

Unitec Annual Report

20
07

experience
REAL WORLD LEARNING

Contents

- 1 Key Results 2007
- 2 Mission
- 2 Distinctive Character

Year in Review

- 4 Chairman's Report
- 5 Chief Executive's Report
- 7 School Reports
- 16 Te Noho Kotahitanga – The Partnership
- 17 Statement of Responsibility
- 18 Report of the Auditor-General

Performance Statements

- 22 Achievements 2007

Financial Statements

- 36 Income Statement
- 37 Balance Sheet
- 38 Cash Flow Statement
- 39 Statement of Changes in Equity
- 40 Notes to the Financial Statements

Appendices

- 70 Unitec Council Members
- 70 Unitec's Senior Executives
- 71 Statistical Profile

Key Results 2007

Unitec recorded a pleasing net surplus for the year of \$2.6 million, boosted in part by Quality Reinvestment Funds.

At 9,859, the number of Equivalent Full Time Students (EFTS) was slightly higher than the previous year.

There was another decline in international EFTS, to 1,494, primarily because of continuing strength in the New Zealand dollar and the buoyant and very competitive international student market.

More than 4,000 students were awarded certificates and diplomas, while 791 graduated with bachelors degrees and 126 with postgraduate qualifications. Among these was Unitec's first doctoral degree graduate.

Twelve new programmes, ranging from certificates to degrees and postgraduate diplomas, were approved. These programmes expanded Unitec's offerings in animal welfare, architecture, design and visual arts, educational leadership and management, floristry and music.

Strong support was provided for the parliamentary private member's bill seeking to establish a 'university of technology' category of tertiary education.

A new President and Chief Executive was appointed. Dr Rick Ede will take up his position in April 2008, replacing Dr John Webster who has retired after nine years at Unitec's helm.

There was further growth for the Waitakere campus in Henderson, with EFTS increasing from 670 in 2006 to 1060. Fifty-two percent of EFTS enrolled in formal programmes at Waitakere were in their first year of study.

The internationalisation of teaching, scholarship and research continued to expand. Some 159 MOUs have now been signed with universities and tertiary institutions around the world, while a number of Unitec programmes and short courses were taught offshore, particularly in China and the Pacific.

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 2007



Chairman's Report

I have great pleasure in presenting the Annual Report for Unitec in my second year as Chairman of the Council. I continue to be impressed by the contribution that Unitec is clearly making to the region through the lives and career activities of its students. Unitec continues to deliver high-quality vocational and professional education that is directly relevant to students' employment opportunities. In particular, our 2007 Graduate Survey indicates that 87% of students leave Unitec with a qualification which is of direct value to their careers. It is also pleasing to note that Unitec is maintaining high standards for its students, with our success, retention and progression rates to higher learning being among the best of any New Zealand tertiary institution.

In particular, it is heartening for me to note that Maori and Pasifika students, who make up just under 20% of our students, have achievement levels similar to all other Unitec students. Unitec's staff, structures and facilities ensure that an environment exists in which all who attend can be successful.

Unitec performed well from a financial standpoint in 2007. The \$2.6 million surplus, partially boosted by Quality Reinvestment Funds (QRF), is pleasing and demonstrates the capable management of all concerned. However, the institution will need to look to a future without short-term project funding such as the QRF. Initiatives taken during the year to address our underlying cost pressures have already provided some fruit and will bear greater results in succeeding years.

The future of the Education (Establishment of Universities of Technology) Amendment Bill, introduced in late 2007, is critical to Unitec and its students. Unitec is the only institution in New Zealand with a balanced, mature, dual-sector education profile, from certificate to doctorate. We recognise the importance of this profile and our capacity to help students progress their education in the communities we serve. This is especially true of our role in supporting social and economic development in Waitakere City. We will continue to seek university title to reflect the quality and breadth of the education we provide and to give parity of esteem to our graduates.

Throughout the year, Unitec continued to progress well in many areas of its delivery. Award-winning research results, staff and student achievements recognised by outside parties, and significant offshore partnerships all testify to the success of the institution. Many Unitec schools are recognised as leaders in their fields and continue to attract significant numbers of students. This reflects the institution's well-earned academic reputation.

Unitec's current position can be credited in many respects to the services of Dr John Webster, who has been an outstanding Chief Executive for the past nine years. Council recognises the role Dr Webster has played in attracting well-qualified and competent staff, and in developing a suite of programmes that significantly adds value to the workforce. Through his leadership, Unitec has embraced the

Waitakere City community and promoted a remarkable collaborative relationship with Waitakere City Council. He has also ensured the maintenance of a solid financial foundation for the institution over the period of his stewardship. We have valued Dr Webster's commitment and contribution, and wish him all the very best for the future.

During 2007, Council invested time in addressing the critical strategic issues for Unitec and ensuring the approaches to campus planning are well thought through. Working with the executive to manage the institution's financial direction and to ensure the 2008-2010 Investment Plan meets the agreed needs of the community was also a major focus. Of significance this year has been the reshaping of Council subcommittees and the establishment of an Executive Committee, with the new structure providing for the fuller utilisation of the talents of the Council's membership. I would also like to note the efforts put into the continuing development of the Unitec Marae and the fundraising that has surrounded this significant project.

I have very much appreciated the support of my fellow Council members during the year and the additional hours and personal contributions made to address Unitec's strategic issues during a time of significant, externally-driven change.

On behalf of Council I also wish to express sincere thanks to our many competent staff members for their efforts throughout the year. I look forward to continuing to work with them to achieve even greater results in the years ahead.

In 2008, we look forward to further enrolment growth, particularly in West Auckland, and to the establishment of our new campus on the North Shore. We will continue to collaborate with the Tertiary Education Commission over the development of a tertiary campus in Auckland's north-western corridor and keenly anticipate both the challenges and opportunities that this work brings.

I would also like to take this opportunity to thank Dr Andrew Codling, who has been the Acting Chief Executive since Dr Webster's retirement, for his excellent leadership during the past few months.

And, in conclusion, Council is delighted to welcome our new Chief Executive, Dr Rick Ede, who joins us in April 2008. We look forward to his arrival with anticipation and to Unitec's continued success under his leadership.



Ted van Arkel

Chairman

Unitec Council

Chief Executive's Report

At the end of 2007, Dr John Webster retired after nine years as Chief Executive of Unitec Institute of Technology. On behalf of Unitec staff, I would like to record our sincere thanks to Dr Webster for his leadership over that time. We cannot encapsulate his full contribution in this annual report, but Unitec's achievements during 2007 summarise, in part, the contribution he has made and are a direct result of his input over a sustained period of time.

During 2007, the Ministry of Education released its Baseline Monitoring Report, which compares Unitec with other tertiary education organisations in the country, and in particular with institutes of technology and polytechnics (ITPs). The report clearly demonstrates Unitec's success in being able to elevate our students to higher levels of learning and achievement. Unitec has relatively low attrition levels, its student achievement rate is above 81% (sector average 74-76%), while successful completions also exceed 80% (sector average 73-74%). Unitec also has very high rates of progression of students from lower to higher level programmes and the proportion of students in courses above level 4 is much greater than other comparable institutions. Our range of degrees and postgraduate programmes, including doctoral programmes, and our research activity is also well above that of other ITPs.

Overall, in 2007, Unitec awarded certificates and diplomas to more than 4,000 students, while 791 students graduated with bachelors degrees and 126 with postgraduate qualifications, including Unitec's first doctoral degree recipient. This range of student success exemplifies our unique nature as a mature dual-sector tertiary institution in New Zealand, worthy of university title.

The year's record of achievement at a broader level also saw many externally recognised awards for individuals and units, including:

- \$2.2 million of funds for research contracts such as Accelerating Auckland, Communities of Design Innovation and Community Centric Empowerment
- Many notable publications, including a number of books by Unitec staff
- Best paper awards for several staff for conferences in their fields
- Awards and external recognition for a significant number of Unitec staff
- Numerous national and international awards for our students.

The year also marked the introduction of negotiations with the Tertiary Education Commission (TEC) towards the approval of Unitec's 2008-2010 Investment Plan. Replacing our existing charters and profiles, the Investment Plan is both a planning document and a government funding contract for this three-year period. Unitec has emerged from these negotiations with recognition for 4% growth per annum on 2006 levels and increased investment from TEC for changes under the Government's Quality Reinvestment Fund.

The Investment Plan sets out our direction for the immediate future within strategies established during the year by Unitec's Council. The key strategies defining this direction are as follows:

- Grow with a purpose
 - Meet the needs of an expanding regional population
 - Raise educational achievement to match urban averages
 - Offer trades and technical education in the north and west of Auckland
- Build an integrated regional campus network
- Establish a comprehensive academic portfolio
- Secure recognition as a university of technology
- Create a robust platform for future development
- Negotiate comprehensive capital restructuring.

In recent years, Unitec has expanded into the west of Auckland through the establishment of its Waitakere campus in Henderson. Enrolments at this campus have increased from 670 EFTS in 2006 to 1060 EFTS in 2007, and this growth will accelerate as we continue to meet the Waitakere community's tertiary educational needs. Unitec's very positive relationship with the Waitakere City Council has been central to its success in West Auckland, and the leadership of the City's mayor, Bob Harvey, and his commitment to education have been critical in this regard.

A major survey of educational needs in the Auckland region's northwest industrial and residential corridors was completed in 2007. This resulted in collaborative planning with TEC for the future development of a campus located somewhere in the northwestern sector and, as an interim response to vocational education needs on the North Shore, the establishment of new campus in Takapuna. Under the new regional facilitation arrangements established by TEC, Unitec is the key provider of vocational and professional education in the central (in partnership with MIT), north and west of the Auckland region.

One of the challenges that faced Unitec in 2007 was the continuing decline in the number of international students. This is characteristic of a broader reduction across the New Zealand tertiary sector as a whole, and consistent with predictions. However, the impact of the decline has meant considerable financial constriction for the institution.

While the number of international students studying at Unitec is reducing, our involvement with international education offshore has increased considerably. This year saw the first graduations from the Graduate Diploma in Not-For-Profit Management programme in Papua New Guinea and Tonga. It also saw the initiation of our Bachelor of Business, Bachelor of Arts and Bachelor of Architecture programmes at Shandong University in China. Unitec now has a very wide range of relationships with universities throughout the world that encourage student and staff exchanges and closer educational relationships.

Unitec has continued to perform strongly as a research-informed institution. The results of the 2006 Performance-Based Research Fund (PBRF) assessment, published in 2007, indicated that 80% of the A and B rated researchers in the ITP sector were Unitec staff, 77% of 2006 ITP research completions were from Unitec, and that more than half of the indicative 2007 ITP PBRF research income (\$4.8 million) will be earned by Unitec. Overall, Unitec had 379 PBRF research-eligible staff at the time of the last assessment – a greater number than two of the existing universities.

The institution also introduced 12 new accredited programmes to its academic portfolio during the year and began a process of rationalisation of underperforming programmes.

This has been a year of challenge and change for Unitec. The continuing reduction in international student enrolments has put increasing pressure on our financial position. However, despite this, we have been able to grow, particularly in Waitakere, and maintain a positive cash flow and an operating surplus. The 2007 operating surplus of \$2.6 million, while bolstered by the payments from the Quality Reinvestment Fund, is a good result under current circumstances.

In 2007, Unitec continued its commitment to seeking university title to reflect the quality and breadth of education we offer and the calibre of our graduates. We fully supported the private member's bill, introduced late in the year, to establish a new category of tertiary institution called a 'university of technology'. This category is necessary to define the unique nature of a dual-sector institution offering vocational and professional education in programmes ranging from certificates through to doctorates. The future of this proposed legislation will be known in the first half of 2008, and we remain positive about its outcome.

In conclusion, Unitec is delighted to welcome its new President and Chief Executive, Dr Rick Ede, who will take up his position in April 2008. Dr Ede comes to us from a senior leadership role at the CSIRO in Australia and will bring his extensive experience in research, higher education and organisational management to our institution.



Dr Andrew Codling
Acting Chief Executive

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	198.1	43.6	-	241.7
Vocational	2,294.4	222.6	81.3	2,598.3
Total	2,492.5	266.2	81.3	2,840.0

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 UATI, with a 6% increase of EFTS and revenue growth of about \$1.5 million over 2006.

UATI has continued with innovative projects in 2007 and maintains its links with industry to provide research and technology, particularly in light manufacturing, that meets the needs of the region as it expands both physically and technologically.

SCHOOL OF ARCHITECTURE AND LANDSCAPE ARCHITECTURE



The focus of the School of Architecture and Landscape Architecture is 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 *Auck*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	7.4	0.7	-	8.1
Undergraduate	410.7	24.8	-	435.5
Vocational	103.5	16.1	-	119.6
Total	521.6	41.6		563.2

In 2007, the School of Architecture and Landscape Architecture offered the following programmes: the Master of Architecture (by design), Master of Landscape Architecture (by design), Bachelor of Architecture, Bachelor of Landscape Architecture, Diploma in Landscape Design and Certificate in Home Garden 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.

The School continues to grow in student numbers and is well respected by the outside community. As it did in 2006, the School expanded its programme in China this year, and now has a growing number of offshore students.

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	280.7	49.7	-	330.4
Vocational	301.7	51.2	7.1	360.0
Total	582.4	100.9	7.1	690.4

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. During the year, the Bachelor of Engineering (Environmental) and Bachelor of Engineering Technology (Civil) received IPENZ accreditation until 2009 and 2010, respectively.

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.

UNITEC BUSINESS SCHOOL



A review of business education at Unitec in 2006 resulted in the formation of the Unitec Business School, which commenced operations on 1 January 2007.

HEAD OF SCHOOL | **Associate Professor Dr Toni Hilton** LLB, MA, PhD

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	22.0	11.2	-	33.2
Undergraduate	470.1	270.1	0.5	740.7
Vocational	224.0	19.6	0.1	243.7
Enterprise Unit	18.4	3.2	30.0	51.6
Total	734.5	304.1	30.6	1,069.2

The new school integrated the School of Accountancy, Law and Finance with the School of Management and Entrepreneurship. Under new leadership, the School has developed a new vision and strategy during the year, along with initiating a new delivery structure.

The year also saw strong enrolment growth for the Master of Business programme and the commencement of the Bachelor of Business' accounting courses in Shandong, China, with 300 students – equating to 45 EFTS.

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 | **Jocelyn Williams** BA *Massey*, MComMgt *Massey*, DipTchg *Auck*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Postgraduate	13.1	3.5	-	16.6
Undergraduate	36.1	8.7	0.6	45.4
Vocational	32.3	13.5	-	45.8
Total	81.5	25.7	0.6	107.8

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

Our 2007 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.

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	9.7	-	-	9.7
Undergraduate	207.5	44.0	-	251.5
Vocational	316.5	4.3	-	320.8
Total	533.7	48.3	-	582.0

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).

During 2007, the School co-provided the Certificate in Business Administration and Computing (levels 3 and 4), the Certificate in English and the Diploma in English, along with 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.

The School also ran the Diploma in Contemporary Music, the National Certificate in Adult Literacy Education, the Certificate in Liaison Interpreting, the NZIM Certificate in Management and the Bachelor of Social Practice.

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	33.9	16.4	-	50.3
Undergraduate	176.2	86.0	0.5	262.7
Vocational	85.9	15.6	-	101.5
Total	296.0	118.0	0.5	414.5

The School of Computing and Information Technology offered a variety of programmes and courses in 2007, 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, the school celebrated its 25 years of delivering computing education and IT at Unitec. It also had its first PhD graduate and attracted increased funding for research activity.

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	9.1	-	-	9.1
Undergraduate	422.2	42.9	2.0	467.1
Vocational	58.6	13.8	-	72.4
Total	489.9	56.7	2.0	548.6

Students continued taking a significant share of the prizes in a number of key design and photography competitions during the year, winning both national and international awards. Student work is being increasingly exposed to the public, with a greater number of exhibitions in 2007 than in previous years. Lisa Reihana represented New Zealand at expositions in Venice.

The year saw the development of a new Certificate in Design and Visual Arts and the beginnings of a new bachelors programme.

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	56.6	7.5	-	64.1
Undergraduate	229.7	7.2	-	236.9
Vocational	0.5	-	0.3	0.8
Total	286.8	14.7	0.3	301.8

In 2007, Professor Carol Cardno was recognised in the Queen's Birthday Honours and awarded the Queen's Service Order (QSO) for services to Educational Administration and Management.

The Bachelor of Teaching (Early Childhood Education), which is the largest programme in the School, operated at optimal level from July 2007. At this point, the mid-year offering of this field-based programme came fully on stream, with three years of cohorts enrolled and 240 students engaged.

Postgraduate programmes continue to experience successful thesis completion, with our first two NZAid scholarship recipients graduating with the Master of Education degree. All postgraduate educational leadership and management programmes have been streamlined to provide a pathway from a Postgraduate Certificate and a Postgraduate Diploma in Educational Leadership and Management to a masters degree in this area.

The School has been involved in Teaching and Learning Research Initiative projects funded by the New Zealand Council for Educational Research. An action research project, Enhancing mathematics teaching in early childhood settings, was reported and a second project, Te Puawaitanga – partnerships with tamariki and whanau in bicultural early childhood care and education – was completed.

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	1.1	-	-	1.1
Vocational	231.1	4.7	20.9	256.7
Total	232.2	4.7	20.9	257.8

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 the Waitakere campus.

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. In 2007, practice-based learning options for students in the Certificate in Employment and Community Skills expanded and are now more varied, leading to increases in positive outcomes for those students.

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. One-to-one literacy and numeracy support offered to at-risk students in the School as the result of the Foundation Learning Pool have been highly valued by both students and staff.

There are currently some 290 students who have moved from Foundation Studies to other programmes within Unitec.

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	89.1	7.8	0.4	97.3
Undergraduate	366.3	42.5	-	408.8
Vocational	139.4	28.5	4.8	172.7
Total	594.8	78.8	5.2	678.8

This year saw the realisation of a number of key strategic developments and achievements within the School. This included increased integration of simulated real-world learning opportunities at the Education and Practice Simulation Centre at Waitakere Hospital for Bachelor of Nursing and National Certificate in Mental Health (Mental Health Support Work) students.

Unitec's Bachelor of Nursing graduates achieved a greater success rate than the national average in the Nursing Council of New Zealand's Examinations for Registration as a Nurse. The year also saw a growth in student numbers and above national average achievement rates in the National Certificate in Mental Health (Mental Health Support Work) programme.

The School's osteopathy programmes, the Bachelor of Applied Science (Human Biology) and Master of Osteopathy, were restructured and there was a successful hosting of the inaugural Australia New Zealand Osteopathy Research Conference. This year the School also combined the existing health centre and osteopathy clinic to provide health services to meet the needs of the student body and for greater workplace learning.

We also saw the successful delivery of the first postgraduate course in image interpreting for radiographers, while six students gained mammography scholarships to assist them with future undergraduate and postgraduate study. There was also continued growth in the School's short course/professional development initiatives and postgraduate health science offerings.

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 Shackleford** MEd (Hons) *Auckland*, MA (Applied Linguistics) *Macquarie*, BA CNA, PGCE *Warwick*, Cert TEFL *RSA*

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	159.5	16.3	4.1	179.9
Vocational	336.4	352.3	31.2	719.9
Total	495.9	368.6	35.3	899.8

The School of Language Studies offers 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 delivered the redeveloped Diploma in English (Advanced) and undertook an extensive redevelopment of the Certificate in English. The School worked closely with the New Zealand Police to give language training to Asian recruits for the Police force. The Certificate in Language Teaching was offered for the first time and a group of Chinese teachers participated in a short course in language learning and teaching methodology.

The School's Research and Advanced Practice Committee continued to support the wide-ranging research and conference activities of staff. Research outputs for staff increased significantly during the year and we convened a successful international symposium on Computer Assisted Language Learning (CALL). The School continued to liaise extensively with Auckland funding and community agencies and extended its co-operation with universities overseas for student exchange, credit transfer and group visits. We received a group of students from Qatar for language training and began a major project teaching English language and English for Business at Shandong Economics University in Jinan, China.

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
Vocational	44.0	1.9	5.9	51.8
Total	44.0	1.9	5.9	51.8

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 advance levels and are offered during the day and in the evening. 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. In 2007, Puukenga appointed television personality Scotty Morrison from Television One's Te Karere Maori news as Adjunct Professor Te Reo me nga Tikanga Maori. This is only the second such appointment in Puukenga's history, the first being that of Pita Sharples, co leader of the Maori Party.

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

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 | **Professor Natalie Waran** BSc (Hons), PhD

EFTS by Division and Funding Source

	Govt Funded	International	Other	Total
Undergraduate	184.4	14.9	-	199.3
Vocational	175.8	21.5	0.8	198.1
Total	360.2	36.4	0.8	397.4

The School of Natural Sciences has undergone a number of organisational and structural changes over recent years and in 2007 a great deal of curriculum development work was undertaken to align VET and undergraduate programmes, research and advanced practice.

At the end of 2007, the School was proud to have programmes developed with 15 credit courses, a new degree, the Bachelor of Applied Science (with Animal Management and Welfare, and Biodiversity Management majors), along with new endorsements for the Certificate of Animal Management. We have committees that spearhead Teaching and Learning, and Research, and we have developed a new Programme Quality Coordinator position to work across all of our programmes. The Performance-Based Research Fund round demonstrated that the School has maintained a growing research culture, with considerable expertise in certain areas underpinning our new degree. A number of our administrative innovations, for example PROCOM and the development of a student tracking database, have been borrowed by other Unitec areas. Our administration staff were awarded staff achievement prizes for their work in this area.

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
Total*	212.9	9.5	-	222.4

*All but a few EFTS are undergraduate

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 2007, the School reformed its structures and semesters to become more viable and student centred in its delivery. We restructured our Bachelor of Performing and Screen Arts programme and began an outreach path in New Zealand and overseas. This saw the improved liaison with industry groups, memorandums of understanding with Chinese and Asian dance academies and a sponsorship of the New Zealand Stage Challenge.

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
Postgraduate	-	0.3	-	0.3
Undergraduate	178.4	4.9	0.6	183.9
Vocational	36.4	13.2	-	49.6
Total	214.8	18.4	0.6	233.8

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. In 2007, the School offered several workshop programmes for the industry, including a professional development programme for primary school teachers in physical activity (Active Tools), with 146 teachers attending the workshops. School of Sport lecturer Jude Till is currently carrying out a research thesis in relation to professional development in both formal and informal physical activity around the school environment. This relates to the Active Tools programme.

A leadership programme for senior secondary school students (Leading Others, Leading You) was held at a variety of Waitakere and central Auckland schools, with 221 student participants attending the workshops.

Coach/Sport Organisation Leadership seminars were launched as a new product for the School and to link in with the Sport and Recreation New Zealand (SPARC) Coach Development Framework. Seventy-nine coaches attended these seminars, held at Auckland Netball, for representative coaches, Auckland Hockey, for beginner coaches, Sport Waitakere (five workshops) and a breakfast forum, attended by primary school principals and sport providers.

The year also saw NZQA approval for the new major, Physical Education, for the Bachelor of Sport, with the first intake to be in semester 1 in 2008.

In travel and tourism, the School offered three programmes: the Certificate in Tourism and Leisure, the Certificate in Travel and the Diploma in Tourism Management. 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 Noho Kotahitanga The Partnership

Kupu Whakataua

Ko te Tiriti o Waitangi te kawenata mo to tataua 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.

Wakaritanga

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 2007.

In the financial year ended 31 December 2007, 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 A Codling
Acting Chief Executive



R W Handley
Deputy-President Corporate

Date: 14 April 2008

Audit Report



To the readers of Unitec Institute of Technology and group's financial statements and performance information for the year ended 31 December 2007

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 2007.

Unqualified Opinion

In our opinion:

- the financial statements of the Institute and group on pages 36 to 68:
- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Institute and group's financial position as at 31 December 2007; 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 22 to 34 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 30 April 2008, 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 2007. They must also fairly reflect the results of 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 2007. 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 annual audit, we have, since 31 December 2007, carried out an assignment for the provision of assurance on the Performance-Based Research Fund External Research Income. This assignment is compatible with those independence requirements.

Other than the audit and this assignment, 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

This audit report relates to the financial statements of Unitec Institute of Technology for the year ended 31 December 2007 included on Unitec Institute of Technology's web site. The Unitec Institute of Technology's Council is responsible for the maintenance and integrity of the Unitec Institute of Technology's web site. We have not been engaged to report on the integrity of the Unitec Institute of Technology's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 and related audit report dated 30 April 2008 to confirm the information included in the audited financial statements presented on this web site.

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

Performance Statements

For the year ended 31 December 2007



Achievements 2007

A

BUSINESS RESULTS

To achieve our purpose, what are our strategic imperatives?

STRATEGIC OUTCOME

A1 Balanced Enrolments

To maintain a dual-sector profile and provide students with seamless pathways.

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
EFTS by funding source				
== TEC (including ACE)	Yes	7,765	7,873	8,173
== Other domestic (including ACE)	No	265	249	192
== International	No	1,773	1,592	1,494
== Total	Yes	9,803	9,714	9,859
EFTS by division				
== Postgraduate	Yes	279	272	283
== Undergraduate	No	4,494	4,446	4,257
== VET (excluding ACE)	Yes	4,684	4,610	4,979
== Adult & Com Ed (ACE)	Yes	346	386	340
== Total	Yes	9,803	9,714	9,859
Degree EFTS entering from VET	Yes	45%	30%	31%
Viable programmes	No	90%	90%	84%
Graduates progressing				
Employment	Yes	72%	75%	79.3%
Further study	No	29%	25%	24.9%
Working in areas related to studies	Yes	87%	85%	87.6%

Comment

A total of 9,859 EFTS were achieved for the year. This was above our original target of 9,714 and represented a slight increase in overall EFTS from the previous year's total of 9,803.

Government-funded domestic EFTS continued to grow, especially as a result of the Site Safe certificate, which will be reduced in forthcoming years. A total of 8,173 domestic EFTS, including Adult and Community Education (ACE), were attained, 200 above the target for the year of 7,873. Other domestic-funded EFTS, including self-funded entrepreneurial EFTS, were lower than budget at 192 for the year.

A decline in international EFTS was experienced for the fourth year running. While this was predicted in our targets, the fall in international students studying in New Zealand was greater than anticipated and our target of 1,592 international EFTS was not achieved.

A total of 1,494 international EFTS were enrolled during the year, which was considerably below that achieved in 2005 and in 2006. 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.

The breakdown of EFTS by Division shows some fluctuations in the divisional totals. Both the VET Division and the Postgraduate Division results were slightly ahead on the EFTS they achieved in 2006. The VET Division's final outcome of 4,979 EFTS was well ahead of the target of 4,610. Continued activity in the construction sector and trades, particularly in the Certificate in Construction Site Safety, contributed to an overall growth in EFTS by almost 1,000 from 2006. The Undergraduate Division experienced a 5% decline over 2006 EFTS, resulting from the reduction of 252 international EFTS. Domestic EFTS in this division increased slightly.

The benefits of the dual-sector nature of a university of technology are clearly demonstrated by the seamless pathways learners take from vocational to degree-level programmes. Some 31% of degree-level EFTS in 2007 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 as expected at 25%, while the number of graduates engaging in employment was greater than expected at 79%. Of the graduates that were working, over 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 2007 review resulted in a total of 22 programmes, or 16% of the portfolio being defined as not viable. These programmes are either being withdrawn, or taught out with others being redeveloped or merged. 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 a sound capital base through strategic investment.

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Revenue (\$000)				
== Total	Yes	111,649	113,773	117,924
== Government funding				
• EFTS	Yes	56,022	58,427	60,670
• Other government tuition	Yes	1,024	283	3,234
== Student tuition fees				
• Domestic (including non formal)	No	22,981	26,453	23,438
• International	No	19,657	20,171	16,233
== Other				
• Research	No	643	2,100	1,587
• Other	Yes	11,322	6,339	12,762

Income

Income was well ahead of target due to the impact of Quality Reinvestment funding, and marae donations which were unbudgeted items. EFTS levels in Site Safe were again well ahead of target. On a divisional basis, both the Postgraduate and VET Divisions achieved their original targets. However, the Undergraduate Division was below target, with the impact of a drop in international student numbers on Business, Communications, and Computing and Information Technology areas being the major influence.

STRATEGIC OUTCOME

Output Measures	Achieved	2006 Actual*	2007 Target	2007 Actual
Expenditure (\$000)				
== Academic staff salaries	Yes	44,302	45,746	44,194
== Allied staff salaries	No	24,070	24,632	25,044
== Other	No	43,921	43,395	46,070
== Total	No	112,293	113,773	115,308
Cost/EFTS (\$)	Yes	11,207	11,712	11,696
Surplus (\$000)	Yes	-644	-	2,616
Operating measures				
== ROE	Yes	-0.38%	0.0%	1.65%
== Capital expenditure \$	Yes	7,394	5,000	11,134
== Capital expenditure/EFTS	No	754	515	1,129
== Quick ratio	Yes	99.0%	11.8%	44.5%
== Working capital ratio	Yes	0.47	0.10	0.46
== Fixed assets/EFTS	Yes	20,265	19,731	20,360
== Net cash flow from operations	Yes	8,576	10,637	12,828
Debt measures				
== Debt/EBITDA	Yes	267%	<270%	202
== Gross interest cover (EBITDA/interest)	Yes	8.10	>3	8.0
== Debt/net assets	Yes	0.19	<0.35	0.19
Academic FTE	No	635	610	622
Allied FTE	No	497	410	496
EFTS/academic staff	No	15.4	15.9	15.2
Allied FTE/academic FTE	No	0.78	0.80	0.75

* 2006 Actual adjusted for IFRS

Comment

Financial results for the year

Unitec made an unconsolidated net surplus for the year of \$2,616,000 compared with a breakeven budget.

Expenditure

Expenditure for the year has been tightly controlled and has ended the year close to the original budget. A number of projects have been initiated in order to improve productivity and reduce costs.

Assets

The major change in assets related to the purchase of previously rented space and of a property adjacent to the new Teaching and Learning facilities in Waitakere City. This will allow for the expected increase in demand for accommodation requirements over the next few years.

2008 budget

A budget surplus of \$1.5 million has been set for 2008, with Quality Reinvestment funding providing the basis for improving Unitec's financial performance. Provision has also been made for the establishment of a campus facility on the North Shore offering a variety of VET Division courses.

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	2006 Actual	2007 Target	2007 Actual
Academic staff qualifications				
Degrees as % of academic FTE	Yes	82%	>80%	88%
Postgraduate as % of academic FTE	Yes	53%	>50%	60%
Doctorate as % of PBRF-eligible FTE	No	24%	>20%	14.16%
Course completion rate	Yes	95%	>75%	93%
Student success rate	Yes	88%	>60%	84%
Student inter-programme retention	Yes	20%	>20%	30%
Qualification completions	Yes	4,302	>3,100	4,555
New programmes developed/approved	Yes	19	>10	12
Positive programme reviews and reports	Yes	100%	100%	100%
Good teaching*	Yes	78%	>75%	76%

* Measured by SEQUAL and CEO

Comment

Excellence in teaching and learning is measured by staff qualifications and student success and retention. Staff qualifications continued to improve, with a total of 88% of academic FTEs being degree qualified. The proportion of academics with postgraduate qualifications (60%) was above the target of 50%.

Student success and retention, measured in accordance with TEC definitions, dropped slightly over the previous year but was still well above the expected benchmark. The course completion rate showed that 93% 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 84% achieved a successful outcome, still well above the benchmark of 60%.

Inter-programme retention is measured as the proportion of new enrolments entering from a previous programme of study. In 2007, 30% of our first year students had undertaken a previous programme of study, increasing by 10% from last year and well above target.

Twelve new programmes were approved during 2007. These programmes, ranging from certificates to degrees and postgraduate diplomas, expanded Unitec's offerings in animal welfare, architecture, design and visual arts, educational leadership and management, floristry and music.

STRATEGIC OUTCOME

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

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Student numbers				
== Formal qualifications	Yes	48,685	44,800	51,917
== Non-formal qualifications	Yes	3,713	1,685	4,996
== Total	Yes	52,398	46,485	56,913
First year enrolments*				
== EFTS in award programmes	Yes	4,528	10,000	10,094
== Total EFTS in award programmes	Yes	53%	30%	31.5%
Source (% EFTS entering award programmes)*				
1. School leavers	Yes	20%	>20%	20%
2. Private provider	Yes	1%	>1%	2%
3. Labour market	No	33%	>35%	33%
4. Other	Yes	46%	>35%	45%
EFTS in courses with e-learning*	Yes	3,759	>3,800	3,856
Students accessing Blackboard*	Yes	52%	>31%	86%
EFTS in courses with multiple sites*	Yes	1,011	>800	1,240
Undergraduate degrees with cooperative education	Yes	67%	>60%	81%

* Excludes subcontracted programmes

Comment

A total of 56,913 students were enrolled in Unitec programmes in 2007. This included 51,917 enrolled in formal programmes and a further 4,996 enrolling in non-formal short courses. This well exceeded our target of 44,485 enrolled students. The increase in students in non-formal programmes was most marked, with a jump of over 1,200 more than last year and almost three times the target number. 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 37,783 students were enrolled in this formal programme, an increase of just under 4,000 from last year.

Increasing participation is measured by the number of first year students in formal programmes (excluding subcontracted programmes). In 2007, a total of 10,094 EFTS were enrolled in a formal programme at Unitec for the first time. This was on target and included many in the Site Safe area.

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 2% of new EFTS had previously been studying with private providers. Forty-five percent had been involved in other activities, such as home-based activities or living overseas.

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 3,856 EFTS were enrolled in courses that had e-learning components. This was just above the target of 3,800.

A heartening statistic during the year was the number of undergraduate students involved in education that has a work-based practice component. Some 81% of undergraduate programmes have work-based activities, in cooperation with industry, as part of their delivery.

STRATEGIC OUTCOME

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

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Unitec Waitakere				
== EFTS primarily at Unitec Waitakere	Yes	670	1,058	1,060
== Programmes delivered at Waitakere*	Yes	18	>20	18
First year enrolments				
== EFTS in award programmes	Yes	343	>130	475
== % of total EFTS in award programmes	Yes	56%	25%	52%
Source (EFTS entering award programmes)				
1. School leavers	Yes	11%	>10%	13%
2. Private provider	No	2%	>2%	1%
3. Labour market	Yes	32%	>35	38%
4. Other	No	55%	>50	48%

* Excludes short courses

Comment

The development of a strong campus presence in Waitakere City was a primary focus in 2006 and 2007, with significant resourcing of the community outreach function. This resulted in a total of 1,060 EFTS being taught at the Waitakere campus in 2007, a significant increase from the 670 figure in 2006 and evidence of the continuing success of the alignment activity in Waitakere.

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 52% of the EFTS enrolled in formal programmes at the Waitakere campus were in their first year of study. Some 48% of these were engaged in other activities, including house-person, retired or travelling overseas.

STRATEGIC OUTCOME

B4 Diversify our provision of international educational opportunities.

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
International education				
■ International MOUs	Yes	151	>70	159
■ Staff and student exchanges	No	66*	100	40**
■ Programmes taught offshore	Yes	2	5	5
■ Study Abroad EFTS	No	44	>50	31
■ International postgraduate EFTS	No	49	>50	48
■ Student Satisfaction Rating	Yes	-	>70%	76%

* Student exchanges only

** Incoming Ministry-approved 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 (MOUs) 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 159 MOUs have now been signed with universities and other tertiary institutions throughout the world.

Offshore education is increasingly being seen as a way to generate an additional and more diverse income stream for tertiary institutions. 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 2007, we taught a number of programmes offshore – the Bachelor of Architecture, Bachelor of Business, Bachelor of Arts (English as an Additional Language) and academic language support programmes in China, and the Graduate Diploma in Not-For-Profit Management and generic short courses in the Pacific region.

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 provided by contact with experienced international staff, and visiting lecturers and researchers on campus. In 2007, a total of 40 EFTS were involved in inbound student exchange programmes. A further 31 EFTS were enrolled in Study Abroad courses, while a total of 48 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	2006 Actual	2007 Target	2007 Actual
Research performance				
== Quality-assured research outputs	No	242	270	237
== Total research outputs	No	764	900	708
== Total research and advanced practice outputs*	No	1,181	1,135	770
Postgraduate programmes				
== Enrolments as percentage of total degree EFTS	No	7%	7%	6%
== Research degree completions	Yes	33	>15	40
Internationally recognised				
== Research programmes	Yes	2	2	2

* Includes quality assured outputs not recorded elsewhere

Comment

Research outputs, as measured by Performance-Based Research Fund (PBRF) rules, decreased significantly in the year from 764 to 708, with advanced research and practice outputs falling even more from 1,181 to 770. The delay in the status of Unitec as a university of technology has had a direct bearing on this, with a 15% loss of PBRF-qualified staff as at June 2007.

Postgraduate enrolments increased slightly to 283 EFTS but represented 6% of total degree EFTS, which was slightly below the target. A total of 40 research degree completions were achieved for the year, well above the target of at least 15.

STRATEGIC OUTCOME

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

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Maori students				
■ EFTS in award programmes	Yes	761	>700	813.6
■ EFTS as % of total domestic EFTS	Yes	10%	9.5%	10.1%
■ Course completion rate	Yes	94%	>75%	92%
■ Course success rate	Yes	90%	>60%	84%
■ Maori qualification completion	Yes	205	>170	202
■ Proportion of programmes with Maori dimension	Yes	47%	45%	45%

Comment

One of our key directions relates to building the aspirations and achievements of Maori students. This year, almost 814 Maori learner EFTS were enrolled in award programmes, representing about 10% of our total domestic EFTS. These achievements were above our targets. Although less than last year, success and retention statistics continue to paint a positive picture for Maori student achievement. The course completion rate for the year decreased slightly to 92%, only marginally below that for all students. The success rate, measuring the proportion of students completing their

course with a favourable outcome, decreased from 90% to 84%, which is consistent with the score 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 decreased from 47% to 45%, but has still met the target.

STRATEGIC OUTCOME

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

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Pasifika students				
■ EFTS in award programmes	Yes	710	650	731
■ EFTS as % of total domestic EFTS	Yes	8%	8%	8.7%
■ Course completion rate	Yes	90%	>75%	88%
■ Course success rate	Yes	80%	>60%	76%
■ Qualification completion	Yes	178	>160	253

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 Fauautua, which includes representatives from the Pacific community and Pacific staff and students.

This year, a total of 731 Pasifika EFTS were enrolled in formal programmes, well above the target of 650. This represented 8.7% 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.

Once again, course completion and success rates exceeded their targets but were slightly down on previous years. Pacific students, however, experienced outcomes that were 8% less favourable than those experienced by the total student population, an issue being addressed through student support functions.

STRATEGIC OUTCOME

B8 Build the aspirations and achievements of students with disabilities.

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Disabled students				
== EFTS in award programmes	Yes	217	210	242
== Course completion rate	Yes	93%	>75%	90%
== Course success rate	Yes	86%	>60%	81%
== Qualification completion	Yes	131	>55	84

Comment

A number of programmes are in place to support students with disabilities to succeed in their studies. This year, there were 242 EFTS who indicated that they had a disability. The course completion rate for these students was 90%, slightly lower than last year and 3% lower than the rate for all students. The success rate of disabled students enrolling in courses, at 81%, was

5% lower than in 2006 and 3% lower than the success rate for all students. While these results are lower than last year, they still exceeded their targets and indicate that the success and retention measures provided by disabilities support services have 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	2006 Actual	2007 Target	2007 Actual
Academic staff members				
== Turnover	No	12%	<8%	17%
== Days lost by sickness and accident	No	1.6%	<0.6%	6.21%
Allied staff members				
== Turnover	No	21%	<20%	22%
== Days lost by sickness and accident	No	3.0%	<2.3%	3.1%
Professional development				
== \$/FTE allocated to professional development	Yes	608	>500	539

Comment

A variety of training programmes were provided by people capability, including performance management, health and safety policy and procedures, and mentoring.

Staff turnover for academic staff was at a higher rate than in the past, partially as a result of the

aforementioned lack of perceived future research opportunities for higher-level academics. This may also reflect some concern over pay equity between Unitec and the universities. For allied staff the turnover was only slightly above what was expected. 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	2006 Actual	2007 Target	2007 Actual
Student satisfaction rating				
== Library	Yes	73%	>75%	81%
== Information technology	No	60%	>75%	64%
== Academic support services	Yes	69%	>75%	85%
== Pastoral support services	Yes	69%	>75%	79%
== Student administration	No	68%	>75%	74%

Comment

Strong emphasis has been placed on strengthening the services provided to students, to enable them to succeed in their study. In the Student Satisfaction Survey carried out in September, almost 2,000 students provided feedback on a variety of services and their experiences of studying at Unitec. A total of 79% of students indicated that they were satisfied or very satisfied with Unitec overall. Postgraduate students were more likely to rate Unitec services highly, with 85%

being satisfied or very satisfied. Levels of dissatisfaction were very low, with only 5% of students overall providing a dissatisfied or very dissatisfied rating to Unitec's services. Most of the measured satisfaction levels were an improvement on last year and of the two reported measures that did not meet their targets, one was just marginally under the target. The only area that did not substantially meet satisfaction was information technology, and significant work will be put into this area in 2008.

STRATEGIC OUTCOME

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

Output Measures	Achieved	2006 Actual	2007 Target	2007 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 or 2007. The enterprise feedback management (EFM) software to

carry out such a survey was purchased, but resource shortages in the Planning Office made the task difficult to complete. A survey is expected to be carried out in 2008.

STRATEGIC OUTCOME

C4 Manage our resources through sustainable operating practices.

Output Measures	Achieved	2006 Actual	2007 Target	2007 Actual
Sustainability				
■ Asset utilisation EFTS/m ²	Yes	11.76	10	11.08
■ Energy use index (GJ/m ² /year)	No	0.38	0.3	0.37
■ Waste material tonnes recycled/EFTS	No	0.02	0.02	0.014
■ Water usage (000m ³)	No	164	128	138.7

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 decreased slightly from 11.76 EFTS per square metre to 11.08. Energy usage slightly decreased by 0.01 of a gigajoule, but still did not meet the target of 0.3 gigajoules

per metre squared. The amount of waste recycled decreased from 0.02 tonnes per EFTS to 0.014 tonnes per EFTS, a backward step from last year. However, while not meeting the target, water usage levels were less than last year, reducing from 164,000m³ to 138,700m³. This saving was in response to remedial action taken following the 2006 increase. Achieving all of the sustainability targets will continue to be addressed with staff in the 2008 year.

Financial Statements

For the year ended 31 December 2007



Income Statement

For the year ended 31 December 2007

		2007	2007	2007	2006	2006
		Consolidated	Unitec	Unitec	Consolidated	Unitec
		Actual	Actual	Budget	Actual	Actual
	Notes	\$000	\$000	\$000	\$000	\$000
Government grants	3(a)	63,904	63,904	58,710	57,046	57,046
Investment income	3(c)	216	210	10	232	225
Student tuition fees	6(a)	39,672	39,672	46,624	42,027	42,027
Trading income	4(a)	3,222	2,265	2,004	2,749	1,873
Other income	3(b)	11,839	11,874	6,425	10,478	10,478
Total revenue		118,853	117,925	113,773	112,532	111,649
Less expenditure						
Employee benefit expenses	3(d)	70,484	70,484	71,707	68,999	68,999
Depreciation and amortisation	4, 9, 11	10,377	10,314	10,326	10,483	10,405
Class materials		3,220	3,220	3,506	3,454	3,454
Trading materials	4(a)	1,088	1,088	711	1,030	1,030
Administration costs and other expenses	3(e)	25,964	26,903	24,235	25,770	25,857
Finance costs	3(c)	1,903	1,853	1,975	2,021	2013
Trading expenditure	4(a)	3,192	1,446	1,313	2,226	1,394
Total operating expense		116,228	115,308	113,773	113,983	113,152
Net surplus/ (deficit) for the year		2,625	2,617	0	(1,451)	(1,503)

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

Balance Sheet

As at 31 December 2007

		2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2007 Unitec Budget \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
	Notes					
Assets						
Current assets						
Cash and cash equivalents	5	1,170	944	654	1,702	1,485
Trade and other receivables	6	4,560	4,492	12,240	12,143	12,087
Inventories	7	336	336	600	607	607
Prepayments		216	216	280	271	268
Total current assets		6,282	5,988	13,774	14,723	14,447
Non current assets						
Property, plant and equipment	9	246,155	244,015	196,463	193,372	191,504
Intangible assets	11	915	915	900	491	491
Capital work in progress		5,030	5,030	4,000	4,168	4,168
Total non current assets		252,100	249,960	201,363	198,031	196,163
Total assets		258,382	255,948	215,137	212,754	210,610
Liabilities						
Current liabilities						
Revenue received in advance	15	6,733	6,733	14,000	14,202	14,202
Trade and other payables	12	7,699	7,639	7,847	8,198	8,137
Loan and finance leases	13	4,713	4,655	5,943	5,786	5,728
Employee entitlement provisions	14	3,454	3,432	3,400	3,478	3,461
Total current liabilities		22,599	22,459	31,190	31,664	31,528
Non current liabilities						
Employee entitlement provisions	14	541	541	501	546	546
Loan and finance leases	13	25,723	25,252	27,591	23,833	23,309
Total non current liabilities		26,264	25,793	28,092	24,379	23,855
Total liabilities		48,863	48,252	59,282	56,043	55,383
Total net assets		209,519	207,697	155,855	156,711	155,227
Equity						
Total equity		209,519	207,697	155,855	156,711	155,227

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

Cash Flow Statement

For the year ended 31 December 2007

		2007	2007	2007	2006	2006
		Consolidated	Unitec	Unitec	Consolidated	Unitec
		Actual	Actual	Budget	Actual	Actual
Notes		\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities						
Cash was provided from:						
Government grants		61,579	61,579	60,820	56,437	56,437
Quality Reinvestment Fund		2,852	2,852	-	667	667
Tuition fees		45,637	45,637	46,624	46,776	46,776
Interest received		221	213	250	226	226
Donations received		650	650	65	753	753
Other operating receipts		15,566	14,657	12,098	8,590	8,487
		126,505	125,588	119,857	113,449	113,346
Cash was applied to:						
Payment to employees		68,840	68,840	72,050	71,338	71,338
Goods and Services Tax net		86	(48)	3,000	1,807	1,807
Interest paid		1,518	1,468	1,451	1,500	1,479
Other operating payments		43,050	42,380	32,123	30,855	30,855
		113,494	112,640	108,624	105,500	105,480
Net cash flows from operating activities	5	13,011	12,948	11,233	7,949	7,866
Cash flows from investing activities						
Cash was provided from:						
Sale of property, plant and equipment		41	41	-	681	681
Cash was applied to:						
Purchase of property, plant and equipment		10,115	10,113	10,566	6,757	6,757
Purchase of intangible assets		1,141	1,141	600	9	9
		11,256	11,254	11,166	6,766	6,766
Net cash flow from investing activities		(11,215)	(11,213)	(11,166)	(6,085)	(6,085)
Cash flows from financing activities						
Cash was provided from:						
Loan raised		1,000	1,000	2,708	-	-
Cash was applied to:						
Repayment of loan and finance lease liabilities		3,329	3,276	3,606	3,519	3,286
Net cash flow from financing activities		(2,329)	(2,276)	(898)	(3,519)	(3,286)
Total net cash flows		(532)	(541)	(831)	(1,656)	(1,505)
Cash and cash equivalents at the beginning of the period - 1 Jan		1,702	1,485	1,485	3,358	2,989
Cash and cash equivalents at the end of the period - 31 Dec		1,170	944	654	1,702	1,485
Closing cash and cash equivalents						
Cash and bank		1,170	944	654	1,702	1,485
Short-term Investments		-	-	-	-	-
Closing cash and cash equivalents - 31 December		1,170	944	654	1,702	1,485

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 Dec 06. Where necessary these figures have been reclassified on a basis consistent with the current year's disclosure.

The GST (net) component of operating activities reflects the net GST paid to, and received from, the Inland Revenue Department.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Statement of Changes in Equity

For the year ended 31 December 2007

Consolidated

	Public equity \$000	Retained Earnings \$000	Revaluation Reserve \$000	Total \$000	Unitec Budget \$000
Equity at start of the year	31,693	35,496	89,522	156,711	157,340
Surplus/(deficit) for the year	-	2,625	-	2,625	50
Gain/loss on revaluation of land	-	-	29,287	29,287	-
Gain/loss on revaluation of buildings	-	-	20,896	20,896	-
Total recognised revenues and expenses for the period	-	2,625	50,183	52,808	50
Equity at end of the year	31,693	38,121	139,705	209,519	157,390

Unitec

	Public Equity \$000	Retained Earnings \$000	Revaluation Reserve \$000	Total \$000	Unitec Budget \$000
Equity at start of the year	31,693	34,522	89,012	155,227	155,855
Surplus/(deficit) for the year	-	2,617	-	2,617	-
Gain/loss on revaluation of land	-	-	29,287	29,287	-
Gain/loss on revaluation of buildings	-	-	20,566	20,566	-
Total recognised revenues and expenses for the period	-	2,617	49,853	52,470	-
Equity at end of the year	31,693	37,139	138,865	207,697	155,855

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

Notes to the Financial Statements

For the year ended 31 December 2007

1 Reporting entity

Unitec Institute of Technology (Unitec) is a Crown entity 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, Unitec Trust, the Unitec Apprenticeship Training Trust and Unitec Marae Trust.

2 Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with section 154 of the Crown Entities Act and section 220 of the Education Act, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

Unitec is a Public Benefit Entity for the purpose of complying with generally accepted accounting practice in New Zealand.

The Financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings.

The Financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) with the exception of Councillors' and executives' remuneration.

(b) Statement of compliance

The financial statements comply with Applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

This is the first set of financial statements prepared based on NZ IFRS and comparatives for the year ended 31st December 2006 have been restated accordingly. Reconciliations of equity and surplus for 31 December 2006 under NZ IFRS to the balances reported in the 31 December 2006 financial statements are detailed in note 2 (ac) below.

The financial statements were authorised for issue by Council on 24 April 2008.

(c) Subsidiaries

Unitec consolidates as subsidiaries in the group financial statements all entities where Unitec has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists as Unitec controls the majority voting power on these entities' governing body.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Unitec and its subsidiaries as at 31 December each year ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as Unitec, using consistent accounting policies.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line by line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

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.

(e) Segmental information

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

(f) Comparative figures

Comparative figures included in the financial statements relate to the financial year ended 31 December 2006. Where necessary, these figures have been reclassified on a basis consistent with the current year's disclosure.

(g) Foreign currency translation

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

Foreign currency transactions are converted to New Zealand dollars at the date of the transaction using the rate of exchange applicable on that day. Amounts receivable (monetary assets) and payable (monetary liabilities) are denominated in functional currency only.

(h) Property, plant and equipment

Property, plant and equipment consist of operational assets. These include land, buildings, furniture and fittings, motor vehicles, office equipment, computer equipment and library books.

Policies relating to property, plant & equipment:

Additions

Assets are initially recorded at cost. Constructed building and equipment values include labour and materials. Expenditure is only recognised as an asset when Unitec derives future economic benefits as a result of the costs incurred, it is probable those future economic benefits will eventuate and the costs can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the income statement.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Unitec and the cost of the item can be measured reliably.

Depreciation

Property, plant and equipment 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
Library collections		
Books	10 years	10% straight line
Periodicals	5 years	20% straight line

Impairment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets held for educational and related activities are assessed for impairment by considering the assets for obsolescence, changes in useful life assessments, optimisation and other related matters.

Impairment losses are recognised in the Income Statement. Impairment loss on a revalued asset is recognised directly against any revaluation surplus for that asset.

Revaluation

Following initial recognition at cost, land and buildings' fair value is determined by reference to ODRC evidence. Revaluation of property is carried out on a class of asset basis. Any net revaluation surplus is credited to the asset revaluation reserve and decrease is recognised in the Income Statement unless it directly offsets a previous net revaluation increase in the same asset revaluation reserve. Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Non current assets held for sale

Property, plant and equipment is classified as a non current asset held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification takes place when the asset is considered to be available for immediate sale in its present condition, subject only to the usual and customary terms for sales of such assets, and the sale is considered highly probable.

The measurement basis used for determining the gross carrying amount for each class of assets is as follows:

(A) Land and buildings

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

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 E Gamby of Telfer Young as at 31 December 2007.

Crown-owned land and buildings are included as part of Unitec's property, plant and equipment. 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.

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

(B) Library collection

The Library collection is valued at cost and depreciated over its estimated useful life. The collection is stated at cost less accumulated depreciation, and any accumulated impairment in value.

(C) Other assets

Plant and equipment, motor vehicles and computer hardware is stated at cost less accumulated depreciation and any accumulated impairment in value.

(D) 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. 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.

(i) Intangible assets

Computer software

Computer software is separately acquired and capitalised at its cost as at the date of acquisition. After initial recognition, separately acquired software is carried at cost less accumulated amortisation and accumulated impairment losses.

A summary of the policies applied to the Group's intangible assets is as follows:

Computer software

Useful lives Finite – 3 years

Method used Straight-line method

The amortisation period and amortisation method of intangible assets having a finite life is reviewed at each financial year-end.

If the expected useful life or expected pattern of consumption is different from the previous assessment, changes are made accordingly.

The carrying value of intangible assets is reviewed for indicators of impairment annually. Intangible assets are tested for impairment where an indicator of impairment exists.

(j) Investment properties

The Group assets are strategic assets and Unitec does not hold properties that could be classified as investment properties.

(k) Impairment of non financial assets

Non financial assets are reviewed and tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the income statement.

(l) Course 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.

(m) Research costs

Research costs are recognised as an expense in the income statement in the year in which it is incurred.

(n) Cash Flow Statement

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 Cash Flow Statement 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.

(o) Financial assets

The Group classifies its financial assets in the following categories:

Loans and receivables:

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Unitec does not hold any financial assets that are classified as:

== Financial assets at fair value through profit and loss, or

== Held to maturity investments

== Available-for-sale financial assets

Impairment of financial assets

At each balance sheet date Unitec assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement.

(p) Inventories

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.

Inventories held for trading operations have been valued at the lower of cost and net realisable value, determined on a first in first out basis. The write down from cost to net realisable value is recognised in the income statement.

(q) Trade and other receivables

Student fees and other receivables are recognised and carried at estimated realisable value. The collectability of all debts is assessed at balance date and provision is made for any doubtful debt for those amounts not considered recoverable.

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

(r) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(s) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred and recognised in the income statement.

(t) Interest-bearing loans and borrowing

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowings.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any transaction costs and any discount.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

(u) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Employee entitlements

The liability for employees' compensation for future leave is accrued in relation to the length of service rendered by employees and relates to vested and unvested 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.

A separate provision for sick leave liability has been made. The calculation is based on the unused sick leave expected to be taken, in excess of the leave entitlement, based on historical payroll information and remuneration rates as at the reporting date.

(w) Leases**Finance leases**

Leases that effectively transfer to Unitec and the Group substantially all of the risks and benefits of ownership of the leased item are classified as finance leases. They are capitalised at the lower of the fair value of the leased item or the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised in the balance sheet. 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 recognised as an expense on a straight-line basis over the lease term.

(x) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Government grants

Government grants are recognised when eligibility to receive the grant has been established and it is recognised over the period in which the course is taught by reference to the state of completion of the course as at the balance sheet date.

Student tuition fees

Revenue from student tuition fees is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date. Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Sale of materials

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

Interest

Revenue is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Other revenue is recognised on an accrual basis. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Unitec are recognised as revenue when control over the asset is obtained.

(y) Other taxes**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.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the IRD.

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.

(z) Financial instruments

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 income statement.

Revenue and expenses in relation to all financial instruments are recognised in the Income Statement. All financial instruments are recognised in the Balance Sheet. All financial instruments, except for loans which are recorded at amortised cost, are shown at their fair values.

The de-recognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Unitec has a series of policies providing risk management for interest rates, foreign currency and credit. This is explained in greater detail under the note 17, Financial risk management objectives and policies.

(aa) Changes in accounting estimates

There have been no changes in accounting estimates during the period.

(ab) Explanation of transition to NZ IFRS

Unitec's financial statements for the year ended 31 December 2007 are the first financial statements that comply with NZ IFRS.

Unitec has applied NZ IFRS in preparing these financial statements.

Unitec's transition date is 1 January 2006. Unitec prepared its opening NZ IFRS statement of financial position at that date. The reporting date of these financial statements is 31 December 2007. Unitec's NZ IFRS adoption date is 1 January 2007.

In preparing these consolidated financial statements in accordance with NZ IFRS, Unitec has applied the mandatory exceptions and certain optional exceptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by Unitec:

== Business combinations exemption

== Unitec has applied the business combinations exemption in NZ IFRS. It has not restated business combinations that took place prior to the 1 January 2006 transition date.

Unitec is required to make the following mandatory exception from retrospective application:

== Estimates under NZ IFRS as at 1 January 2006 are consistent with estimates made for the same date under previous NZ GAAP.

(ac) **Impact of adoption of NZ IFRS**

The impacts of adopting NZ IFRS on the total equity and surplus (deficit) after tax as reported under previous New Zealand Generally Accepted Accounting Practice (NZ GAAP) are illustrated below.

(A) **Reconciliation of surplus (deficit) under previous NZ GAAP to that under NZ IFRS**

	Consolidated 31-Dec-06 \$000	Unitec 31-Dec-06 \$000
Prior year surplus (deficit) as previously reported	(593)	(644)
Recognition of movement in provision for doubtful debts	(127)	(127)
Recognition of movement in sick leave liability (A)	(104)	(104)
Recognition of movement in borrowing costs	(628)	(628)
Prior year surplus (deficit) under NZ IFRS	(1,451)	(1,503)

The actuarially assessed movement in sick leave is recognised in accordance with NZ IAS 19 'Employee Entitlements' but was not recognised as a liability under previous NZ GAAP. Borrowing costs have been expensed under NZ IFRS in accordance with NZ IAS 23, but was capitalised under previous NZ GAAP.

(B) **Reconciliation of total equity under previous NZ GAAP to that under NZ IFRS at transition date**

	Consolidated 1-Jan-06 \$000	Unitec 1-Jan-06 \$000
Total equity under previous GAAP	108,550	107,224
Recognition of sick leave (A)	(297)	(297)
Revised provision for doubtful debts	127	127
Total equity under NZ IFRS	108,380	107,054

The actuarial assessed sick leave entitlement is recognised in accordance with NZ IAS 19 'Employee Entitlements' but was not recognised as a liability under previous NZ GAAP.

Provision for doubtful debts has been revised as it had been recognised as a 'negative' expense in 2006 accounts.

	NZ GAAP \$000	Adjustment \$000	NZ IFRS \$000
Provision for doubtful debts 1 Jan 06	(200)	127	(73)
Provision for doubtful debts 31 Dec 06	(89)	-	(89)
Changes in provision for doubtful debts	111	(127)	(16)

(C) **Reconciliation of total equity under previous NZ GAAP to that under NZ IFRS at previous balance date**

	Consolidated 31-Dec-06 \$000	Unitec 31-Dec-06 \$000
Total equity under previous GAAP	157,740	156,256
Recognition of sick leave (A)	(401)	(401)
Recognition of borrowing costs	(628)	(628)
Total equity under NZ IFRS	156,711	155,227

Sick Leave recognised under NZ IAS 19 Employee Entitlements has not been previously recognised under NZ GAAP

(D) Reclassification of computer software from PPE to intangibles and expensing of borrowing costs

	Consolidated 31-Dec-06 \$000	Unitec 31-Dec-06 \$000
PPE under NZ GAAP	194,491	192,623
Reclassified as intangible assets	(491)	(491)
Recognition of borrowing costs	(628)	(628)
PPE under NZ IFRS	193,372	191,504

Computer software is separately acquired and capitalised at its cost as at the date of acquisition. After initial recognition, separately acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

(ad) Explanation of material adjustments to the Statements of Cash Flows

There is no material difference between the cash flow statement presented under NZ IFRS and the cash flow statement presented under previous NZ GAAP except for the amount of purchase of intangible assets which has been disclosed separately from the amount of purchase of property, plant and equipment, and the change in accounting for borrowing costs which are no longer capitalised under NZ IFRS.

	Consolidated 31-Dec-06 \$000	Unitec 31-Dec-06 \$000
Cash was applied to:		
Purchase of PPE under NZ GAAP	7,394	7,394
Reclassified as purchase of intangible assets	(9)	(9)
Recognition of borrowing costs	(628)	(628)
Purchase of PPE under NZ IFRS	6,757	6,757

3 Revenue and expenses

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
(a) Government grants				
Operational bulk grant	60,670	60,670	56,022	56,022
Quality reinvestment fund	2,641	2,641	317	317
Business links	-	-	178	178
Disabilities special supplementary grant	234	234	221	221
Maori and pacific island grant	200	200	216	216
Enterprise scholarship	23	23	7	7
Other grants	135	135	86	86
	63,904	63,904	57,046	57,046
(b) Other income				
Donations	650	650	814	814
Etsa skill enhancement	-	-	-	-
Tops	223	223	328	328
Contract education	785	785	644	644
Copying	1,785	1,785	678	678
Star	136	136	173	173
Consultancy and project	1,460	1,460	1,827	1,827
Research	1,587	1,587	643	643
Performance-Based Research Fund (PBRF)	2,192	2,192	1,098	1,098
Refugee study grant	410	410	423	423
Revenue from other operating activities	4,041	4,075	4,172	4,172
Less internal sales	(1,429)	(1,429)	(322)	(322)
	11,839	11,874	10,478	10,478
(c) Finance (costs)/income				
Bank loans and overdrafts	1,573	1,523	1,609	1,601
Finance charges payable under finance leases	330	330	412	412
Total finance costs	1,903	1,853	2,021	2,013
Interest earned on bank deposits	216	210	232	225
Total finance income	216	210	232	225
(d) Employee benefits expense				
Wages and salaries	69,028	69,028	68,231	68,231
Employee welfare expenses	553	553	512	512
Employment benefits	904	904	256	256
	70,484	70,484	68,999	68,999
(e) Administration costs and other expenses				
Administrative and other expenses	25,950	26,889	25,746	25,833
Loss arising on disposal of assets	-	-	8	8
Annual report expenses	14	14	16	16
	25,964	26,903	25,770	25,857
(f) Aggregate research costs recognised in the income statement				
Research	1,208	1,208	619	619

4 Other revenue and expenses

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
(a) Revenue				
Business development	271	271	337	337
Halls of residence (accommodation/village)	119	119	100	100
Sport centre	744	744	704	704
Building training projects	1,131	1,131	733	733
Trust income	957	-	875	-
Total revenue	3,222	2,265	2,749	1,873
(b) Expenditure				
Class materials	6	6	18	18
Salaries and wages	874	874	849	849
Depreciation	16	16	20	20
General expenses	550	550	507	507
Trust expenditure	1,746	-	831	-
	3,192	1,446	2,226	1,394
Trading materials	1,088	1,088	1,030	1,030
Total expenditure	4,280	2,534	3,256	2,424
Deficit on trading activities	(1,059)	(269)	(507)	(551)
(c) Audit fees				
Audit fees - paid to principal auditor including IFRS	108	108	87	87
Audit fees -other services provided by the principal auditor	5	5	4	4
(d) Other				
Bad debts written off	117	119	169	162
Councillors' fees	109	109	65	65
Depreciation/amortisation:				
Crown buildings	1,218	1,218	1,217	1,217
Institute buildings	3,320	3,257	3,263	3,200
Computer equipment	1,244	1,244	1,329	1,315
Plant and equipment	720	720	713	712
Furniture and fittings	97	97	91	91
Leased assets	3,341	3,341	3,457	3,457
Library collection	452	452	413	413
Donations	650	650	814	814
Interest expense	1,573	1,523	1,609	1601
Less interest expense capitalised - Henderson library	-	-	(628)	(628)
Change in provision for doubtful debts	-	-	(16)	(16)
Operating lease charges (land & buildings/photocopier)	428	428	599	599
Finance charges on finance leases	330	330	412	412
Gain/(loss) on disposal of assets	37	37	649	649

(e) Councillors' fees

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

Council member	2,007 Actual \$	2006 Actual \$
E van Arkel (Council Chair) appointed from 22/05/2006	23,651	13,785
A Beach	5,055	-
A Blackburn	1,600	-
K Blaiklock	1,785	1,785
S Chan - Resigned 12/11/2007	4,665	6,120
G Costello	1,790	3,315
A Dickinson (Council Chair) - Resigned 22/05/06	-	8,520
R Freeth	510	2,550
G Hill	5,375	1,530
M Kolhase	4,285	-
R Knight	1,020	2,040
J Lawley	8,445	3,315
K Millar	2,815	2,040
R Newson	2,815	1,275
C O'Connor	8,445	2,295
J Patterson	960	-
R Reid	16,105	7,395
J Robb	8,125	3,060
G Shuttleworth	-	1,275
P G Simpkin	2,560	-
L Thomson	4,285	1,785
M Tunks	4,990	1,530
P Winter	-	1,785
Total	109,281	65,400

5 Cash and cash equivalents

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Cash at bank and in hand	1,170	944	1,702	1,485
Short-term deposits	-	-	-	-
	1,170	944	1,702	1,485
Bank overdraft	(2,058)	(2,000)	(3,058)	(3,000)
	(888)	(1,056)	(1,356)	(1,515)

Bank overdraft is disclosed within current liabilities in note 13.

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

Reconciliation of cash for the purpose of the cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following as at 31 December:

Cash at bank and in hand	1,170	944	1,702	1,485
Short-term deposits				
	1,170	944	1,702	1,485
Cash at bank and in hand attributable to discontinued operations (note 4)	-	-	-	-
	1,170	944	1,702	1,485

Reconciliation from the net surplus (deficit) for the year to the net cash flows from operations

Net surplus / (deficit) for the year	2,625	2,617	(1,451)	(1,503)
--------------------------------------	-------	-------	---------	---------

Adjustments for:

Depreciation	10,394	10,331	10,470	10,406
Bad debts	117	119	169	162
Amortisation				
Impairment losses	-	-	-	-
Fair value (gain)/loss on investment properties				
Net (gain) on disposal of property, plant and equipment	(37)	(37)	(641)	(641)
Interest received				
Net foreign exchange loss				
Increase (decrease) in non current employee entitlement	(5)	(5)	79	79

Changes in assets and liabilities

(Increase)/decrease in inventories	271	271	(157)	(157)
(Increase)/decrease in trade and other receivables	7,583	7,595	1,684	1,705
(Increase)/decrease in prepayments	55	53	319	321
Increase/(decrease) in current employee entitlements	(24)	(29)	281	281
Increase/(decrease) in trade and other payables	(499)	(498)	(1,025)	(1,007)
Increase/(decrease) in revenue received in advance	(7,469)	(7,469)	(1,780)	(1,780)
Net cash flows from operating activities	13,011	12,948	7,949	7,866

6 Student fees and other receivables

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
(a) Student tuition fees				
Tuition fees standard	23,439	23,439	22,371	22,371
International student fees	16,233	16,233	19,657	19,657
	39,672	39,672	42,027	42,027

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
(b) Trade and other receivables				
Student fees receivables	1,155	1,155	11,032	11,032
Trade receivables	3,485	3,418	1,191	1,137
Accrued Interest	8	8	10	7
Less provision for doubtful debts	(89)	(89)	(89)	(89)
	4,560	4,492	12,143	12,087

(c) Student allowances

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

7 Inventories

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Materials and consumables	336	336	607	607
	336	336	607	607

8 Financial assets in the nature of investments

	Effective Interest Rate (%)	Maturity	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
a) Current						
Deposits with banks						
- National Bank of New Zealand	8.00% account	Trading	1,170	940	1,692	1,474
- ASB Bank	1.00% servicing account	Interest	4	4	11	11
			1,174	944	1,703	1,485
b) Non current						
i) Loans and receivables			-	-	-	-
ii) Deposits with banks			-	-	-	-
- ANZ National Bank			-	-	-	-
iii) Investment in controlled entities (note 21)			-	-	-	-
			-	-	-	-

The deposits with banks classified as current assets are those maturing within 12 months after the balance sheet date.

9 Property, plant and equipment

Unitec

	Land (Crown) \$000	Land (Institute) \$000	Building (Crown) \$000	Building (Institute) \$000	Plant & equipment \$000	Plant & equipment (leased) \$000	Furniture & fittings \$000	Motor vehicles \$000	Computer equipment \$000	Computer equipment (leased) \$000	Office equipment \$000	Library collection \$000	Total \$000
Cost or valuation													
Balance at 1 January 2006	26,082	53,635	26,918	51,061	6,452	1,024	2,770	1,620	7,462	9,440	1,091	2,486	190,041
Additions	-	-	33	27,393	336	-	137	162	557	2,557	99	606	31,880
Revaluation increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(88)	(378)	(15)	(131)	(35)	(1,988)	(17)	-	(2,652)
Balance at 31 December 2006	26,082	53,635	26,951	78,454	6,700	646	2,892	1,651	7,984	10,009	1,173	3,092	219,269
Balance at 1 January 2007	26,082	53,635	26,951	78,454	6,700	646	2,892	1,651	7,984	10,009	1,173	3,092	219,269
Additions	-	1,580	-	5,551	470	31	57	165	670	3,114	12	652	12,302
Revaluation increase	8,694	20,594	2,736	8,072	-	-	-	-	-	-	-	-	40,096
Disposals	-	-	-	-	(181)	(290)	(20)	(183)	(98)	(3,553)	(19)	-	(4,344)
Balance at 31 December 2007	34,776	75,809	29,687	92,077	6,989	387	2,929	1,633	8,556	9,570	1,166	3,744	267,323
Accumulated depreciation and impairment losses													
Balance at 1 January 2006	-	-	-	865	3,539	661	2,225	1,121	6,224	4,698	879	405	20,617
Depreciation expense	-	-	1,217	3,200	474	226	91	184	704	3,231	50	413	9,790
Eliminate on disposal	-	-	-	-	(81)	(378)	(15)	(129)	(34)	(1,988)	(17)	-	(2,642)
Eliminate on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2006	-	-	1,217	4,065	3,932	509	2,301	1,176	6,894	5,941	912	818	27,765
Balance at 1 January 2007	-	-	1,217	4,065	3,932	509	2,301	1,176	6,894	5,941	912	818	27,765
Depreciation expense	-	-	1,218	3,257	485	102	97	180	527	3,239	55	452	9,612
Eliminate on disposal	-	-	-	-	(142)	(297)	(20)	(179)	(98)	(3,559)	(17)	-	(4,312)
Eliminate on revaluation	-	-	(2,435)	(7,322)	-	-	-	-	-	-	-	-	(9,757)
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2007	-	-	-	-	4,275	314	2,378	1,177	7,323	5,621	950	1,270	23,308
Carrying amounts													
At 1 January 2006	26,082	53,635	26,918	50,196	2,913	363	545	499	1,238	4,742	212	2,081	169,424
At 31 December 2006 and 1 January 2007	26,082	53,635	25,734	74,389	2,768	137	591	475	1,090	4,068	261	2,274	191,504
At 31 December 2007	34,776	75,809	29,687	92,077	2,714	73	551	456	1,233	3,949	216	2,474	244,015

Consolidated

	Land (Crown) \$000	Land (Institute) \$000	Building (Crown) \$000	Building (Institute) \$000	Plant & equipment \$000	Plant & equipment (leased) \$000	Furniture & fittings \$000	Motor vehicles \$000	Computer equipment \$000	Computer equipment (leased) \$000	Office equipment \$000	Library collection \$000	Total \$000
Cost or valuation													
Balance at 1 January 2006	26,082	53,635	26,918	52,990	6,452	1,024	2,771	1,620	7,476	9,440	1,091	2,486	191,985
Additions	-	-	33	27,393	336	-	137	162	557	2,557	99	606	31,880
Revaluation increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(88)	(378)	(15)	(131)	(35)	(1,988)	(17)	-	(2,652)
Balance at 31 December 2006	26,082	53,635	26,951	80,383	6,700	646	2,893	1,651	7,998	10,009	1,173	3,092	221,213
Balance at 1 January 2007	26,082	53,635	26,951	80,383	6,700	646	2,893	1,651	7,998	10,009	1,173	3,092	221,213
Additions	-	1,580	-	5,551	470	31	57	165	670	3,114	12	652	12,302
Revaluation increase	8,694	20,594	2,736	8,279	-	-	-	-	-	-	-	-	40,303
Disposals	-	-	-	-	(181)	(290)	(20)	(183)	(98)	(3,553)	(19)	-	(4,344)
Balance at 31 December 2007	34,776	75,809	29,687	94,213	6,989	387	2,930	1,633	8,570	9,570	1,166	3,744	269,474
Accumulated depreciation and impairment losses													
Balance at 1 January 2006	-	-	-	865	3,539	661	2,225	1,121	6,236	4,698	879	405	20,629
Depreciation expense	-	-	1,217	3,263	474	226	91	184	705	3,231	50	413	9,854
Eliminate on disposal	-	-	-	-	(81)	(378)	(15)	(129)	(34)	(1,988)	(17)	-	(2,642)
Eliminate on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2006	-	-	1,217	4,128	3,932	509	2,301	1,176	6,907	5,941	912	818	27,841
Balance at 1 January 2007	-	-	1,217	4,128	3,932	509	2,301	1,176	6,907	5,941	912	818	27,841
Depreciation expense	-	-	1,218	3,320	485	102	97	180	527	3,239	55	452	9,675
Eliminate on disposal	-	-	-	-	(142)	(297)	(20)	(179)	(98)	(3,559)	(17)	-	(4,312)
Eliminate on revaluation	-	-	(2,435)	(7,448)	-	-	-	-	-	-	-	-	(9,883)
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2007	-	-	-	-	4,275	314	2,378	1,177	7,336	5,621	950	1,270	23,321
Carrying amounts													
At 1 January 2006	26,082	53,635	26,918	52,125	2,913	363	546	499	1,240	4,742	212	2,081	171,356
At 31 December 2006 and 1 January 2007	26,082	53,635	25,734	76,255	2,768	137	592	475	1,091	4,068	261	2,274	193,372
At 31 December 2007	34,776	75,809	29,687	94,213	2,714	73	552	456	1,234	3,949	216	2,474	246,153

Land and buildings were valued by Telfer Young, registered valuers, as at 31 December 2007. The valuation basis is fair value for land and ODRC for buildings.

Included in buildings is a carpark at Unitec Waitakere for which a share of the land on which it is built is still to be purchased from the Waitakere City Council.

Note: Refer Note 11 on intangible assets. Software now reported separately.

9 Property plant and equipment (continued)

Work in progress is essentially land & buildings related. The key projects that comprises the figure are as follows:

	2007 Consolidated Actual \$000	2006 Consolidated Actual \$000
a. Construction contract	307	391
b. Client items-site works	1,360	37
c. Client items-prelim & general	1,271	990
d. Fees-planning	293	287
e. Fees-architectural	226	605
f. Fees-structural engineering	106	84
g. ESSG project labour cost	432	503
h. ESSG project operating	102	231
i. Client items-mech services	278	262
j. Peoplesoft project	167	39
k. Other projects	489	738
	5,030	4,168

10 Investment properties

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

11 Intangible assets

	Consolidated Computer Software \$000	Unitec Computer Software \$000
Year ended 31 December 2007		
At 1 January 2007, net of accumulated amortisation	491	491
Additions	1,141	1,141
Amortisation	(717)	(717)
At 31 December 2007, net of accumulated amortisation	915	915
At 1 January 2007		
Cost (gross carrying amount)	6,575	6,575
Accumulated amortisation	(6,084)	(6,084)
Net carrying amount	491	491
At 31 December 2007		
Cost (gross carrying amount)	7,716	7,716
Accumulated amortisation	(6,801)	(6,801)
Net carrying amount	915	915
Year ended 31 December 2006		
At 1 January 2006, net of accumulated amortisation	1,093	1,093
Additions	9	9
Amortisation	(611)	(611)
At 31 December 2006, net of accumulated amortisation	491	491
Note: <i>Unitec currently does not capitalise its Course Development Costs. The amount expended towards such expenses in 2007 was \$362,021 (2006, \$202,817).</i>		
At 1 January 2006		
Cost (gross carrying amount)	6,566	6,566
Accumulated amortisation	(5,472)	(5,472)
Net carrying amount	1,094	1,094
At 31 December 2006		
Cost (gross carrying amount)	6,575	6,575
Accumulated amortisation	(6,084)	(6,084)
Net carrying amount	491	491

For the year ended 31 December 2007, computer software is capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised using the straight line method. The additions to computer software represent intangible assets acquired separately.

12 Trade and other payables

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Trade payables	1,167	1,107	385	324
Other payables-accruals	6,532	6,532	7,813	7,813
	7,699	7,639	8,198	8,137
Related party payables: Subsidiaries	-	-	-	-
	7,699	7,639	8,198	8,137

Trade payables are non-interest bearing and are normally settled on 30-day terms. Interest payable on short-term loans is paid on maturity. For terms and conditions relating to related parties refer to note 21.

13 Interest-bearing loans and borrowings

	Effective interest rate (%)	Maturity	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Current						
Obligations under finance leases and hire purchase contracts			2,655	2,655	2,728	2,728
Bank overdrafts	8.5		2,058	2,000	3,058	3,000
			4,713	4,655	5,786	5,728
Non current						
Obligations under finance leases and hire purchase contracts			1,752	1,751	1,809	1,809
Loan from ASB Bank	7.95	see below	11,000	11,000	9,000	9,000
Loan from ASB Bank	7.99	1-Mar-09	12,500	12,500	12,500	12,500
Loan from National Bank	9.52	3-Jun-14	471	-	524	-
			25,723	25,251	23,833	23,309

Bank overdrafts

The bank overdrafts are unsecured and is a revolving facility with ANZ National Bank.

Unitec has short-term loans with the ASB Bank at various interest rates between 7.62% to 8.21% with various maturity dates in 2008.

Unitec has a term loan with the ASB Bank at an interest rate of 7.99% with maturity date on 1 March 2009.

The Unitec Recreation Trust has a 20 year mortgage with the National Bank at an interest rate of 8.42%.

Reclassification of comparative amount

The ASB loans have been classified as non current liabilities as at 31st December 2007 as they constitute part of our core borrowings and are ordinarily rolled over.

Loans and Leases

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Opening balance	29,619	29,037	30,580	29,766
Repayments loans	(53)	-	(232)	-
Repayments finance leases	(3,276)	(3,276)	(3,286)	(3,286)
Loans raised	1,000	1,000	-	-
Finance leases raised	3,146	3,146	2,557	2,557
Closing balance	30,436	29,907	29,619	29,037
Current portion				
Lease liabilities	2,655	2,655	2,728	2,728
Other loan liabilities	2,058	2,000	3,058	3,000
Current portion 31 December	4,713	4,655	5,787	5,728
Term portion				
Lease liabilities 1-2 years	1,752	1,752	1,141	1,141
2-5 years	-	-	668	668
Beyond 5 years	-	-	-	-
Other term liabilities	23,971	23,500	22,024	21,500
Term portion 31 December	25,723	25,252	23,833	23,309
Closing balance 31 December 2007	30,436	29,907	29,619	29,037

14 Provisions

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Employee entitlements				
At 1 January	4,024	4,007	3,366	3,350
Adjustments during the year	(29)	(34)	658	657
At 31 December	3,995	3,973	4,024	4,007
Current portion	3,454	3,432	3,478	3,461
Non current portion	541	541	546	546
	3,995	3,973	4,024	4,007
Comprising of:				
Annual leave	3,306	3,284	3,008	2,991
Retirement leave	321	321	325	325
Long service leave	277	277	291	291
Sick leave	92	92	401	401
	3,995	3,973	4,024	4,007

Employee entitlements

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

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

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

15 Revenue received in advance

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Student fees	6,733	6,733	14,202	14,202
	6,733	6,733	14,202	14,202
Current portion	6,733	6,733	14,202	14,202
Non current portion	-	-	-	-
	6,733	6,733	14,202	14,202

16 Asset revaluation reserve

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
At 1 January	89,522	89,012	39,739	39,336
Depreciation transfer				
Revaluation of land and buildings	50,188	49,853	49,783	49,676
At 31 December	139,710	138,865	89,522	89,012

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another.

17 Financial risk management objectives and policies

Unitec has a series of policies providing risk management for interest rate, foreign currency and credit. Unitec is party to financial instrument arrangements as part of its everyday operation.

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

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

The Group also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the year is discussed in note 18.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has a mix of fixed and variable rate debt. Unitec manages its interest rate risk with a majority of its exposure through utilisation of fixed interest rates.

Foreign currency risk

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

Commodity price risk

The Group's exposure to commodity price risk is minimal.

Credit risk

With the exception of student fees the Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group.

Liquidity risk

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

Concentration of credit risk

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

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 New Zealand Government.

Short-term investments

Unitec invests in call and short-term bank deposits. Such investible funds are apportioned amongst such banking institutions to ensure that this does not exceed 50% of the total available investments at that point of time.

18 Financial instruments

Fair values

Short-term investments

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

Accounts receivable

The carrying value of all accounts receivable is after making allowance for doubtful debts of \$89,489 (2006 \$89,489).

The estimated fair value of Unitec's financial instruments as at 31st December 2007 is not significantly different from the carrying value.

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

	Carrying amount 2007 \$000	Fair value 2007 \$000	Carrying amount 2006 \$000	Fair value 2006 \$000
Consolidated				
Financial assets				
Trade and other receivables	4,560	4,560	12,143	12,143
Cash	1,170	1,170	1,703	1,703
	5,730	5,730	13,846	13,846
Financial liabilities				
Trade and other payables	7,699	7,699	8,198	8,198
Interest-bearing loans and borrowings:				
Obligations under finance leases and hire purchase contracts	4,406	4,406	4,537	4,537
Floating rate borrowings	13,529	13,529	12,582	12,582
Fixed rate borrowings	12,500	12,500	12,500	12,500
	38,134	38,134	37,817	37,817
Unitec				
Financial assets				
Trade and other receivables	4,492	4,492	12,087	12,087
Cash	944	944	1,485	1,485
	5,436	5,436	13,572	13,572
Financial liabilities				
Trade and other payables	7,639	7,639	8,137	8,137
Interest-bearing loans and borrowings:				
Obligations under finance leases and hire purchase contracts	4,406	4,406	4,537	4,537
Floating rate borrowings	13,000	13,000	12,000	12,000
Fixed rate borrowings	12,500	12,500	12,500	12,500
	37,545	37,545	37,174	37,174

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk

Year ended 31 December 2007	<1 year \$000	>1 - <2 years \$000	>2 - <3 years \$000	>3 - <4 years \$000	>4 - <5 years \$000	>5 years \$000	Total
Consolidated							
Fixed rate assets							
Deposits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Floating rate assets							
Cash	1,170	-	-	-	-	-	1,170
	1,170	-	-	-	-	-	1,170
Fixed rate liabilities							
ASB loan	-	-	-	500	5,000	7,000	12,500
	-	-	-	500	5,000	7,000	12,500
Floating rate liabilities							
Finance leases & HP	2,655	1,752	-	-	-	-	4,407
Bank overdrafts	2,058	-	-	-	-	-	2,058
ASB Bank loan	-	1,500	5,000	4,500	-	-	11,000
ANZ National Bank loan	-	-	-	-	-	471	471
	4,713	3,252	5,000	4,500	-	471	17,936
Unitec							
Fixed rate assets							
Deposits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Floating rate assets							
Cash	944	-	-	-	-	-	944
	944	-	-	-	-	-	944
Financial liabilities							
ASB loan	-	-	-	500	5,000	7,000	12,500
	-	-	-	500	5,000	7,000	12,500
Floating rate liabilities							
Finance leases & HP	2,655	1,752	-	-	-	-	4,407
Bank overdrafts	2,000	-	-	-	-	-	2,000
ASB Bank loan	-	1,500	5,000	4,500	-	-	11,000
ANZ National Bank loan	4,655	3,252	5,000	4,500	-	-	17,407

Refer to notes 8 and 13 for disclosure of effective interest rates.

Year ended 31 December 2006	<1 year \$000	>1 - <2 years \$000	>2 - <3 years \$000	>3 - <4 years \$000	>4 - <5 years \$000	>5 years \$000	Total
Consolidated							
Fixed rate assets							
Deposits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Floating rate assets							
Cash	1,702	-	-	-	-	-	1,702
	1,702	-	-	-	-	-	1,702
Fixed rate liabilities							
ASB Bank loan	-	-	-	-	500	12,000	12,500
	-	-	-	-	500	12,000	12,500
Floating rate liabilities							
Finance leases & HP	-	2,728	1,809	-	-	-	4,537
Bank overdrafts	3,058	-	-	-	-	-	3,058
ASB Bank loan	-	-	-	4,500	4,500	-	9,000
ANZ National Bank loan	-	-	-	-	-	524	524
	3,058	2,728	1,809	4,500	4,500	524	17,119
Unitec							
Fixed rate assets							
Deposits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Floating rate assets							
Cash	1,485	-	-	-	-	-	1,485
	1,485	-	-	-	-	-	1,485
Fixed rate liabilities							
ASB Bank loan	-	-	-	-	500	12,000	12,500
	-	-	-	-	500	12,000	12,500
Floating rate liabilities							
Finance leases & HP	-	2,728	1,809	-	-	-	4,537
Bank overdrafts	3,000	-	-	-	-	-	3,000
ASB Bank loan	-	-	-	4,500	4,500	-	9,000
ANZ National Bank loan	-	-	-	-	-	-	-
	3,000	2,728	1,809	4,500	4,500	-	16,537

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments is classified as fixed rate until maturity of the instrument.

The other financial instruments of the Group and Parent that are not included in the above tables are non-interest bearing.

19 Commitments and contingencies

Operating lease commitments - Group as lessee

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

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

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Non-cancellable operating lease commitments				
Land and buildings				
Not later than one year	709	709	573	573
Later than one year and not later than two years	615	615	428	428
Later than two years and not later than five years	1,441	1,441	728	728
Property and equipment				
Not later than one year	-	-	6	6
Later than one year and not later than two years	-	-	-	-
Later than two years and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	2,766	2,766	1,736	1,736

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have no terms of renewal or purchase options and escalation clauses.

	2007		2006	
	Minimum payments \$000	Present value of payments \$000	Minimum payments \$000	Present value of payments \$000
Consolidated				
Within one year	2,559	2,655	2,829	2,728
After one year but not more than five years	1,958	1,751	1,698	1,809
Later than five years	-	-	-	-
Future finance charges	(111)	-	10	-
Total minimum lease payments	4,406	4,406	4,537	4,537

	2007 Consolidated Actual \$000	2006 Consolidated Actual \$000
Capital commitments approved and contracted	8,558	3,268
Other non-cancellable contracts		
At balance date etc		
Details of commitments under these contracts are as follows:		
Not later than one year	850	785
Later than one year and not later than two years	930	850
Later than two years and not later than five years	1,025	930
Total	2,805	2,565

Capital commitments

At 31 December 2007 the Group has commitments of \$8,558,000 (2006: \$3,268,000) principally relating to various building projects including completion of the Marae and management information system and capital projects associated with quality reinvestment programme funding.

Legal claim

We are not aware of any legal claims against Unitec in 2007.

Contingent liability

The student hostel accommodation at 1510 Great North Road and Building Complex 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. There is a contingent liability of \$7,305,794 (2006 \$7,348,317) based on the current rents charged to students.

20 Major budget variations

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

Income was well ahead of target due to the impact of Quality Reinvestment funding, and Marae donations which were unbudgeted items. EFTS levels in Site Safe were again well ahead of target. On a divisional basis, both the Postgraduate and VET Divisions achieved the original targets, however, the Undergraduate Division was below target with the drop in international student numbers impacting on Business, Communications, and Computing and Information Technology areas the major factor.

Expenditure for the year has been tightly controlled and has ended the year close to the original budget. A number of projects have been initiated in order to improve productivity and reduce costs.

21 Related party disclosure

Crown/Government

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 and where those parties are only acting in the course of their normal dealings with the institution. All transactions with Crown entities, State-Owned Enterprises and government departments are at arm's length, and it is not considered that these fall within the intended scope of related party disclosures.

Inter-group

All members of the Group are considered to be related parties of Unitec. In 2007 Unitec paid the Unitec Recreation Trust rental of \$140,000 (2006, \$148,000) for the use of the Unitec Trust Recreation Centre.

In 2007, Unitec invoiced Unitec Apprenticeship Training Trust a total of \$34,700.00 (GST inclusive) (2006: \$48,612.01).

The consolidated financial statements include the financial statements of Unitec Institute of Technology and its subsidiaries.

Name of the subsidiaries	Country of incorporation	% Equity interest		Investment (\$'000)	
		2007	2006	2007	2006
Apprenticeship Training Trust	New Zealand	100	100	-	-
Unitec Recreation Trust	New Zealand	100	100	-	-
Unitec Trust	New Zealand	100	100	-	-

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

Related party		Ancillary services provided to related parties	Purchases from related parties	Amounts owed to related parties	Amounts owed by related parties
		\$000	\$000	\$000	\$000
Consolidated Subsidiaries					
Unitec Apprentice Training Trust	2007	-	35	-	-
	2006	-	49	-	-
Unitec Recreation Trust	2007	-	140	-	-
	2006	-	148	-	-
Unitec Trust	2007	-	78	-	-
	2006	-	-	-	-
Key management personnel	2007	-	-	-	-
	2006	-	-	-	-

Terms and conditions of transactions with related parties

Providing of ancillary services to and purchases from related parties are made in arm's length transactions at both normal market prices and normal commercial terms.

Outstanding balances at 31 December 2007 and 2006 are unsecured and settlement occurs in cash.

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

For the year end 31 December 2007, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2006: \$nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. When assessed as required the Group raises such a provision.

	2007 Consolidated Actual \$'000	2007 Unitec Actual \$'000	2006 Consolidated Actual \$'000	2006 Unitec Actual \$'000
Key management personnel compensation				
Salaries and other short-term employee benefits	1,921	1,921	1,880	1,880
Post employee benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
	1,921	1,921	1,880	1,880

Key management personnel includes 12 senior executives of the parent and all members of Council. Councillors' fees are separately disclosed in note 4c.

Members of Council and key management:

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

Mr E K van Arkel is a Council member and trustee of the Unitec Trust, Unitec Recreation Trust and Unitec Marae Trust.

Mr R W Handley is a senior executive staff member and trustee of the Unitec Apprenticeship Training Trust.

Dr J Webster was a Council member and trustee of the Unitec Apprenticeship Training Trust, Unitec Trust, Unitec Recreation Trust and Unitec Marae Trust until the 31st December 2007.

Mr R Newson is a Council member and trustee of the Unitec Marae Trust.

22 Events after the balance sheet date

There were no post balance date events that would materially affect Unitec's financial statements for the year ended 31 December 2007 (2006: nil).

23 Auditor's remuneration

	2007 Consolidated Actual \$000	2007 Unitec Actual \$000	2006 Consolidated Actual \$000	2006 Unitec Actual \$000
Amounts received or due and receivable by Audit New Zealand for:				
— an audit or review of the financial report of the entity and any other entity in the consolidated entity	91	91	87	87
— additional audit for 2006	16	16	-	-
— other services in relation to the entity and any other entity in the consolidated entity - assurance related	5	5	4	4
	112	112	91	91

Appendices

For the year ended 31 December 2007



The Council of Unitec

Chairperson

E K van Arkel FNZIM

Co-opted member

Deputy Chairperson

R T Reid

Co-opted member

Secretary

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

Registrar, Unitec Institute of Technology

[not a Member of Council]

Members

A Beach (from April 2007)

Student member

A Blackburn MA Asian Studies, Dip Journalism (from July 2007)

Co-opted member

K Blaiklock PhD, MPhil (Hons), BSc, DipTchg (to September 2007)

Academic staff member

S M Chan JP, MTax, BCom *Auck*, FCA, CMA, ANZIM, METI (to September 2007)

Appointed pursuant to clause 3 (h) of the Unitec Council Constitution

G Costello LLB *Auck*, CPM & IR (to November 2007)

Appointed pursuant to clause 3 (g) of the Unitec Council Constitution

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

Ministerial appointment

R Knight LLB (to March 2007)

Co-opted member

M Kohlhase BSocSc

Ministerial appointment

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

Ministerial appointment

K Millar

Allied staff member

R Newson

Appointed pursuant to Clause 4 of the Unitec Council Constitution

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

Ministerial appointment

J Patterson MEd (TSL) *USQ*, GDLT *Unitec*, Dip Tchg, NDBE *ACE*

(from November 2007)

Academic staff member

J Robb ANZIM, MBA

Appointed pursuant to clause 3 (g) of the Unitec Council Constitution

G Simpkin PhD (Industrial Relations), BSci (Mathematics), Dip NZ Lib, Dip Tchg

(from August 2007)

Appointed pursuant to clause 3 (g) of the Unitec Council Constitution

E Thomson JP, DipHSC, DipTchg

Co-opted member

M S Tunks MEd, Dip ISI *City & Guilds Lond*, Dip Ed Studies, TTC (HomEc) *ACE*

Rununga

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

President and Chief Executive, Unitec Institute of Technology

Senior Executive Team of Unitec

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

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

Pae Arahi

H Paniora

Deans

Teaching and Learning

C Mason BSc, MSc, PhD, PGCE (from September 2007)

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 Tchnng, MEd *Auck*

Vice-Presidents and Directors

Vice-President, Community and Waitakere

Y Hawke Dip ATE *Unitec*, BEd *Well*

Vice-President Finance

O T Burnside BCom *Auck*, CA

Vice-President, Research

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

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

	2007 Total Enrolments	2007 Total EFTS	2007 Percentage EFTS	2006 Total EFTS	2006 Percentage EFTS
All Students					
Full-time	8,366	6,869	70%	7,198	73%
Part-time	43,968	2,591	26%	2,259	23%
Continuing education*	4,579	399	4%	346	4%
Total students	56,913	9,859	100%	9,803	100%

* Continuing education enrolment figure excludes 531 students enrolled in formal programmes in 2007

Gender and Study Load**

	2007 Total Enrolments	2007 Total EFTS	2007 Percentage EFTS	2006 Total EFTS	2006 Percentage EFTS
All Students					
Female full-time	3,581	3,016	32%	3,151	33%
Female part-time	5,040	796	8%	668	7%
Total	8,621	3,812	40%	3,819	40%
Male full-time	4,785	3,854	41%	4,047	43%
Male part-time	38,928	1,795	19%	1,591	17%
Total	43,713	5,649	60%	5,638	60%
Total formal students	52,334	9,461	100%	9,457	100%

** Excludes community education

Maori and Pacific Island Enrolments

	2007 EFTS	2007 Percentage	2006** EFTS	2006** Percentage
Percentage Maori EFTS*	802	13%	761	10%
Percentage Pacific Island EFTS*	627	10%	710	8%

* Excludes international students

** 2006 used prioritised ethnic group while 2007 used multiple response

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)	2007 Full-time	2007 Part-time	2007 Casual	2007 Total	2007 Percentage	2006 Total	2006 Percentage
Academic Staff	432	82	43	557	100%	635	100%
Disabled	4	1	0	5	1%	4	1%
New Zealand Maori	20	4	1	25	4%	29	5%
Pacific Island	16	3	1	20	4%	17	3%
Female	169	54	23	246	44%	292	46%
Male	263	28	20	311	56%	343	54%
Allied Staff	432	60	36	528	100%	497	100%
Disabled	7	0	0	7	1%	8	2%
New Zealand Maori	25	4	0	29	5%	27	5%
Pacific Island	19	4	3	26	5%	24	5%
Female	260	48	23	331	63%	330	66%
Male	171	13	13	197	37%	167	34%



phone +64 9 815 2945 **fax** +64 9 815 2901 **web** www.unitec.ac.nz

address Private Bag 92025, Auckland Mail Centre, Auckland 1142, New Zealand

Mt Albert campus Carrington Rd, Mt Albert, Auckland, New Zealand

North Shore campus 132 Hurstmere Rd, Takapuna, Auckland, New Zealand

Waitakere campus Ratanui St, Henderson, Auckland, New Zealand