zealand Academy of Sport, regional sports trusts, schools, and regional and international sporting organisations.

Facilities at the Mt Albert Campus include the Sports Centre (stadium and exercise gymnasium), two high quality sand split sports fields and the Indoor Training Centre (for cricket, softball and laser shooting).

Travel and tourism students may have studied tourism at school or have worked in the tourism/customer service field and now wish to gain new or additional qualifications. In 2006, the School offered three programmes, the Certificate in Tourism and Leisure, the Certificate in Travel and the Diploma in Tourism Management. During the year, all three programmes were reviewed and rewritten, and then approved by NZQA as new qualifications to be offered in 2007. The diploma, in particular, attracts significant international interest.

The programmes have an applied focus and include course practicums in which students work within the industry. Our staff maintain strong relationships with many tourism organisations, including Kirwan Consulting, IATA, West Auckland Tourism and the FIA Rally NZ.

TE PAE WHANAKE – SCHOOL OF COMMUNITY DEVELOPMENT



Te Pae Whanake – School of Community Development operates as a multi-disciplinary academic unit. One major aim is to lead Unitec's response to tertiary learning needs in Waitakere City.

HEAD OF SCHOOL | Lois Bellingham BA *Cant*, DipSLT *Massey*, MEd (Hons) *Massey*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	5.88	-	-	5.88
Undergraduate	205.12	33.41	-	238.53
Vocational	199.71	5.44	2.25	207.40
Total	410.71	38.85	2.25	451.81

Based at the Waitakere campus, the School was formed in June 2006 with the merger of programmes from the School of General Studies and those of Community Studies (previously part of the School of Health and Community Studies).

The school co-provided the Certificate in Business Administration and Computing, levels 3 and 4, the Certificate in English and the Diploma in English, and short courses in Pacific languages and New Start. Study grants, funded by the School and the Tertiary Education Commission, were made available to help refugees improve their English language proficiency.

Programme developments during 2006 included the Diploma in Contemporary Music, the National Certificate in Adult Literacy Education, the Certificate in Liaison Interpreting and the NZIM Certificate in Management.

In the Community Studies area, approval was granted to teach the third year of the Bachelor of Social Practice programme's social work and community development strands at the Bay of Plenty Polytechnic in Tauranga. This will enable Bay of Plenty students who have completed the Diploma in Social Practice to also complete a degree-level qualification that gives them the ability to gain registration in an area where there are significant skill shortages.

Te Noho Kotahitanga The Partnership

Kupu Whakataū

Ko te Tiriti o Waitangi te kawenata mo to tatau motu, Aotearoa.

He kawenata whakahirahira, ko te Whare Wananga o Wairaka e tautoko ana i te noho kotahitanga a te Maori me te Pakeha.

Ko te Whare Wananga o Wairaka ka u tonu ki te whakamana i nga kaupapa me ona puawaitanga.

Rangatiratanga

E whakarite ana te Whare Wananga o Wairaka ki te putake ake o te rangatiratanga o te Maori me nga matauranga Maori.

Wakaritenga

E whakarite ana te Whare Wananga o Wairaka ki te mana o tena, o tena, ki te noho kotahi, ki te puaki i tona ake reo, ki te whakamahi i nga rawa mo nga iwi katoa.

Kaitiakitanga

E whakarite ana te Whare Wananga o Wairaka ki te kaitiakitanga o nga taonga matuaranga.

Mahi Kotahitanga

E whakarite ana te Whare Wananga o Wairaka kia tau he ngakau mahaki i roto i nga mahi katoa.

Ngakau Mahaki

E whakarite ana te Whare Wananga o Wairaka ki te whakanui i nga taonga tuku iho nga ao e rua, a hikoi ki mua.

Ko te Maori me te Pakeha e mahi tahi ana mo te Whare Wananga o Wairaka.

Preamble

The Treaty of Waitangi is the founding document of New Zealand.

Unitec acknowledges the great importance of this living, dynamic document and will continue to respect and promote the equal standing which it confers on Maori and Pakeha.

Unitec will put the following values into practice in pursuing its goals:

Authority and Responsibility

Unitec accepts the principle that Maori have authority over and responsibility for all teaching and learning relating to the Maori dimensions of knowledge.

Legitimacy

Unitec believes that each partner has a legitimate right to be here, to speak freely in either language, and to put its resources to use for the benefit of all.

Guardianship

Unitec accepts responsibility as a critical guardian of knowledge.

Co-operation

Unitec affirms that a spirit of generosity and co-operation will guide all its actions.

Respect

Unitec values each partner's heritage and customs, current needs and future aspirations.

Maori and Pakeha working together within Unitec.

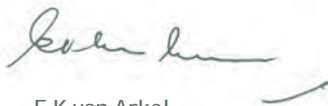
Statement of Responsibility

Statement of Responsibility for the year ended 31 December 2006.

In the financial year ended 31 December 2006, the Council and management of Unitec Institute of Technology were responsible for:

- == The preparation of the financial statements and the judgements used therein; and
- == Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

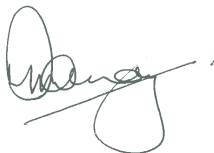
In the opinion of the Council and management of Unitec Institute of Technology, the financial statements for the financial year fairly reflect the financial position and operations of Unitec Institute of Technology.



E K van Arkel
Chairman of Council



Dr J A Webster
President and Chief Executive



R W Handley
Deputy-President Corporate

Date: 26 April 2006

Report of the Auditor-General

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Unitec Institute of Technology and Group's Financial Statements and Performance Information for the year ended 31 December 2006

The Auditor-General is the auditor of Unitec Institute of Technology (the Institute) and group. The Auditor-General has appointed me, F Caetano, 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 Institute and group, on his behalf, for the year ended 31 December 2006.

Unqualified Opinion

In our opinion:

- the financial statements of the Institute and group on pages 41 to 62:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Institute and group's financial position as at 31 December 2006; and
 - the results of operations and cash flows for the year ended on that date.
 - the performance information of the Institute and group on pages 26 to 37 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 26 April 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance.

We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Institute and group as at 31 December 2006. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2006. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assignment in the area of the provision of assurance on the Performance-Based Research Fund External Research Income, and have performed an audit of the Institute's preliminary opening balance sheet under New Zealand International Financial Reporting Standards. These assignments are compatible with those independence requirements.

Other than the annual audit and these assignments, we have no relationship with or interests in the Institute or any of its subsidiaries.



F Caetano

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements, performance information and the other requirements

This audit report relates to the financial statements, performance information and the other requirements of Unitec New Zealand for the year ended 31 December 2006 included on Unitec New Zealand's web-site. Unitec New Zealand's Council is responsible for the maintenance and integrity of Unitec New Zealand's web site. We have not been engaged to report on the integrity of Unitec New Zealand's web site. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the web site.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 26 April 2007 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Performance Statements

For the year ended 31 December 2006



REAL
inspiration

Achievements 2006

A

BUSINESS RESULTS

To achieve our purpose, what are our strategic imperatives?

Strategic Outcome

A1 Balanced enrolments to maintain dual-sector profile and provide students with seamless pathways.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
EFTS by funding source				
== TEC (including ACE)	Yes	7,614	7,756	7,765
== Other domestic (including ACE)	No	304	270	265
== International	No	2,095	1,930	1,773
== Total	No	10,013	9,956	9,803
EFTS by division				
== Postgraduate	No	267	318	279
== Undergraduate	No	4,870	4,821	4,494
== VET (excluding ACE)	Yes	4,346	4,391	4,684
== Adult & Community Education (ACE)	No	530	426	346
== Total	No	10,013	9,956	9,803
Degree EFTS entering from VET	Yes	-	30%	45%
Viable programmes	No	-	100%	90%
Graduates progressing				
Employment	No	76%	85%	72%
Further study	Yes	24%	10%	29%
Working in areas related to studies	Yes	80%	85%	87%

Comment

A decline in international EFTS was experienced for the third year running. While this was predicted in our targets, the fall in international students studying in New Zealand was greater than we anticipated. Our target of 1,930 international EFTS was not achieved. A total of 1,773 international EFTS were enrolled during the year, which was 15% below that achieved in 2005. This was primarily due to the strong New Zealand dollar and the buoyant and highly competitive nature of the international student market throughout the world. Within the international sector, there was reasonably strong growth in some VET programmes, which offset the decline in degree level learners within the business disciplines.

Government funded domestic EFTS continued to show stability over time, with a modest 2% growth over the EFTS achieved in 2005. A total of 7,765 domestic EFTS, including Adult and Community Education (ACE), were attained, slightly above the target for the year of 7,756. Other domestic funded EFTS, including self funded entrepreneurial EFTS and ITO EFTS, were slightly lower than budget at 265 for the year. Within this group, ITO EFTS increased slightly while other sources of funding dropped.

A total of 9,803 EFTS were achieved for the year. This was slightly below our original target of 9,956 and represented a 2% decline in overall EFTS from the previous year's total of 10,013.

The breakdown of EFTS by Division shows some fluctuations in the divisional totals, primarily influenced by the changes in the international market. Both the VET Division and the Postgraduate Division results were slightly ahead on the EFTS that they achieved in 2005. The VET Division's final outcome of 4,684 EFTS was ahead of the target of 4,391. Strong activity in the construction sector and trades contributed to an overall eight percent growth on 2005. The Undergraduate Division experienced an eight percent decline over 2005 EFTS, resulting from the downturn in international EFTS. Domestic EFTS in this division continued to be stable.

Adult and Community Education (ACE) funded courses declined by over a third from their 2005 EFTS. This consisted of a 50% drop in domestic ACE EFTS to 179 for the year and an increase in internationally funded ACE enrolments, primarily in the Health Sciences. A total of 346 ACE EFTS were enrolled in 2006.

The benefits of the dual-sector nature of a university of technology are clearly demonstrated with the seamless pathways learners take from the vocational to degree level programmes. Some 45% of degree level EFTS in 2006 had previously studied a vocational level programme at Unitec. This is a pleasing result and is in the upper range for universities of technology internationally.

Graduate outcomes provide an important indicator of the relevance of our programmes measured through our annual Graduate Survey. The number of graduates continuing their study was much greater than expected at 29% while, conversely, the number of graduates engaging in employment was less than expected at 72%. This again demonstrates that learners are taking advantage of the pathways provided within a dual-sector environment to continue their study at a higher level. Of the graduates that were working, 87% considered their programme of study to be related to their current employment, evidence that our programmes are providing learners with skills that are relevant to employers and industry.

Programme viability is reviewed annually to ensure that relevance in terms of national, regional and institutional goals, academic quality, practice-led learning and reputation with industry, professions and the community is maintained. The 2006 review resulted in a number of programmes being withdrawn or taught out and others being redeveloped or merged. A total of 12 programmes, or 10% of the portfolio, remain under further investigation. Programmes are not viewed in isolation, with the development of sustainable programme clusters being the objective.

Strategic Outcome

A2 Financial performance to ensure financial viability and sound capital base through strategic investment.

Output Measures	Achieved	2005 Actual	2006 Target*	2006 Actual
Revenue (\$000)				
== Total	No	110,313	115,077	111,649
== Government funding				
• EFTS	No	53,728	56,721	56,022
• Other government tuition	Yes	1,408**	935	1,024
== Student tuition fees				
• Domestic (except non formal)	No	23,281**	25,111	22,370
• Domestic non formal	No	-	1,013	611
• International	No	23,670	24,119	19,657
== Other				
• Research	No	998	675	643
• Other	Yes	7,228	6,558	11,322

** Includes non-formal tuition fees

Output Measures	Achieved	2005 Actual	2006 Target*	2006 Actual
Expenditure (\$000)				
== Academic staff salaries	Yes	-	44,525	44,302
== Allied staff salaries	No	-	23,975	24,070
== Other	Yes	-	44,178	43,921
== Total	Yes	-	112,678	112,293
Cost/EFTS (\$)	Yes	-	11,318	11,207
Surplus (\$000)	No	-142	2,454	-644
Operating Measures				
== ROE	No	-0.38%	2.3%	-0.38%
== Capital expenditure \$	Yes	22,752	15,350	7,394
== Capital expenditure/EFTS	Yes	2,272	1,542	754
== Quick ratio	Yes	45.3%	75%	99%
== Working capital ratio	Yes	0.3	0.4	0.47
== Fixed assets/EFTS	Yes	14,990	15,909	20,265
== Net cashflow from operations	No	7,546	15,347	8,576
Debt Measures				
== Debt/EBITDA	No	-	<250%	267%
== Gross interest cover (EBITDA/interest)	Yes	-	>4	8.10
== Debt/net assets	Yes	-	<0.35	0.19
Academic FTE	Yes	660	642	635
Allied FTE	No	498	489	497
EFTS/academic staff	No	15.2	15.5	15.4
Allied FTE/academic FTE	Yes	-	0.76	0.78

* Targets used in the Performance Statements reflect those stated in the Profile 2006 to 2008. They may differ from budget figures in the Financial Statements which were revised after submission of the Profile and approved by the Unitec Council at the commencement of the financial year.

Comment

Unitec made an unconsolidated net loss for the year of \$643,566 compared with a budgeted surplus of \$2,859,104 approved by Council in December 2005 and the Profile target of \$2,454,000.

Income levels were well short of target due to a shortfall in international student numbers against target, which contributed to an end of year result that was below that achieved in 2005. EFTS levels in the Certificate of Construction Site Safety were well ahead of target, which increased the proportion of EFTS in lower value funding categories and directly impacted upon income. The drop in international student numbers particularly in the Undergraduate Division impacted upon income achievement. It was again the same in the Schools of the Accountancy Law and Finance, Communication, Computing and Information Technology, and Languages. Unbudgeted income from marae donations and the gain on sale of the Waipareira property offset some of the other income shortfalls.

Expenditure for the year included one-off redundancy costs of \$975,433, which was required to address the reduced international student numbers and enable restructuring in some support areas. Ongoing savings from this exercise are expected to be in the vicinity of \$1.5 million per annum. Costs were closely monitored and reductions against original budgets were achieved in a number of areas, assisted by various procurement initiatives. A major step toward cost control was the close monitoring of staff numbers, which reduced over the year. This will continue to be monitored as we move into 2007.

B

STAKEHOLDERS

To achieve our purpose, what must we provide for our students and other stakeholders?

Strategic Outcome

B1 Build and maintain a culture of excellence in teaching and learning within a dual-sector environment.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Academic staff qualifications				
Degrees as percentage of academic FTE	Yes	80%	>80%	82%
Postgraduate as percentage of academic FTE	Yes	-	>50%	53%
Doctorate as percentage of PBRF eligible FTE	Yes	-	>20%	24%
Course completion rate	Yes	94%	>75%	95%
Student success rate	Yes	81%	>60%	88%
Student inter-programme retention	Yes	-	>20%	20%
Qualification completions	Yes	3,680	2,890	4,302
New programmes developed and approved	Yes	-	>5	19
Positive programme reviews and reports	Yes	-	100%	100%
Good teaching on SEQUAL and CEQ measures	Yes	75%	>75%	78%

Comment

Excellence in teaching and learning is measured by staff qualifications and student success and retention. Staff qualifications continued to develop, with a total of 82% of academic FTEs being degree qualified. The proportion of academics with postgraduate qualifications (53%) was above the target of 50%, while the proportion having a doctoral qualification, at 24%, was also above the target of 20% of PBRF eligible FTEs.

Student success and retention, measured in accordance with TEC definitions, improved slightly over the previous year. The course completion rate showed that 95% of students commencing a course during the year were enrolled for the duration of the course. The student success rate shows that, of those students commencing the course, some 88% achieved a successful outcome, compared to 81% for the previous year. This is a pleasing improvement.

Inter-programme retention is measured as the proportion of new enrolments entering from a previous programme of study. In 2006, 20% of our first year students had undertaken a previous programme of study.

Nineteen new programmes were approved during 2006. This included a range of programmes from certificate to postgraduate level, with a number being designed specifically for the Waitakere community. During the year, programmes within the tourism and travel discipline were revised and redesigned to better meet industry needs and a number of other programmes were introduced to address workplace skill demand. An emphasis has been placed on ensuring that pathways are developed and maintained to provide better learner access and advancement. Contributions to the tertiary strategy are clearly demonstrated in programmes such as the Technology Pathway Certificate (Automotive) and the adoption of the National Certificate in Adult Literacy Education (Educator).

Strategic Outcome

B2 Promote increased participation, retention and success by recognising the diversity of student learning needs.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Student numbers				
== Formal qualifications	Yes	40,563	41,631	48,685
== Non-formal qualifications	Yes	25,073	3,096	3,713
== Total	Yes	65,636	44,727	52,398
First year enrolments*				
== EFTS in award programmes	Yes	4,315	4,000	4,528
== Total EFTS in award programmes	Yes	-	25%	53%
Source (EFTS entering award programmes)*		-		
== School leavers	Yes	-	>20%	20%
== Private provider	Yes	-	>1%	1%
== Labour market	Yes	-	>30%	33%
== Other	Yes	-	>40%	46%
EFTS in courses involving e-learning*	No	-	>3,800	3,759
Students accessing Blackboard*	Yes	-	>31%	52%
EFTS in courses offered on multiple sites*	Yes	-	>800	1,011
Undergraduate degrees with cooperative education	Yes	-	>60%	67%

* Excludes subcontracted programmes

Comment

A total of 52,398 students were enrolled in Unitec programmes in 2006. This included almost 49,000 enrolled in formal programmes and a further 3,713 enrolling in non-formal short courses. This was a decrease of more than 13,000 students from the previous year, but exceeded our target of 44,727 enrolled students. The decrease in students in non-formal programmes was most marked. A large number of students were enrolled in the Certificate in Construction Site Safety programme, provided at a national level through our contract with Site Safe New Zealand. A total of 34,717 students were enrolled in this formal programme, less than the 40,563 enrolled in 2005, the year it was introduced. Prior to this, a large number of students were enrolled in non-formal courses focusing on aspects of construction site safety.

Increasing participation is measured by the number of first year students in formal programmes (excluding subcontracted programmes). In 2006, a total of 4,528 EFTS were enrolled in a formal programme at Unitec for the first time. This was well above the target and 213 EFTS higher than the previous year. Some 53% of EFTS enrolled in formal programmes were in their first year of their Unitec programme. New students were involved in a diverse range of activities before commencing their study at Unitec. A fifth of first year EFTS in formal programmes came directly from secondary school, while a third had been engaged in employment. Only 1% of new EFTS had previously been studying with private providers and 46% had been involved in other activities, such as home based activities or living overseas, were unemployment or had been studying at another university or polytechnic.

A range of delivery methods are encouraged to meet students' learning needs. E-learning is widely utilised to support and enhance teaching undertaken in the classroom and other traditional learning environments. This year, a total of 3,759 EFTS were enrolled in courses that had e-learning components. This was just under the target of 3,800, and primarily due to the drop in international EFTS enrolled in undergraduate programmes where e-learning is widely used. At 52%, the proportion of students accessing Blackboard, our e-learning environment, was well above the target of 31%. Over 1,000 EFTS were enrolled in courses that were offered on multiple sites throughout New Zealand, Asia and the Pacific. While this includes students studying at our second main campus at Waitakere, a number of programmes were offered in areas outside of Auckland, where we provide specialist niche professional programmes not otherwise available to people in these regions.

Strategic Outcome

B3 Develop and maintain a strong campus presence in Waitakere City.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Unitec Waitakere				
EFTS primarily enrolled at Unitec Waitakere	-	282	-	670
Programmes delivered through Unitec Waitakere*	Yes	-	>16	18
First Year Enrolments				
== EFTS in award programmes	Yes	-	>100	343
== Total EFTS in award programmes	Yes	-	40%	56%
Source (EFTS entering award programmes)				
== School leavers	Yes	-	>10%	11%
== Private provider	Yes	-	>2%	2%
== Labour market	-	-	-	32%
== Other	-	-	-	55%

* Excludes short courses

Comment

The development of a strong campus presence in Waitakere City was a primary focus in 2006, with the opening of the new teaching block and shared library facilities taking place. A total of 670 EFTS were taught at the Waitakere campus, a major increase over the 282 EFTS in 2005. Most EFTS (616) were involved in 18 formal programmes of study, although 54 EFTS were taught in non-formal Adult and Community Education courses. Waitakere enrolments accounted for 6.5% of Unitec enrolments into formal programmes.

Access to tertiary education in an area that has been educationally disadvantaged is a primary motivation for our presence within the Waitakere community. First year enrolments are, therefore, a key determinant of our success in addressing these deficiencies. It was pleasing that 56% of the EFTS enrolled in formal programmes at the Waitakere campus were in their first year of study. This was almost 8% of our new enrolments for the year. Again, students entering tertiary study for the first time came from a wide range of activities to study at the Waitakere campus. School leavers comprised 11% of EFTS entering formal programmes, slightly ahead of target, and 2% of EFTS transferred from private providers. Almost a third of EFTS were actively involved in the labour market prior to commencing study, while some 55% were engaged in other activities including houseperson or retired or travelling overseas.

Strategic Outcome

B4 Diversify our provision of international educational opportunities.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
International Education				
== International MOUs	Yes	72	40	151
== Staff and student exchanges	Yes	100	37	66*
== Programmes taught offshore	No	3	3	2
== Study abroad EFTS	No	-	45	44
== International postgraduate EFTS	No	-	>50	49

* Student exchanges only

Comment

Internationalisation has been defined as working in partnership with our communities to participate successfully in an increasingly interdependent world. Our objective is to integrate international and intercultural dimensions into Unitec's teaching, research and service functions. Activities to achieve this include an international student programme, internationalisation of teaching, learning and research, international student support services, international consultancies and offshore programmes.

Strategic active collaboration programmes and links through memorandums of understanding help Unitec to internationalise teaching, scholarship and research. Through this, multi-dimensional links of mutual benefit to each of the partner universities are developed. A total of 151 memorandums of understanding have now been signed with universities and tertiary institutions throughout the world.

Offshore education is increasingly being seen as a way to generate an additional and more diverse income stream for universities. However, there are a number of challenges to be faced, including coping with different cultural expectations, legal requirements, financial issues, quality assurance and communication problems. During 2006, we taught two programmes offshore, and this will increase during 2007 as we commence teaching the Bachelor of Business, Bachelor of Arts English major and academic language support programmes in China.

Exposing students to an international experience is the key to preparing them for a global work force. This occurs through study offshore and access to internationalised curricula through contact with experienced international staff, and visiting lecturers and researchers on campus. In 2006, a total of 66 EFTS were involved in student exchange programmes, both incoming and outbound. A further 44 EFTS were enrolled in Study Abroad courses, while a total of 49 international EFTS were enrolled in postgraduate programmes. The declines experienced in the international market over the past year have meant that these results were slightly less than expected.

Strategic Outcome

B5 Achieve international recognition for applied research and advanced practice that is aligned with our educational programmes.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Research Performance				
== Quality-assured research outputs	Yes	232	240	242
== Total research outputs	No	545	965	764
== Total research and advanced practice outputs*	Yes	-	1180	1181
Postgraduate Programmes				
== Enrolments as percentage of total degree EFTS	Yes	7%	6%	7%
== Research degree completions	Yes	-	>10	33

* includes quality assured outputs not recorded elsewhere

Comment

Research outputs, as measured by PBRF rules, continued to rise and increased by 40% over the 2005 results. While quality assured research outputs, at 242, were above the target set, total research outputs fell somewhat below target. The total research and advanced practice outputs were on target at 1,181 for the year.

Postgraduate enrolments continued to increase and at 279 EFTS represented 7% of total degree EFTS, which was above the target. A total of 33 research degree completions were achieved for the year, in fields including business, computing, design management, education, education management and international communications.

Strategic Outcome

B6 Build the aspirations and achievements of Maori students and communities.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Maori Students				
== EFTS in award programmes	Yes	-	700	761
== EFTS as percentage of total domestic EFTS	Yes	-	9.5%	10%
== Course completion rate	Yes	94%	>75%	94%
== Course success rate	Yes	87%	>60%	90%
== Maori qualification completion	Yes	181	>170	205
Maori Dimension				
== Proportion of programmes with Maori dimension	Yes	39%	45%	47%

Comment

A key element of our Charter relates to building the aspirations and achievements of Maori students. This year, a total of 761 Maori learner EFTS were enrolled in award programmes, representing 10% of our total domestic EFTS. These achievements were above our targets for these measures. Success and retention statistics continue to paint a positive picture for Maori student achievement. The course completion rate for the year remained stable at 94%, only slightly below that for all students. However, the success rate, measuring the proportion of students completing their course with a favourable outcome, increased from 87% to 90%, which was above the 88% recorded for all students. This indicates that our student support programmes that assist Maori students in achieving their learning outcomes are having a positive impact.

Creating a Maori dimension within our programmes of study is one way that we meet our commitments under Te Noho Kotahitanga, the Partnership. This year, the proportion of programmes offering a Maori dimension increased from 39% to 47% and has met the target.

Strategic Outcome

B7 Build the aspirations and achievements of Pasifika students and communities.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Pasifika Students				
== EFTS in award programmes	Yes	-	650	710
== EFTS as percentage of total domestic EFTS	Yes	-	8.0%	8%
== Course completion rate	Yes	89%	>75%	90%
== Course success rate	Yes	74%	>60%	80%
== Qualification completion	Yes	187	>160	178

Comment

Unitec's commitment to enabling the success of Pacific people is supported through our Centre for Pacific Education and Development and our high-level advisory group, the Fono Faufautua, which includes representatives from the Pacific community and Pacific staff and students.

This year, a total of 710 Pasifika EFTS were enrolled in formal programmes, well above the target of 650. This represented 8% of our total domestic EFTS. Unitec also teaches a number of international Pacific students in a variety of programmes both at Mt Albert and Waitakere and throughout the Pacific. The Graduate Diploma in Not-For-Profit Management, for example, is taught in several Pacific locations, and is the only programme of its type enabling students to directly address the complexity of managing a not-for-profit organisation for the benefit of their communities.

Once again, course completion and success rates improved over the previous year and were well above target. Pacific students, however, experienced outcomes that were less favourable than those experienced by the total student population, an issue being addressed through student support functions. The course completion rate increased to 90% and the success rate moved from 74% in 2005 to 80% in 2006, evidence that the measures being taken are having a positive impact on student outcomes.

Strategic Outcome

B8 Build the aspirations and achievements of students with disabilities.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Disabled Students				
== EFTS in award programmes	Yes	-	210	217
== Course completion rate	Yes	94%	>75%	93%
== Course success rate	Yes	87%	>60%	86%
== Qualification completion	Yes	181	>55	131

Comment

A number of programmes are in place to support students with disabilities to succeed in their studies. This year, there were 217 EFTS who indicated that they had a disability. The course completion rate for these students was 93%, slightly lower than last year and marginally lower than the rate for all students. The success rate of disabled students enrolling in courses, at 86%, was also slightly lower than in 2005 and again only very marginally lower than the success rate for all students. These results are a positive indicator that the success and retention measures provided by the disabilities support services had been effective in enabling students to overcome some of the potential barriers to learning created by their disability.

C

ORGANISATIONAL DEVELOPMENT

To achieve our purpose, what processes and tools do we require?

Strategic Outcome

C1 Develop the capability of academic and allied staff members at all levels.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Academic Staff Members				
== Turnover	No	14.5%	8%	12%
== Days lost by sickness and accident	No	-	<0.6%	1.6%
Allied Staff Members				
== Turnover	No	21.9%	20%	21%
== Days lost by sickness and accident	No	-	<2.3%	3.0%
Professional Development				
== \$/FTE allocated to professional development	Yes	-	>500	608

Comment

The focus of professional development this year was on performance management including leadership and conflict management, staff mentoring programmes (one-to-one, peer mentoring and targeted programmes), administrative improvement and change management. A variety of training programmes were undertaken in the areas of academic quality management, teaching and learning, e-learning, and health and safety.

Staff turnover, for both academic and allied staff was at slightly reduced levels from the previous year, but was again affected by restructuring in a number of areas to better meet student demand. The percentage of days lost by sickness and accident were higher than targeted for both academic and allied staff members.

Strategic Outcome

C2 Develop an organisational infrastructure that provides excellent services to all stakeholders and closely aligns with our dual-sector strategy.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Student Satisfaction Rating				
== Library	No	-	>75%	73%
== Information technology	No	-	>75%	60%
== Academic support services	No	-	>75%	69%
== Pastoral support services	No	-	>75%	69%
== Student administration	No	-	>75%	68%

Strong emphasis has been placed on strengthening the services provided to learners to enable them to succeed in their study. In the Student Satisfaction Survey carried out in September, just over 2,000 students provided feedback on a variety of services and their experiences of studying at Unitec. A total of 71% of students indicated that they were satisfied or very satisfied with Unitec overall. Postgraduate students were more likely to rate Unitec services highly, with 81% being satisfied or very satisfied. Levels of dissatisfaction were very low, with only 7% of students overall providing a dissatisfied or very dissatisfied rating to Unitec's services. Satisfaction levels did not meet the targets set in the Profile mainly due to differences in overall satisfaction, as previously measured, and satisfaction levels at a detailed service level measured for the first time in 2006.

This year's survey sought student views on timetabling, summer school and orientation, in addition to the standard services and facilities. The feedback was used by a working party reviewing the structure of the academic year. Information provided additional insight into the organisational infrastructure required to meet the diversity of student needs in a dual-sector environment. Some 42% of respondents had paid work commitments and 18% had commitments to dependent children that affected the times of the day they could attend classes. A further 38% mentioned the distance that they had to travel to Unitec and 23% of respondents were affected by transportation issues.

The outcomes of this year's survey will continue to be incorporated into planning future service delivery with the implementation of changes taking place over the coming year.

Strategic Outcome

C3 Ensure that our internal processes contribute to improved effectiveness and efficiency and encourage continuous improvement.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Staff Satisfaction Rating				
== Library	-	-	>75%	-
== Information technology	-	-	>75%	-
== Administrative support services	-	-	>75%	-

comment

A survey of staff satisfaction with internal service provision was not undertaken in 2006 as enterprise feedback management (EFM) software was purchased during the year and implementation focused on the establishment of electronic student feedback mechanisms as a priority. It is envisaged that now the EFM software is operational, a structured staff feedback system will be developed and implemented in 2007.

During the year, considerable emphasis was placed on continuous improvement, particularly with internal administrative processes. A number of systems were reviewed and more efficient processes developed and implemented. This included the introduction of electronic procurement and the redesign of our prospective student processes, including prospect management, admission and enrolment. These changes resulted from institution-wide reviews of business processes, with a focus on identifying and advancing best practice in internal processes. Results were extremely positive and it is now clear that these activities have led to improved services to students while reducing duplication and rework, time delays and unnecessary activities.

Strategic Outcome

C4 Manage our resources through sustainable operating practices.

Output Measures	Achieved	2005 Actual	2006 Target	2006 Actual
Sustainability				
■ Asset utilisation EFTS/m2	Yes	10.45	10	11.76
■ Energy use index (GJ/m2/year)	No	0.38	0.3	0.38
■ Waste material tonnes recycled/EFTS	Yes	0.01	0.02	0.02
■ Water usage (000m3)	No	125	128	164

Comment

Management of the campus using sustainable operating practices enables us to maximise the use of resources and ensure cost efficiencies through minimising waste and optimising our asset performance. These practices include space utilisation, which this year increased from 10.45 EFTS per square metre to 11.76, through the more efficient use of classrooms and timetabling. Energy usage remained stable over the year and did not meet the target of 0.3 gigajoules per metre squared. The amount of waste recycled doubled over the period from 0.01 tonnes per EFTS to 0.02 tonnes per EFTS, demonstrating that efforts undertaken to promote recycling were succeeding. However, water usage levels were a concern, with an increase from 125,000 cubic metres in 2005 to 164,000 cubic metres in 2006. This will be investigated and remedial action taken.

A number of other measures were initiated during the year to increase sustainability, including the trial of bio-fuels produced in our Applied Technology Institute to power some campus vehicles. The new procurement policy ensures that environmental considerations are taken into account with all purchasing. The stationery contract, for example, provides opportunities to purchase environmentally-friendly products.

Financial Statements

For the year ended 31 December 2006

REAL teamwork



Financial Highlights

Financial Results for the Year

Unitec made an unconsolidated net loss for the year of \$643,566, compared with a budgeted surplus of \$2,859,104.

Income

Income levels were well short of target due to a shortfall in student numbers against target, which ended the year below that achieved in 2005. EFTS levels in Site Safe were well ahead of target, which had a product mix impact on income. On a divisional basis, the Postgraduate Division achieved its target. However, the Undergraduate and VET Divisions were both below target, with the drop in international students numbers continuing to impact on the Schools of Accountancy Law and Finance, Communication, Computing and Information Technology, and Languages. Unbudgeted income from marae donations and the gain on sale of the Waipareira property offset some of the other income shortfalls.

Expenditure

Expenditure for the year included one-off redundancy costs of \$975,433, which was required to address the reduced student numbers and enable restructuring in some support areas. Ongoing savings from this exercise are expected to be in the vicinity of \$1.5 million per annum. Costs were closely monitored and reductions against original budgets were achieved in a number of areas, assisted by various procurement initiatives.

Assets

The major change in assets relates to the new Teaching and Learning facilities in Waitakere City, which were completed on time for the start of the 2006 academic year, and a revaluation of Land and Buildings effective from 1 January 2006. All other investments in teaching equipment and other assets have been at reduced levels due to budgetary pressures.

2007 Budget

A break-even budget has been set for 2007 with the major risk factor being EFTS levels. Strong monitoring processes are in place to ensure that performance across all areas achieve budget and that there is responsiveness to changing fluctuations in EFTS levels and product mix. Tight control of labour costs is seen as a key to improved performance.

Statement of Accounting Policies

For the year ended 31 December 2006

The Reporting Entity

Unitec Institute of Technology was established under the Education Act 1976. The group consists of Unitec Institute of Technology and the subsidiaries, New Zealand Institute of Technology Limited, Open Institute of Technology Limited, Unitec Limited, Unitec Recreation Trust, the Unitec Trust and the Unitec Apprenticeship Training Trust. These financial statements have been prepared in accordance with section 154 of the Crown Entities Act and section 220 of the Education Act, which includes the requirement to comply with generally accepted accounting practice.

Measurement System

The measurement base adopted is that of historical cost, except in the case of land, which has been valued on a "fair value" basis, and buildings, which have been valued on the Optimised Depreciated Replacement Cost (ODRC) basis. Other assets are recorded at a cost net of depreciation.

Budget Figures

The budget figures in the Financial Statements are as approved by Council in February 2006.

Accounting Policies

The following accounting policies which materially affect the measurement of financial performance and financial position have been applied:

1 Revenue

Revenue is recognised in the Statement of Financial Performance on an entitlement basis.

2 Accounts Receivable

Accounts receivable are shown at estimated realisable value after due allowance for any amounts not considered recoverable.

3 Inventory

- a Materials other than for trading are generally regarded as having been utilised at the time of receipt and are charged to the relevant activity at that time.
- b Inventories held for trading operations have been valued at the lower of cost or net realisable value determined on a first-in-first-out basis.

4 Investments

- a All short-term investments, including those in subsidiaries, are stated at the lower of cost or net realisable value.
- b Unitec has 999 shares of \$1 in each of the three subsidiary companies (i.e. Unitec Limited, New Zealand Institute of Technology Limited and the Open Institute of Technology Limited) and these are all uncalled and unpaid shares.

5 Financial Instruments

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position. All financial instruments, except for loans, which are recorded at cost, are shown at their fair values.

6 Fixed Assets

a Land and buildings

All land and buildings are revalued and adjusted every three years. All buildings, whether owned by the Ministry of Education or purchased or built out of Unitec reserves since 1991, have been valued using the ODRC (Optimised Depreciated Replacement Cost) methodology by Telfer Young as at 1 January 2006. All land, whether owned by the Ministry of Education or purchased out of Unitec reserves since 1991, has been valued using the fair value base by Telfer Young as at 1 January 2006. Crown-owned land and buildings are included as part of Unitec's fixed assets. These were first recognised on 1 January 1995 and although legal title has not been transferred, Unitec has assumed all the normal risks and rewards of ownership. Buildings constructed since 1 January 2006 have been valued at cost.

b Library collection

The Library collection is recorded at cost and depreciated.

c Other assets

All other assets purchased since 1990 have been recorded at cost and depreciated. Prior to 1990, other asset values were established on a fixed asset register either at cost or, where asset values were unknown, at an appropriate estimated value adjusted by depreciation.

d Additions

Additions between valuations are recorded at cost.

e Depreciation

Fixed assets are depreciated on a straight line basis at rates that will write off the cost or value of the asset over its estimated useful life. Land is not depreciated. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings		
Structure	3-75 years	1-33% straight line
Fit out	2-16 years	6-50% straight line
Services	2-31 years	3-50% straight line
Computer equipment		
Network equipment	4-8 years	12.5-25% straight line
Other computer equipment	3-4 years	25-33% straight line
Plant and equipment	10 years	10% straight line
Furniture and fittings	10 years	10% straight line
Motor vehicles	5 years	20% straight line
Office equipment	10 years	10% straight line
Software	3 years	33% straight line
Library collections		
books	10 years	10% straight line
periodicals	5 years	20% straight line

7 Capital Work in Progress

Capital work in progress is valued on the basis of expenditure incurred and Certified Gross Progress Claim Certificates up to balance date. Financing costs have been capitalised during the construction of assets. Work in progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

8 Goods and Services Tax

Unitec Institute of Technology is a registered person as defined by the Goods and Services Act 1985. All items in the financial statements are exclusive of GST with the exception of receivables and payables, which are stated GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

9 Taxation

Tertiary institutions are exempt from the payment of income tax as they are treated by the IRD as charitable organisations. Accordingly, no charge for income tax has been provided for.

10 Leases

Finance leases

Leases that effectively transfer to Unitec and group substantially all of the risks and benefits of ownership of the leased item are classified as finance leases. They are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period Unitec is expected to benefit from their use on a straight line basis.

Operating leases

Leases where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

11 Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Unitec invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made for the supply of goods and services. Agency transactions are recognised as receipts and payments in the Statement of Cash Flows given that they flow through Unitec and group's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of Unitec and group.

12 Employee Entitlements

Provision is made in respect of Unitec and group's liability for annual leave, long service leave and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Long service and retirement leave have been calculated on an actuarial basis based on the present value of expected future entitlements.

13 Development Costs

Costs incurred on development of new courses are expensed in the period in which they have been incurred as the level of expenditure is relatively constant from year to year.

14 Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

15 Basis of Consolidation

The Unitec Recreation Trust, the Unitec Trust and the Unitec Apprenticeship Training Trust are subsidiaries of Unitec Institute of Technology and therefore the consolidated financial statements include Unitec and its trusts accounted for using the purchase method. All transactions between Unitec and the trusts are eliminated upon consolidation.

Unitec has three non trading subsidiaries, New Zealand Institute of Technology Limited, Open Institute of Technology Limited and Unitec Limited. None of the subsidiaries are currently trading or have traded in previous years. There are no assets or liabilities within those subsidiaries.

The Unitec Recreation Trust has been treated as a separate legal entity from the Council of Unitec Institute of Technology other than for the above financial reporting purposes. Hence the mortgage from the Unitec Recreation Trust to the National Bank is not subject to section 192 of the Education Act 1989.

16 Student Allowances

Unitec and group have no involvement with the receipt or payment of student allowances other than supplying student information to StudyLink.

17 Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. The policies have been applied on a basis consistent with prior years.

Statement of Financial Performance

For the year ended 31 December 2006

	Notes	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2006 Unitec Budget \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Government operational funding	1	57,046	57,046	57,203	53,778	53,778
Investment income		232	225	10	269	263
Tuition fees		42,027	42,027	49,130	46,081	46,081
Trading income	2	2,749	1,873	1,941	2,822	1,864
Revenue from services provided	3	10,478	10,478	6,706	8,327	8,327
Total operating income		112,532	111,649	114,991	111,277	110,313
Less expenditure						
Cost of services	4	109,869	109,869	109,768	108,270	108,270
Trading expenditure	2	3,256	2,424	2,363	3,091	2,185
Total cost of operations		113,125	112,293	112,131	111,361	110,455
Net surplus/(deficit) for the year	5	(593)	(644)	\$2,859	(84)	(142)

The Statement of Accounting Policies and the Notes to the Financial Statements form part of, and are to be read in conjunction with, this statement.

Statement of Financial Position

As at 31 December 2006

		2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2006 Unitec Budget \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
	Note					
Assets:						
Current assets						
Cash and bank		1,702	1,485	146	3,263	2,989
Short-term investments	6	0	0	0	96	0
Accounts receivable	7	12,143	12,087	12,593	13,155	13,112
Inventory		607	607	450	451	451
Prepayments		271	268	280	588	588
Total current assets		14,723	14,447	13,469	17,553	17,140
Non current assets						
Fixed assets	8	194,491	192,623	155,048	123,757	121,932
Capital work in progress		4,168	4,168	916	26,336	26,337
Total non current assets		198,659	196,791	155,964	150,093	148,269
Total assets		213,382	211,238	169,433	167,646	165,409
Liabilities						
Current liabilities						
Fees in advance		14,202	14,202	12,000	15,983	15,983
Accounts payable	9	8,198	8,137	13,184	9,167	9,086
Current portion of loan and finance leases	10	5,786	5,728	5,676	5,807	5,739
Provision for employee entitlements	11	3,077	3,060	2,805	2,899	2,883
Total current liabilities		31,263	31,127	33,665	33,856	33,691
Non current liabilities						
Provision for employee entitlements	11	546	546	500	467	467
Loan and finance leases	10	23,833	23,309	25,272	24,773	24,027
Total non current liabilities		24,379	23,855	25,772	25,240	24,494
Total liabilities		55,642	54,982	59,437	59,096	58,185
Total net assets		157,740	156,256	109,996	108,550	107,224
Equity						
Total equity	12	157,740	156,256	109,996	108,550	107,224

The Statement of Accounting Policies and the Notes to the Financial Statements form part of, and are to be read in conjunction with, this statement.

Statement of Cash Flows

For the year ended 31 December 2006

	2006 Consolidated Actual Notes \$000	2006 Unitec Actual \$000	2006 Unitec Budget \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Cash flows from operating activities					
Cash was provided from:					
Government grants	56,437	56,437	56,398	52,286	52,286
Quality Reinvestment Fund	667	667	-	-	-
Tuition fees	46,776	46,776	50,084	51,633	50,618
Investment income	226	226	22	259	258
Donations	753	753	-	-	-
Revenue from services provided	8,590	8,487	8,203	9,584	9,337
	113,449	113,346	114,707	113,762	112,499
Cash was applied to:					
Employees and suppliers	102,193	102,193	101,450	103,928	103,021
Goods and services tax net	1,807	1,807	(1,540)	1,774	1,659
Interest paid	873	852	1,426	513	446
	104,873	104,852	101,336	106,215	105,126
Net cash flows from operating activities	13	8,576	13,371	7,547	7,373
Cash flows from investing activities					
Cash was provided from:					
Sale of assets	681	681	-	27	27
Cash was applied to:					
Purchase of assets	7,394	7,394	16,110	22,100	22,100
Net cash flow from investing activities	(6,713)	(6,713)	(16,110)	(22,073)	(22,073)
Cash flows from financing activities					
Cash was provided from:					
Loan raised	-	-	19,050	20,500	20,500
Cash was applied to:					
Loans made					
Settlement of debt	3,519	3,286	18,968	3,272	3,206
Net cash flow from financing activities	(3,519)	(3,286)	82	17,228	17,294
Total net cash flows	(1,656)	(1,504)	(2,657)	2,702	2,594
Opening balance cash and bank – 1 January	3,358	2,989	3,272	656	395
Closing balance cash and bank – 31 December	1,702	1,485	615	3,358	2,989
Closing balance cash and bank					
Cash and bank	1,702	1,485	615	3,263	2,989
Short-term investments	-	-	-	95	-
Closing balance cash and bank – 31 December	1,702	1,485	615	3,358	2,989

The Statement of Accounting Policies and the Notes to the Financial Statements form part of, and are to be read in conjunction with, this statement.

Comparative figures included in the financial statements relate to the financial year ended 31 December 2005. Where necessary, these figures have been reclassified on a basis consistent with the current year's disclosure.

Statement of Movements in Equity

For the year ended 31 December 2006

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2006 Unitec Budget \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Equity at start of the period	108,550	107,224	107,061	109,001	107,733
Realisation of library revaluation reserve	-	-	-	792	792
Net surplus/(deficit)	(593)	(644)	2,859	(84)	(142)
Increase/(decrease) in library collection revaluation reserves	-	-	-	(1,159)	(1,159)
Increase/(decrease) in land revaluation reserves	39,650	39,650	76	-	-
Increase/(decrease) in building revaluation reserves	10,133	10,025	-	-	-
 Total recognised revenues and expenses for the period	 49,190	 49,031	 2,935	 (451)	 (509)
 Equity at end of the period	 157,740	 156,256	 109,996	 108,550	 107,224

The Statement of Accounting Policies and the Notes to the Financial Statements form part of, and are to be read in conjunction with, this statement.

Notes to the Financial Statements

Note 1 | Government operational funding

	2006 Consolidated/Unitec Actual \$000	2006 Consolidated/Unitec Budget \$000	2005 Consolidated/Unitec Actual \$000
Operational bulk grant	56,021	56,314	53,375
Other Government funding	86	-	21
Quality Reinvestment Fund	317	667	-
Business links	178	-	-
Disabilities grant	221	222	215
Support for Maori & Pacific Island peoples	216	-	131
Strategic change fund	-	-	-
Enterprise scholarship	7	-	36
Total Government operational funding	57,046	57,203	53,778

Note 2 | Deficit on trading activities

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2006 Unitec Budget \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Income					
Business development	337	337	325	255	255
Hall of residence	100	100	106	142	142
Sport centre	704	704	740	699	699
Building training projects	733	732	770	768	768
Trust income	875	-	-	958	-
Total revenue	2,749	1,873	1,941	2,822	1,864
Expenditure					
Trading materials	1,030	1,030	1,100	1,035	1,035
Class materials	19	19	18	14	14
Salaries and wages	849	849	890	796	796
Depreciation	20	20	39	31	31
General expenses	507	507	316	309	309
Trust expenditure	831	-	-	906	-
Total expenditure	3,256	2,425	2,363	3,091	2,185
Deficit on trading activities	(507)	(552)	(422)	(269)	(321)

Note 3 | Revenue from services provided

	2006 Consolidated/Unitec Actual \$000	2006 Consolidated/Unitec Budget \$000	2005 Consolidated/Unitec Actual \$000
Donations	814	48	500
ETSA skill enhancement	-	-	207
TOPS	328	324	385
Contract education	644	428	660
Copying	678	729	572
STAR	173	177	156
Consultancy and project	1,827	1,792	1,885
Research	643	520	594
Performance Based Research Fund (PBRF)	1,098	350	353
Refugee study grant	423	-	193
Other	3,850	2,338	2,822
Total revenue from services provided	10,478	6,706	8,327

Note 4 | Cost of services

Unitec Schools	2006 Total Direct Cost & School Overheads \$000				2006 Consolidated Unitec Actual \$000				2006 Consolidated Unitec Budget \$000			
	Class Materials	Labour	Depreciation	School Overheads	Total Direct Cost & School Overheads	Occupancy Costs Allocation	Administration Costs Allocation	Total Costs	Total Direct Cost & School Overheads	Occupancy Costs Allocation	Administration Costs Allocation	Total Costs
Applied Technology	1,224	7,216	192	1,337	9,969	1,329	8,853	20,151	10,573	1,257	7,641	19,471
Site Safe	3	119	-	3,619	3,741	-	-	3,741	2,532	-	-	2,532
Accountancy, Law and Finance	52	2,451	13	442	2,958	197	2,871	6,026	3,231	272	3,139	6,642
Management and Entrepreneurship	86	1,844	9	230	2,169	179	2,389	4,737	2,536	213	2,539	5,288
Communication	22	978	4	154	1,158	105	1,018	2,281	1,190	117	1,177	2,484
Computing and Information Technology	49	3,050	36	663	3,798	296	3,051	7,145	3,939	368	3,642	7,949
Health Science	663	5,892	50	774	7,379	567	3,887	11,833	7,270	517	3,661	11,448
Natural Sciences	184	2,320	37	464	3,005	378	1,662	5,045	2,737	395	1,524	4,656
Sport	68	1,415	13	109	1,605	79	1,180	2,864	1,714	110	1,110	2,934
Education	115	1,659	1	217	1,992	121	2,049	4,162	2,212	129	2,154	4,495
Language Studies	167	5,422	23	706	6,318	510	4,534	11,362	6,312	631	4,519	11,462
Puukenga	19	458	1	37	515	55	317	887	629	69	434	1,132
Foundation Studies	38	1,132	1	123	1,294	104	747	2,145	1,252	107	655	2,014
Architecture and Landscape Architecture	161	3,320	39	653	4,173	401	2,387	6,961	3,858	416	2,134	6,408
Built Environment	123	3,305	31	513	3,972	279	2,808	7,059	4,268	308	2,498	7,074
Design	216	3,487	40	548	4,291	746	2,941	7,978	4,773	803	2,783	8,359
Performing and Screen Arts	238	2,037	37	460	2,772	351	1,318	4,441	2,866	377	1,200	4,443
Te Pae Whanake – Community Development	26	994	-	31	1,051	-	-	1,051	977	-	-	977
Total	3,454	47,098	527	11,080	62,160	5,697	42,012	109,869	62,869	6,089	40,810	109,768

	2005 Direct Costs & School Overheads \$000				2005 Consolidates Unitec Actual \$000			
	Class Materials	Labour	Depreciation	School Overheads	Total Direct Cost & School Overheads	Occupancy Costs Allocation	Administration Costs Allocation	Total Costs
Unitec Schools								
Applied Technology	1,111	6,474	181	1,063	8,829	1,288	7,521	17,638
Site Safe	-	131	-	3,213	3,344	-	-	3,344
Accountancy, Law and Finance	114	3,001	17	545	3,677	289	3,337	7,303
Management and Entrepreneurship	128	2,372	11	360	2,871	240	2,874	5,985
Communication	25	955	4	163	1,147	121	1,171	2,439
Computing and Information Technology	75	3,389	44	955	4,463	380	3,552	8,395
Health and Community Studies	655	5,723	55	790	7,223	517	3,362	11,102
Natural Sciences	167	2,564	34	460	3,225	397	1,447	5,069
Sport	53	1,038	13	108	1,212	91	727	2,030
Education	121	1,518	2	291	1,932	124	2,015	4,071
English & Applied Linguistics	146	4,071	20	424	4,661	361	2,318	7,340
Languages	86	2,518	9	554	3,167	267	2,012	5,446
Puukenga	27	483	1	46	557	67	400	1,024
Foundation Studies	36	978	1	113	1,128	107	613	1,848
Architecture and Landscape Architecture	166	2,926	43	673	3,808	421	2,004	6,233
Built Environment	117	3,145	27	458	3,747	312	2,403	6,462
Design	295	3,538	41	709	4,583	811	2,638	8,032
Performing and Screen Arts	357	2,098	40	514	3,009	381	1,119	4,509
Total	3,679	46,922	543	11,439	62,583	6,174	39,513	108,270

Note 5 | Operating revenue and expenses

The net deficit from operations is after allowing for:

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Unitec Actual \$000
Audit fees – paid to principal auditor	75	75	63
Audit fees – IFRS audit	12	12	-
Audit fees – other services provided by the principal auditor	4	4	4
Bad debts written off	169	162	165
Councillors' fees	65	65	69
Depreciation			
Crown buildings	1,217	1,217	1,128
Institute buildings	3,263	3,200	2,398
Computer equipment	1,329	1,315	1,541
Plant and equipment	713	712	702
Furniture and fittings	91	91	106
Leased assets	3,457	3,457	3,367
Library collection	413	413	405
Donations	814	814	500
Interest expense – gross	1,609	1,601	1
Less interest expense capitalised – Henderson library	(628)	(628)	-
Interest expense – net	981	973	1
Change in provision of doubtful debts	(111)	(111)	-
Operating lease charges (land & building/photocopier)	599	599	449
Finance charges on finance leases	412	412	395
Gain/(loss) on disposal of assets	649	649	(41)

Councillors' fees

The following fees were earned by members of Unitec Council during the year:

	2006 Actual \$	2005 Actual \$
Council member		
K Blaiklock	1,785	-
S Chan	6,120	5,100
D Cooke	-	1,785
G Costello	3,315	4,335
A Dickinson (Council Chair) – resigned 22 May 2006	8,520	19,500
R Freeth	2,550	2,040
M Glen	-	510
G Hill	1,530	1,020
R Knight	2,040	2,295
J Lawley	3,315	3,315
K Millar	2,040	2,040
R Newson	1,275	2,040
C O'Connor	2,295	1,020
R Reid	7,395	8,160
J Robb	3,060	2,550
G Shuttleworth	1,275	3,825
L Thomson	1,785	1,785
M Tunks	1,530	2,040
E K van Arkel (Council Chair) – appointed 22 May 2006	13,785	3,825
P Winter	1,785	1,530
J Young	-	255
Total	65,400	68,970

Note 6 | Short-term investments

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
BNZ	-	-	96	-
Total short-term investments	-	-	96	-

Note 7 | Accounts receivable

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Student fees	11,031	11,032	12,379	12,379
Trade debtors	1,191	1,137	968	925
Accrued interest	10	7	8	8
Less provision for doubtful debts	(89)	(89)	(200)	(200)
Total accounts receivable	12,143	12,087	13,155	13,112

Note 8 | Fixed assets

	2006					2005				
	Cost	Valuation	Total Cost/ Valuation	Accum Depn	Net Book Value	Cost	Valuation	Total Cost/ Valuation	Accum Depn	Net Book Value
	\$000					\$000				
Unitec (Parent)										
Land (Crown)	-	26,082	26,082	-	26,082	-	12,356	12,356	-	12,356
Land (institute)	-	53,635	53,635	-	53,635	225	27,485	27,710	-	27,710
Buildings (Crown)	33	26,918	26,951	1,217	25,734	201	27,970	28,171	3,261	24,910
Buildings (institute)	28,021	51,061	79,082	4,065	75,017	4,707	45,374	50,081	6,812	43,269
Plant & equipment	6,700	-	6,700	3,932	2,768	6,452	-	6,452	3,539	2,913
Plant & equipment – leased	646	-	646	509	137	1,024	-	1,024	661	363
Furniture & fittings	2,892	-	2,892	2,301	591	2,770	-	2,770	2,225	545
Motor vehicles	1,651	-	1,651	1,176	475	1,620	-	1,620	1,121	499
Computer equipment	14,559	-	14,559	12,978	1,581	14,028	-	14,028	11,696	2,332
Computer equipment – leased	10,009	-	10,009	5,941	4,068	9,440	-	9,440	4,698	4,742
Office equipment	1,173	-	1,173	912	261	1,091	-	1,091	879	212
Library collection	3,092	-	3,092	818	2,274	2,486	-	2,486	405	2,081
Total	68,776	157,696	226,472	33,849	192,623	44,044	113,185	157,229	35,297	121,932
Consolidated										
Land (Crown)	-	26,082	26,082	-	26,082	-	12,356	12,356	-	12,356
Land (institute)	-	53,635	53,635	-	53,635	225	27,485	27,710	-	27,710
Buildings (Crown)	33	26,918	26,951	1,217	25,734	201	27,970	28,171	3,261	24,910
Buildings (institute)	28,021	52,990	81,011	4,128	76,884	4,707	47,365	52,072	6,982	45,091
Plant & equipment	6,701	-	6,701	3,932	2,768	6,452	-	6,452	3,539	2,913
Plant & equipment – leased	646	-	646	509	137	1,024	-	1,024	661	363
Furniture & fittings	2,894	-	2,894	2,302	592	2,772	-	2,772	2,225	546
Motor vehicles	1,651	-	1,651	1,176	475	1,620	-	1,620	1,121	499
Computer equipment	14,573	-	14,573	12,992	1,581	14,042	-	14,042	11,708	2,333
Computer equipment – leased	10,009	-	10,009	5,941	4,068	9,440	-	9,440	4,698	4,742
Office equipment	1,173	-	1,173	912	261	1,092	-	1,092	879	212
Library collection	3,092	-	3,092	818	2,274	2,486	-	2,486	405	2,081
Total	68,793	159,625	228,418	33,927	194,491	44,060	115,176	159,236	35,480	123,757

Land and buildings were valued by Telfer Young, registered valuers, as at 1 January 2006. The valuation basis is fair value for land and ODRC for buildings. (Refer to Accounting Policy 6.)

Note 9 | Accounts payable

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Trade creditors	385	324	790	709
Accruals	7,813	7,813	8,377	8,377
Total accounts payable	8,198	8,137	9,167	9,086

Note 10 | Loans and leases

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Opening balance	30,580	29,766	9,753	8,873
Repayments – loans	(232)	-	(65)	-
Repayments – finance leases	(3,286)	(3,286)	(3,206)	(3,206)
Loans raised	-	-	20,500	20,500
Finance leases raised	2,557	2,557	3,598	3,599
Closing balance	29,619	29,037	30,580	29,766
Current portion				
Lease liabilities	2,728	2,728	2,739	2,739
Other loan liabilities	3,058	3,000	3,068	3,000
Current portion 31 December	5,786	5,728	5,807	5,739
Term portion				
Lease liabilities 1-2 years	1,141	1,141	507	508
2-5 years	668	668	2,020	2,020
Beyond 5 years	-	-	-	-
Other term liabilities	22,024	21,500	22,246	21,500
Term portion 31 December	23,833	23,309	24,773	24,027
Closing balance 31 December 2006	29,619	29,037	30,580	29,766

Unitec has a term loan with the ASB Bank at an interest rate of 7.99% and with a maturity date of 13th March 2008.

Unitec has short-term loans with the ASB Bank at interest rates between 7.62% and 8.21% and with a maturity date of 16th February 2007. The ASB loans have been classified as term liabilities as the loans will be rolled over.

The Unitec Recreation Trust has a 20-year mortgage with the National Bank at an interest rate of 8.42% and with a maturity date of 1st October 2015.

Note 11 | Provision for employee entitlements

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Annual leave	3,007	2,990	2,752	2,736
Retirement leave	325	325	340	340
Long service leave	291	291	274	274
Total	3,623	3,606	3,366	3,350
Made up of:				
Current	3,077	3,060	2,899	2,883
Non current	546	546	467	467
Total	3,623	3,606	3,366	3,350

Note 12 | Equity

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Accumulated surplus				
Opening balance	68,811	67,888	68,103	67,238
Net operating surplus (deficit)	(593)	(644)	(84)	(142)
Realisation of library revaluation reserve	-	-	792	792
Closing balance	68,218	67,244	68,811	67,888
Library revaluation reserve				
Opening balance	-	-	1,159	1,159
Revaluation	-	-	-	-
Realisation on change in accounting policy	-	-	(1,159)	(1,159)
Closing balance	-	-	-	-
Land revaluation reserve				
Opening balance	29,081	29,081	29,081	29,081
Revaluation increase	39,650	39,650	-	-
Closing balance	68,731	68,731	29,081	29,081
Building revaluation reserve				
Opening balance	10,658	10,255	10,658	10,255
Revaluation increase	10,133	10,026	-	-
Closing balance	20,791	20,281	10,658	10,255
Total equity	157,740	156,256	108,550	107,224

Note 13 | Reconciliation of the net deficit from operations with the net cash flows from operating activities

	2006 Consolidated Actual \$000	2006 Unitec Actual \$000	2005 Consolidated Actual \$000	2005 Unitec Actual \$000
Net surplus/(deficit) from operations	(593)	(644)	(84)	(142)
Add/(less) non cash items				
Bad debts written off	162	162	165	165
Depreciation	10,470	10,406	9,705	9,646
Increase/(decrease) in non current employee entitlement	79	79	23	23
Add/(less) movements in working capital items				
Decrease/(increase) in accounts receivable	1,676	1,689	3,341	3,289
Decrease/(increase) in prepayments	319	321	8	8
Increase/(decrease) in accounts payable	(1,025)	(1,007)	(3,186)	(3,189)
Decrease/(increase) in inventory	(157)	(157)	104	104
Increase/(decrease) in fees in advance	(1,780)	(1,780)	(1,809)	(1,809)
Increase/(decrease) in current employee entitlements	177	177	(394)	(397)
Change in provision for doubtful debts	(111)	(111)	0	0
Add/(less) items classified as investing activities				
Net loss/(gain) on sale of assets	(641)	(641)	(326)	(326)
Cash flow from operating activities	8,576	8,494	7,547	7,373

Note 14 | Grants

	2006 Consolidated/Unitec		2005 Consolidated/Unitec	
	Income \$000	Expenditure \$000	Income \$000	Expenditure \$000
Types of grant				
Special education	26	26	21	21
Support for Maori & Pacific peoples	216	216	131	131
Disability	218	222	215	358
Total grants	460	464	367	510

Note 15 | Segmental information

Unitec operates predominantly in one industry (tertiary education) and in one geographical area (Auckland, New Zealand).

Note 16 | Related Party information

Crown/Government

Unitec is a wholly owned entity of the Crown. The Government influences the role of Unitec as well as being its major source of revenue.

Unitec enters into numerous transactions with government departments and other Crown agencies on an arm's length basis and where those parties are only acting in the course of their normal dealings with the institution. These transactions are not separately disclosed because of the volume of the transactions and because the transactions are conducted on an arm's length basis in the normal course of business.

Inter-group

All members of the group are considered to be related parties of Unitec. In 2006, Unitec paid the Unitec Recreation Trust rental of \$148,000 (2005, \$172,000) for the use of the Unitec Trust Recreation Centre.

In 2006, Unitec invoiced Unitec Apprenticeship Training Trust a total of \$23,030.18 (GST inclusive). There was an amount of \$6,012.60 (GST inclusive) owing to Unitec as at 31 December 2006.

Members of Council and key management

Mr A Dickinson is a Council member and trustee of the Unitec Recreation Trust and the Unitec Trust.

Mr R Reid is a Council member and trustee of the Unitec Apprenticeship Training Trust and the Unitec Trust.

Mr J Robb is a Council member and trustee of the Unitec Recreation Trust.

Dr J Webster is a Council member and trustee of the Unitec Apprenticeship Training Trust, Unitec Trust and Unitec Recreation Trust.

Note 17 | Financial instruments

Unitec has a series of policies providing risk management for interest rates, foreign currency and credit. Unitec is party to financial instrument arrangements as part of its everyday operation. These financial instruments include bank accounts, bank deposits, accounts receivable, accounts payable and term borrowings, and are recognised in the Statement of Financial Position.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Unitec manages its interest rate risk with a majority of its exposure through utilisation of fixed interest rates.

Foreign Currency Risk

There is no foreign currency risk as at 31 December 2006.

Concentration of Credit Risk

Financial instruments that potentially subject Unitec to concentrations of risk consist primarily of cash, short-term investments, accounts receivable and a loan.

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

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate the value:

Short-term investments

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

Accounts receivable

The carrying value of all accounts receivable is after making allowance for doubtful debts (\$89,489).

The estimated fair value of Unitec's financial instruments as at 31 December 2006 is not significantly different from the carrying value.

Note 18 | Post balance date events

There were no post balance date events that would materially affect Unitec financial statements for the year ended 31 December 2006.

Note 19 | Major budget variations

Explanations for major variations from the Council budget are as follows:

Statement of Financial Performance

The decrease in Government-funded EFTS and a change in their composition during the period resulted in decreased Tertiary Education Commission funding and student fees compared to budget. Unitec made an unconsolidated net loss of \$643,566, compared to a budgeted surplus of \$2,859,104.

Income levels were well short of target due to a shortfall in student numbers against target, which ended the year below that achieved in 2005. EFTS levels in Site Safe were well ahead of target, which had a product mix impact on income. On a divisional basis, the Postgraduate Division achieved its target. However, the Undergraduate and VET Divisions were both below target, with the drop in international students numbers continuing to impact on the Schools of Accountancy Law and Finance, Communication, Computing and Information Technology, and Languages. Unbudgeted income from marae donations and the gain on sale of the Waipareira property offset some of the other income shortfalls.

Expenditure for the year included one-off redundancy costs of \$975,433, which was required to address the reduced student numbers and enable restructuring in some support areas. Ongoing savings from this exercise are expected to be in the vicinity of \$1.5 million per annum. Costs were closely monitored and reductions against original budgets were achieved in a number of areas, assisted by various procurement initiatives.

Note 20 | Comparative figures

Comparative figures included in the Financial Statements relate to the financial year ended 31 December 2005. Where necessary these figures have been reclassified on a basis consistent with the current year's disclosure.

Statement of Commitments and Contingencies

Statement of Commitments as at 31 December 2006

	Unitec Consolidated Actual 2006 \$000	Unitec Consolidated Actual 2005 \$000
Capital commitments approved and contracted	3,268	5,578
Non-cancellable operating lease commitments		
Land and buildings		
Not later than one year	573	440
Later than one year and not later than two years	428	519
Later than two years and not later than five years	728	1,050
Property and equipment		
Not later than one year	6	8
Later than one year and not later than two years	-	2
Later than two years and not later than five years	-	-
	1,735	2,019
Other non-cancellable contracts		
At balance date, Unitec had also entered into non-cancellable contracts for software maintenance, communications and other contracts for service		
Details of commitments under these contracts are as follows:		
Not later than one year	785	723
Later than one year and not later than two years	850	829
Later than two years and not later than five years	930	852
	2,565	2,404
Total commitments	7,568	10,001

Statement of Contingent Liabilities as at 31 December 2006

1. The student hostel accommodation at 1510 Great North Road and Building 310 was developed by Townscape Drummond Limited. Unitec has an agreement that guarantees Townscape Drummond 85% of the rent for 42 weeks per annum for a 10 year period. The lease for Building 310 and 1510 Great North Road are currently in their 4th and 5th year respectively. There is a contingent liability of \$7,348,317 based upon the current rents charged to students. The issue of valuation and rents is currently in dispute and will go to arbitration. Should the issue be decided in favour of the investor/owners, the additional contingent liability is \$649,940.
2. Unitec undertook to purchase the Ratanui Street premises in 2006 for \$3 million inclusive of GST. The purchase was not completed on balance date due to a dispute over GST and legal action has been taken on the issue. In the interim, Unitec has continued to pay rent for the leased property. Accordingly, the rental commitment until 2010 is included in the operating lease commitment, however the \$3 million is not included as a capital commitment.
3. Land owned by Unitec is subject to claims under the Waitangi Tribunal. The likely outcome of these claims is unknown.

Adoption of New Zealand Equivalent to International Financial Reporting Standards

- A. In December 2002, the Accounting Standards Review Board in New Zealand determined that New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand entities for periods commencing on or after 1 January 2007. Unitec Institute of Technology will adopt NZ IFRS for the year commencing 1 January 2007.

The restated 2006 statement of financial performance, statement of financial position and statement of movements in equity for the institute is prepared under the current New Zealand equivalents to International Financial Reporting Standards. The note shows the impact on the institute if it had been complying with the current requirements of NZ IFRS. This note is not a complete restatement of the financial statements under NZ GAAP to NZ IFRS as it does not include any statement of cash flows, accounting policies or notes to the financial statements.

The institution is a public benefit entity for the purpose of complying with NZ IFRS. Unitec has taken advantage of certain exemptions available under NZ IFRS.

- B. Planning for the transition to NZ IFRS

The institution's finance section reviewed the current accounting policies to identify and plan for changes to comply with NZ IFRS. In its preparation for the transition, the institution prepared an itemised list of IFRS policies that it identified as most likely to affect its financial statements. A progress chart was presented periodically for review to the Finance Committee. On this basis, the institution has determined the impact on the results and financial position of the institution.

Unitec participates in the Institute of Technology and Polytechnics (ITP) Finance Managers group, who contracted Ernst and Young to identify and assess the impact of NZ IFRS on the sector. Ernst and Young's report has been reviewed by the institution's finance section who has assessed the accounting policy alternatives on transition to NZ IFRS and finalised the NZ IFRS policies that will be adopted from 1 January 2007.

- C. General equity reconciliation as at 1 January 2006

	General Equity \$000	Revaluation Reserves \$000	Total Equity \$000
Balance reported under NZ GAAP as at January 2006	68,811	39,739	108,550
Revised provision for doubtful debts	127	-	127
Increase in employee entitlements	(297)	-	(297)
Balance restated under NZ IFRS as at 1 January 2006	68,641	39,739	108,380

New Zealand Equivalent to International Financial Reporting Standards

Financial statements as at 31st December 2006 (Unaudited Information).
Pages 63 to 71 contain unaudited information.

This disclosure highlights the most significant changes to the Unitec Institute of Technology's comparatives for the year ended 31 December 2006.

Statement of Financial Performance

For the year ended 31 December 2006

		NZ GAAP Consolidated Actual \$000	Adjustments \$000	NZ IFRS Consolidated Actual \$000
Government operational funding		57,046	-	57,046
Investment income		232	-	232
Tuition fees		42,027	-	42,027
Trading income		2,749	-	2,749
Revenue from services provided		10,478	-	10,478
Total operating income		112,532	-	112,532
Less expenditure				
Cost of services	Note 1	109,869	401	110,270
Trading expenditure		3,256	-	3,256
Total cost of operations		113,125	401	113,526
Net surplus/(deficit) for the year		(593)	(401)	(994)

Statement of Financial Position

As at 31 December 2006

	NZ GAAP Consolidated Actual \$000	Adjustments \$000	NZ IFRS Consolidated Actual \$000
Assets			
Current assets			
Cash and bank	1,702	-	1,702
Short-term investments	-	-	-
Accounts receivable	12,143	-	12,143
Inventory	607	-	607
Prepayments	271	-	271
Total current assets	14,723	-	14,723
Non current assets			
Fixed assets	194,491	(491)	194,000
Intangible assets	Note 2 -	-	491
Capital work in progress	4,168	-	4,169
Total non-current assets	198,659	-	198,660
Total assets	213,382	-	213,383
Liabilities			
Current liabilities			
Fees in advance	14,202	-	14,202
Accounts payable	8,198	-	8,198
Current portion of loans	5,787	-	5,787
Provision for employee entitlements	3,077	-	3,077
Total current liabilities	31,264	-	31,264
Non current liabilities			
Provision for employee entitlements	546	401	947
Loan	23,833	-	23,833
Total non current liabilities	24,379	401	24,780
Total liabilities	55,643	401	56,044
Total net assets	157,740	(401)	157,339
Equity	157,740	-	157,339
Total equity	157,740	-	157,339

Statement of Movements in Equity

for the year ended 31 December 2006

		NZ GAAP Consolidated Actual \$000	Adjustments \$000	NZ IFRS Consolidated Actual \$000
Equity at start of the period		108,550	-	108,550
Realisation of library revaluation reserve		-	-	-
Net surplus/(deficit)	Note 1	(593)	(401)	(994)
Increase/(decrease) in library collection revaluation reserves		-	-	-
Increase/(decrease) in land revaluation reserves		39,650	-	39,650
Increase/(decrease) in building revaluation reserves		10,133	-	10,133
Total recognised revenues and expenses for the period		49,190	-	48,789
Equity at end of the period		157,740	(401)	157,339

Explanatory notes – Adjustments NZ GAAP to NZ IFRS

The adjustments are based on interpretation of the currently issued standards. To the extent that these standards or their interpretation change, the amounts detailed hereunder may need to be adjusted prior to the publication of Unitec's full IFRS-compliant financial statements as at 31 December 2007.

1. Employee benefits

The actuarially-assessed movement in sick leave is recognised in accordance with NZ IAS 19 'Employee Entitlements' but was not recognised as liability under previous NZ GAAP. IAS 19 requires employee benefits to be recognised as services are rendered as opposed to on an entitlement basis. The institution has adopted an approach as recommended by the Treasury in assessing and calculating its liability. The amount determined as at 31 December 2006 is \$401,307.

2. Property, plant and equipment/intangible assets

The Unitec Institute of Technology does not currently recognise intangible assets. Computer software currently classed as property, plant and equipment has been reclassified as intangible assets in accordance with NZ IAS 38 – Intangible Assets where that software is not an integral part of the associated hardware. On conversion to NZ IFRS, such items will be reclassified from tangible to intangible assets. Amortisation of this asset is consistent with NZ GAAP and therefore there will be no impact on the Statement of Financial Performance or Equity. There is no change in respect of any other class of assets under property, plant and equipment.

Appendices

For the year ended 31 December 2006

REAL expertise

A man with short, light-colored hair is shown in profile, focused on a control panel with many buttons and knobs. He is wearing a dark t-shirt with a graphic of three white circles. The scene is dimly lit, with two bright spotlights in the background creating a dramatic effect. The entire image is overlaid with a dark green tint and white curved lines that sweep across the frame.

The Council of Unitec

Chairperson

E K van Arkel FNZIM

Co-opted

Deputy Chairperson

R T Reid

Co-opted – Waitakere City

Secretary

R U Ewert LLM *Well*, MBA *Auck*

Registrar, Unitec Institute of Technology

Members

J A Webster BSc Eng, MSc, PhD *Aberd*, FIE *Aust*, FIPENZ, FIE *Ireland*

President and Chief Executive, Unitec Institute of Technology

K Blaiklock PhD, MPhil (Hons), BSc, DipTchg

Academic staff representative

Unitec Institute of Technology

S M Chan JP, MTax, BCom *Auck*, FCA, CMA, ANZIM, METI

Institute of Chartered Accountants, New Zealand

G Costello LLB *Auck*, CPM & IR

Employees' representative

R Freeth

Student representative

G Hill BSc *Auck*, MA *Minn*, PhD *Texas*

Ministerial appointment

R Knight LLB

Co-opted

M Kohlhase BSocSc

Ministerial appointment

J Lawley MSc *Oxon*, BSocSc, Dip Tchg, Dip Guid/Counselling

Ministerial appointment

K Millar

Allied staff representative

Unitec Institute of Technology

R Newson

Appointed pursuant to Clause 4

C O'Connor CBE, JP, MSc, PhD, DSc, FRSNZ, FNZIC, CSci, CChem, FRSC

Ministerial appointment

J Robb ANZIM, MBA

Employers' organisations

E Thomson JP, DipHSC, DipTchg

Co-opted

M S Tunks MEd, Dip ISI *City & Guilds Lond*, Dip Ed Studies,

TTC (HomEc) *ACE*

Rununga

P Winter

Ministerial appointment

Senior Executive Team of Unitec

Chief Executive and Deputy-Presidents

President and Chief Executive

J A Webster BSc Eng, MSc, PhD *Aberd*, FIE *Aust*, FIPENZ, FIE *Ireland*

Deputy-President Academic

A P Codling BSc (Hons), MSc *Auck*, MEdAdmin *NE*, EdD *NE*

Deputy-President Corporate

R Handley BBS *Massey*, ACA, CMA

Registrar

R U Ewert LLM *Well*, MBA *Auck*

Pae Arahi

H Paniora

Deans

Teaching and Learning

M Barrow MSC, Dip Tchng, EdD *Auck* (Until October 2006)

Postgraduate Studies

J Diorio BA *Fordham*, MA, PhD *Columbia*

Undergraduate Studies

R V Smyth LLB (Hons) *Belf*, MEd *Auck*, DipEd, PGCE

Vocational Education and Training

R Meldrum BA, PGDip Arts *Otago*, Dip Tchng, MEd *Auck*

Vice-Presidents

Waitakere

Y Hawke Dip ATE Unitec, BEd *Well*

Research

G M McDonald BBS *Massey*, MBA *W.Aust*, PhD *Lond*

Vice-President Facilities

R M Paul BArch (Hons) *Auck*, ANZIA (Until February 2006)

Vice-President Finance

O T Burnside BCom *Auck*, CA

Director Institute Relations

A Bailey BSc *Cant*, CertJourn, PRINZ

Director Student Affairs

J Hollett BA(Hons) *Trent*, BEd *Queen's*

Statistical Profile

Students

Unitec fosters an institutional culture in which innovation and enterprise are expected and rewarded. We are committed to providing graduates with the knowledge and skills to face the challenges of the future and to live in a multi-cultural world.

We recognise and celebrate the diverse backgrounds of our students and are committed to offering them a socially, culturally and spiritually responsive environment. In particular, we aim to provide excellent academic and pastoral support for students, and to interact with them in whatever ways best suit their own styles of learning and personal development. The tables below show that our students come from a diverse range of backgrounds and this is addressed by Unitec's Diversity Strategy and policies that foster equal educational opportunities.

Equal Educational Opportunities

	2006 Total Enrolments	2006 Total EFTS	2006 Percentage EFTS	2005 Total EFTS	2005 Percentage EFTS
All Students					
Full-time	8,669	7,198	73%	7,271	73%
Part-time	40,016	2,259	23%	2,212	22%
Continuing education*	3,704	346	4%	530	5%
Total students	52,389	9,803	100%	10,013	100%

* Continuing education enrolment figure excludes 1,224 students already enrolled in formal programmes in 2006

Gender and Study Load**

	2006 Total Enrolments	2006 Total EFTS	2006 Percentage EFTS	2005 Total EFTS	2005 Percentage EFTS
All Students					
Female full-time	3,706	3,151	33%	3,363	35%
Female part-time	4,225	668	7%	702	7%
Total	7,931	3,819	40%	4,065	43%
Male full-time	4,963	4,047	43%	3,908	41%
Male part-time	35,791	1,591	17%	1,510	16%
Total	40,754	5,638	60%	5,418	57%
Total Formal Students	48,685	9,457	100%	9,483	100%

** Excludes community education

Maori and Pacific Island Enrolments

	2006 Percentage	2006 EFTS	2005 Percentage
Percentage Maori EFTS*	10%	761	10%
Percentage Pacific Island EFTS*	8%	710	8%

* Excludes international students

Staff

Unitec is committed to equal employment opportunity principles, fostering excellence in staff performance and helping staff members reach their potential through targeted professional development opportunities. In doing so, Unitec complies with the spirit and intent of all relevant employment legislation, including the Human Rights Act 1977, the Race Relations Act 1971, the State Sector Act 1988 and the Parental Leave and Employment Protection Act 1987.

Equal Employment Opportunities Statistical Profile

Staff Totals (FTE)	Full-time	Part-time	2006 FTE		2005 FTE	
			Total	Percentage	Total	Percentage
Academic Staff	509	126	635	100%	660	100%
Disabled	4	-	4	1%	13	2%
New Zealand Maori	25	4	29	5%	34	5%
Pacific Island	15	2	17	3%	17	2%
Female	209	83	292	46%	282	45%
Male	300	43	343	54%	349	55%
Allied Staff	404	93	497	100%	498	100%
Disabled	8	-	8	2%	32	6%
New Zealand Maori	24	3	27	5%	28	6%
Pacific Island	21	2	24	5%	27	5%
Female	253	77	330	66%	334	67%
Male	151	16	167	34%	165	33%



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