

Unitec

Annual
Report
2013



Unitec
Institute of Technology
TE WHARE WĀNANGA O WAIKAKA

OUR ASPIRATION IS
**A GREAT
JOB FOR
EVERY
GRADUATE.**

We are committed to developing highly productive people who have the confidence to do more from their first day on the job. We want our graduates to have the skills and experience they need to hit the ground running and take their place in a dynamic new Auckland.

To ensure our graduates meet the economic, social and environmental needs of our communities, we work closely with Government, councils, community groups, employers and business.



INDUSTRY CONNECTIONS

**WE'RE BUILDING
RELATIONSHIPS WITH
INDUSTRY LEADERS
LIKE IBM TO GIVE OUR
STUDENTS THE BEST
HANDS-ON LEARNING
EXPERIENCES
POSSIBLE.**

Unitec students benefit from hands-on learning opportunities at the IBM Delivery Centre on Mt Albert campus.

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MORE THAN
200
STUDENTS EMPLOYED
AT THE IBM DELIVERY
CENTRE

81%
OF ALL SAC-FUNDED
STUDENTS SUCCESSFULLY
COMPLETED THEIR COURSE

72%
OF GRADUATES ARE IN
EMPLOYMENT RELEVANT
TO THEIR AREA OF STUDY

Downtown Auckland at night.

Report from the Chief Executive and Chairman

The world around us continues to evolve at a rapid pace, and tertiary institutions everywhere must pay particular attention to the drivers for change and be both adaptable and flexible. Here in New Zealand, Unitec aims to be at the forefront of these changes, and in 2013 we embarked on the next stage of our transformational journey.

Five years ago Unitec embarked on an exciting journey. We embraced our role as a leading institute of technology in New Zealand and launched an ambitious programme of renewal and redevelopment. Our initial focus was on building stronger foundations, and we invested our energy into re-engaging with our communities and industries, building the capabilities of our people, developing our living curricula and e-learning strategies, upgrading our IT infrastructure and business systems, implementing an improved performance framework and strengthening our financial position.

With the foundations firmly in place we are now responding to two fundamental changes happening at the global level, both of which have profound implications for our teaching and learning spaces and our people, especially on our Mount Albert campus. Firstly, employers are increasingly seeking high-performing, work-ready graduates who can hit the ground running and add immediate value in the workplace. These graduates must have the right mix of non-cognitive skills (or soft skills) to complement their technical and creative capabilities. This requires us to further blur the lines between the worlds of learning and work, and deeply integrate our teaching capability with the businesses and community organisations that employ our graduates. Secondly, technology is dramatically changing the way people learn

and access information. This democratisation of knowledge requires us to rethink what makes a great teacher, and as well as being experts in their subject matter, our teachers must act as mentors, facilitators and coaches. This will allow them to engage with learners on their terms, and provide a teaching and learning environment that is flexible, dynamic and adaptable.

But above all this journey is about cementing our commitment to graduate employability, and our ultimate aspiration must always be a great job for every graduate, whether that's in the workplace or as an entrepreneur or business owner. Our 2013 graduate destination survey told us that close to three quarters of our graduates transitioned into jobs relevant to their qualification, but there is still much work to be done to further improve our graduate outcomes.

Unitec is responding to these challenges by developing and delivering a teaching and learning environment for the 21st century. This requires us to rethink the interactions between our teaching and learning spaces, online learning environments, employer partnerships and workforce capabilities. In 2013 we made some significant progress on our transformational journey while continuing to deliver on the key priorities laid out in the Tertiary Education Strategy, all of which are instrumental to our success as an applied learning institution.



Unitec Council Chairman
Ted van Arkel (left) and
Unitec Chief Executive Rick Ede.



The IBM Delivery Centre on Mt Albert campus.

Financial position

As always we faced some challenges, including an anticipated tightening of our financial position due to the counter-cyclical nature of enrolments in applied learning institutions. Enrolment figures in the applied education sector are a significant lead indicator of the country's economic outlook, and towards the end of 2012 we started to see a softening of domestic student enrolments as the economy and job market continued to pick up.

In 2013 our total revenue was down \$6 million on 2012, due in large part to a 7% decrease in domestic EFTS which resulted in a \$5.7 million reduction in SAC funding. Other factors included loss of government funding for Level 1 and 2 programmes, and the impact of inflationary pressures, while SAC funding per student has remained unchanged since 2010. This was partially offset by an 8.9% increase in revenue from international students - an area of significant growth in 2013, building on strong performance in previous years. We managed this reduction in revenue through continued tight management of our expenditure and a reprioritisation of our institutional budget mid-year. Even in this very challenging environment we maintained a strong cash flow and a baseline surplus equivalent to 2012, although our investment in some key strategic change projects led to a significantly lower end of year net operating surplus than budgeted.

Industry partnerships

One area where our investment has paid off extremely well is our engagement with IBM. A stand-out example of what it means to

blur the lines between education and industry, learning and work, we continued to develop this relationship throughout 2013 with some outstanding results. In February, the IBM Delivery Centre was officially opened on our Mt Albert campus by the Prime Minister Rt. Hon. John Key. IBM is a global technology powerhouse, and through this relationship we now have three Fortune 500 companies and some of the country's biggest brands operating out of our largest campus. These include Air New Zealand, Westpac and one of the world's most recognisable brands in the consumer technology sector. We are also delighted to announce that from February 2014, IBM was joined in the Delivery Centre by Concentrix, a global provider in the customer experience management industry.

By having IBM based on our campus, more than 200 students have benefited from employment opportunities at the IBM Delivery Centre. A further 11 students were awarded the first round of Unitec Success Scholarships supported by IBM. These initiatives represent a truly meaningful integration of industry with teaching and learning, with all of the students benefiting from sustained access to IBM specialists and a raft of activities to integrate their learning with IBM's business activities. IBM staff also contributed meaningfully to the development of new course content across our computing programmes with some very exciting initiatives set to launch in 2014.

Programme development

The IBM relationship has been a resounding success for both IBM and Unitec, and this year we began to build the same level of capabilities

MORE THAN

200

STUDENTS EMPLOYED AT THE IBM DELIVERY CENTRE

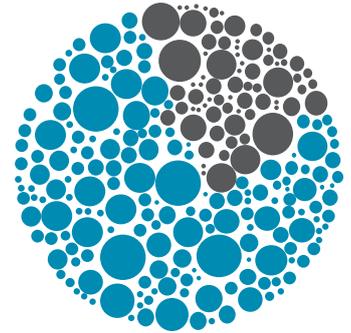
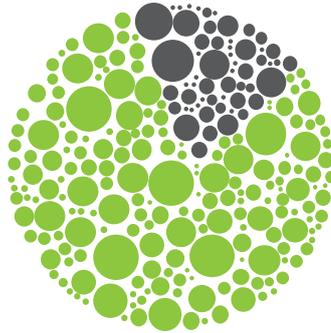
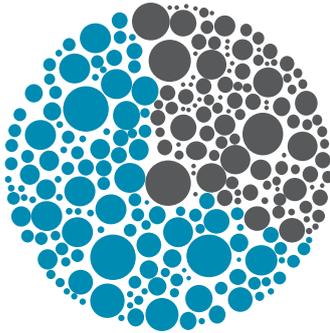
11

STUDENTS WERE RECIPIENTS OF UNITEC SUCCESS SCHOLARSHIPS SUPPORTED BY IBM

MORE THAN

100,000

HOURS OF PRACTICAL, PAID WORK ACCUMULATED BY STUDENTS WORKING AT THE IBM DELIVERY CENTRE



72%

OF GRADUATES ARE IN EMPLOYMENT RELEVANT TO THEIR STUDY

82%

OF GRADUATES ARE EMPLOYED, STUDYING OR COMBINING BOTH

81%

OF ALL SAC-FUNDED STUDENTS SUCCESSFULLY COMPLETED THEIR COURSE

and industry connections in other areas of the organisation. This is not a 'one size fits all' process, and to ensure our graduates are highly relevant and work-ready we must develop a suite of new programmes that meet the specific needs of the industries and communities we serve. With that in mind, 2013 saw us deepen our engagement across some of Auckland's other key sectors.

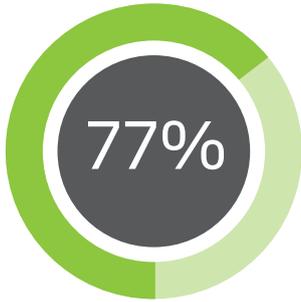
In the first half of the year we undertook two pieces of independent research to ascertain how we can better prepare our students for working in the design industry in New Zealand. In May we participated in the 'Auckland Construction and Infrastructure Industry Workforce Roadmap Forum' alongside a number of industry leaders, ITPs and ITOs. And in October our Āwhina Health campus (in partnership with the Waitemata District Health Board) facilitated a 'Health and Social Development in the West Forum'. The insights we gained allowed us to develop a number of exciting new programmes which will be rolled out in 2014 and beyond.

In 2014 we will be launching an innovative new teaching model in our Design and Contemporary Arts Department that we believe will have a huge impact on the employability of our students. There will be a reduction in our core teaching team and the introduction of a significant number of industry professionals who will be brought in to deliver specific projects within a wide range of specialist areas. Following this, new programmes will be developed in 2014 with input from students, staff and industry professionals for launch in 2015. This new approach will connect our students to leading industry

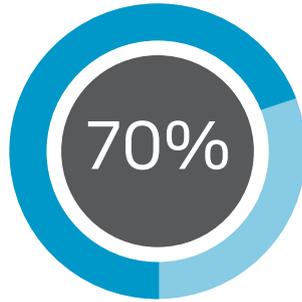
professionals who will share their expertise, have input into course content and offer opportunities for students to engage with live industry projects. While we recognise this has been a difficult and at times confronting process for our staff, students and industry connections, the new teaching model will align us very closely with the future needs of the design industry and ultimately deliver graduates with the right skills and experience.

The Bachelor of Health and Social Development will also be ready for launch in 2014. A great example of both blended and flexible learning in action, it combines online learning with face-to-face teaching and hands-on work placements, giving students the skills they need to secure relevant employment when they graduate. The flexibility of the degree means that new majors can be developed to meet the future needs of our communities, ensuring our graduates will always remain relevant. Students can tailor their courses to fit their interest areas and career goals, and the programme offers core generic courses delivered via a common first semester. The degree was developed following extensive consultation with students and professionals who work in the field of health and social development.

We also have two new offerings in the pipeline that will prepare graduates for careers in electrotechnology and science communications. From the second semester of 2014 we will be offering the NZ Diploma in Engineering (Electrical), and in 2015 students will be able to enrol in the Bachelor of Engineering Technology with a major in electrical engineering. Both of these programmes support



OF STUDENTS WERE SAC-FUNDED



OF SAC-FUNDED PACIFIC STUDENTS SUCCESSFULLY COMPLETED THEIR COURSE, UP FROM 62% IN 2009



OF SAC-FUNDED MĀORI STUDENTS SUCCESSFULLY COMPLETED THEIR COURSE, UP FROM 68% IN 2009

PACIFIC STUDENT PARTICIPATION

↑ 5%

BETWEEN 2009 AND 2013, SAC-FUNDED PACIFIC STUDENT EFTS INCREASED BY 5%.

WATER USAGE

↓ 25%

WATER USAGE IS DOWN 25% FROM 2010 AND WE HAVE SAVED ENOUGH WATER TO FILL 10 OLYMPIC-SIZED SWIMMING POOLS

EXCEEDED TARGETS

10

DEPARTMENTS EXCEEDED OUR TARGETS FOR SUCCESSFUL COURSE COMPLETION RATES FOR SAC-FUNDED MĀORI STUDENTS, AND SIX FOR SAC-FUNDED PACIFIC STUDENTS

the Government's aspiration for more degree-level graduates in science and engineering. Shortly we will also be offering a science communications major in our Bachelor of Communications, an increasingly important area of specialisation given the influence of science and technology on the lives of New Zealanders.

Meeting the needs of our learners

As well as meeting the needs of our industries and communities, our new programmes will meet the changing needs of our learners through our Living Curriculum, Unitec's forward-looking approach to teaching and learning. The Living Curriculum is about working across disciplines, curiosity and enquiry, a commitment to mātauranga Māori, embedded assessment, and the embedding of sustainability and literacy. It integrates learning with work, is research informed and nurtures self-sufficiency, collaboration, resourcefulness and resilience. From the student's perspective this translates into hands-on, practice-focused, real-world learning delivered through a mix of online and face-to-face teaching. This year we made good progress with the roll out of this important initiative which we believe will have huge benefits for our students.

Meeting the changing needs of our learners also requires us to offer our students better access to improved pathways and transitions, and this year we celebrated the launch of Bridgepoint, Unitec's range of foundation education vocational pathways specifically designed to bridge students into certificate, diploma or degree-level study. These pathways will support students to reach their career goals and ensure

they have the best learning experience possible. As part of this process we introduced a new Level 4 Certificate of University Preparation in partnership with Massey University, aimed specifically at meeting the needs of young people looking to transition from secondary school into degree-level study. Looking forward to 2015 we will also see the introduction of the New Zealand Certificate in English Language, one of the first qualifications to emerge from NZQA's Targeted Review of Qualifications.

Threaded through everything we do in teaching and learning is our ongoing commitment to achieving step-change for our priority groups, and we are seeing a positive long-term trend across all the relevant indicators: participation, retention, completion and success. We have intentionally set ourselves some very ambitious goals and it's extremely encouraging to see that in 2013, 10 departments exceeded our targets for successful course completion rates for SAC-funded Māori students, and six for SAC-funded Pacific students. These departments are setting the standard for others to follow. We also saw a total of 300 Pacific students graduate in our autumn ceremony, the highest number ever at one graduation and only a few less than the total number of Pacific graduates for the whole of 2012.

Building our organisational capacity

Of course, none of the above would have been possible if we weren't also committed to being an excellent business, and 2013 saw us invest heavily into developing high performing organisational development and finance teams who are capable of leading and supporting our



Unitec's Mt Albert campus.

business internally. During the course of 2013 we also created two new senior executive roles, one focused on the future strategy for our campuses and one focused on business development.

Internationally we continued to develop and grow our joint ventures with educational providers in both India and Japan. We gained a significant new global partner in July when we teamed up with the Nara Institute of Science and Technology in Japan. A dual doctoral programme has since been launched, giving Unitec students the opportunity to undertake high-level joint research in cutting-edge areas of information science. Our alliance with CMC Limited in India also bore fruit this year with the launch of a new vocational education programme in India, aimed at building a highly skilled workforce for the construction industry.

In Auckland we invested considerable resource into the development of our property and technology strategies, both of which have been approved by our Council. These two strategies, along with our teaching and learning capability, will form the backbone of our teaching and learning environment for the 21st century. The property strategy will allow us to develop a long-term endowment from the 55ha Mt Albert campus to fund future investment in our core applied-learning mission, and together with our technology strategy will radically change our infrastructure and delivery capability well into the future. The outcome will be a highly collaborative learning precinct that is deeply connected to community and business, supported by spaces that allow flexible, innovative, technology-enabled teaching and learning. Work on the

property strategy will accelerate significantly during 2014 as we progress through the Auckland Unitary Plan process and increase our engagement with staff, students and the community.

Our commitment to being a relevant and adaptable applied learning institution that can deliver a great job for every graduate requires a great deal of energy from our staff, students and Council as well as our business and community stakeholders. With that in mind we would like to take this opportunity to acknowledge their support and thank them for their contributions throughout 2013. Next year we will see some significant changes to our Council including a new Chairperson, and we look forward to working with them as we move forward on our transformational journey.

Rick Ede
Chief Executive

Eduard (Ted) van Arkel
Unitec Council Chairman

People

We strive to be an exceptional organisation that delivers life-changing teaching and learning experiences for our students and staff. With our extensive range of career-focused, industry-recognised courses we provide pathways to qualifications and successful careers for all of our students, irrespective of their social or educational backgrounds. In 2013, 19,771 students were enrolled across our three campuses.

Our students

Throughout the year we continued our focus on enhancing the student experience as a means to lift both our success and retention rates. We increased the support services available to both new and returning students in the critical first six weeks of the year, created a strong sense of connection through events and development of our online communities, and made sure our students had a strong and independent voice through the Student Council. We are also deeply committed to achieving a step change for our priority groups, and this year saw us launch new initiatives to support both Māori and Pacific students.

Our graduates

Our biggest aspiration is for each and every one of our graduates to get a great job, and in 2013 nearly three quarters of our students went into a job relevant to their qualification. We recognised the incredible contributions of our past students with the launch of our My Success campaign, and began implementing our new alumni programme, allowing us to develop ongoing and meaningful relationships with our graduates.

Our staff

A number of new initiatives were put in place in 2013 to enhance the Unitec experience for staff. We were pleased to offer an expanded suite of programmes to assist in staff development and keep people up to date with the ever-changing nature of our institution and the environment in which we operate. These programmes cover a range of areas including new staff induction, leadership development, performance and development training, and mentoring programmes. We also recognised the people who made outstanding contributions to Unitec throughout 2013 at our annual staff awards in December.

A snapshot

- » 10,152 equivalent full-time students (EFTS) were enrolled in our programmes
- » 11% of SAC-funded EFTS identified as Māori
- » 17% of SAC-funded EFTS identified as Pacific, up from 13% in 2010
- » Over half of SAC-funded EFTS were under the age of 25
- » International students made up 17% of our student body.

OUR PEOPLE ARE
PASSIONATE ABOUT THE
POWER OF EDUCATION
TO CHANGE LIVES.

Unitec is extremely proud of Nursing Lecturer Sue White and Building Technology Lecturer Kamuka Pati, both recipients of Tertiary Teaching Excellence Awards in 2013.



Prime Minister John Key with Tertiary Teaching Excellence Award winners Sue White and Kamuka Pati.

Māori

Success Strategy

We aspire to be a bicultural institute of technology operating in a multicultural environment, and at the heart of our Māori Success Strategy is a commitment to improving the outcomes of all Māori students at Unitec.

In 2013 we undertook an extensive review of our progress since the Māori Success Strategy was launched in 2011 and although there is still much work to be done, our findings confirmed that Māori student retention, completion and success rates are trending upwards. The report also highlighted the collaborations that are taking place right across the organisation to ensure the Māori Success Strategy is implemented successfully.

Events

- » We were extremely proud to host the Iwi of Origin on our Mt Albert campus, one of Auckland's largest Māori sporting events. Bringing together urban Māori from across Auckland to compete for their iwi in a variety of sports, the day was about celebrating iwi pride and whakawhānaukatanga.
- » Unitec staff also inspired and initiated the first ever mātauranga Māori conference for ITPs and Wānanga: 'Māori in a Global World - Practice-based applications of mātauranga Māori'. Held here at Unitec in December, the conference brought together inspiring presenters from Wintec, Te Wānanga o Aotearoa, Awanuiārangi, MIT and a host of staff from across Unitec.

Improving educational outcomes

- » For the second year running, a Māori in Industry Trade Day was held on campus to connect Māori tertiary students with industry leaders and employers. The event aims to foster internship and employment opportunities.
- » Community and Health Services invited a former class of Māori students back to the marae at Mt Albert to peer mentor newer cohorts of students going through the Graduate Diploma in Not-For-Profit Management. The former students all work in community organisations across the wider Auckland region and were thrilled with the opportunity to help other Māori students succeed at Unitec.
- » Māori students had particularly high successful course completion rates in architecture, landscape architecture, design and contemporary arts, performing and screen arts, and education.



Students relaxing outside Te Noho Kotahitanga marae - Unitec's cultural heart.

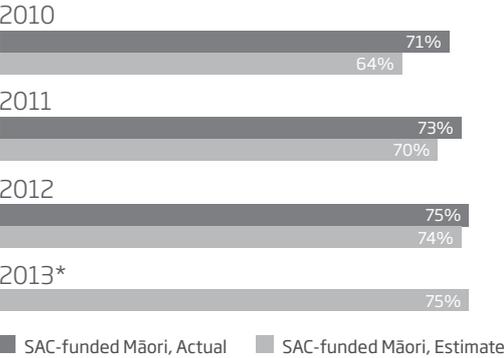
Fostering biculturalism

- » A suite of short courses called Te Rito, which were designed and trialled in 2012, were successfully implemented in 2013. The courses include basic Te Reo Māori, Tikanga and mātauranga Māori, Kaupapa Māori and Treaty of Waitangi.
- » Māori Language Week was widely celebrated by staff across all three campuses, with a focus on place names. During the week, frontline staff members learnt a greeting which incorporates our Māori name - Te Whare Wānanga o Wairaka.

Mātauranga Māori

- » Use of the Poutama, a tool to analyse levels of mātauranga Māori content in our curriculum, was promoted throughout 2012 to show where there are gaps in our programmes. To further this work, 2013 saw the formation of a Mātauranga Māori Committee to help departments lift levels of engagement with mātauranga Māori across all of their courses.
- » Funding was made available for three virtual marae projects, a metaphor for populating the virtual space with mātauranga Māori content using a variety of online mediums.

Successful course completion rate



* SAC-funded Actual for 2013 was not confirmed at time of printing

Meet Te Ara

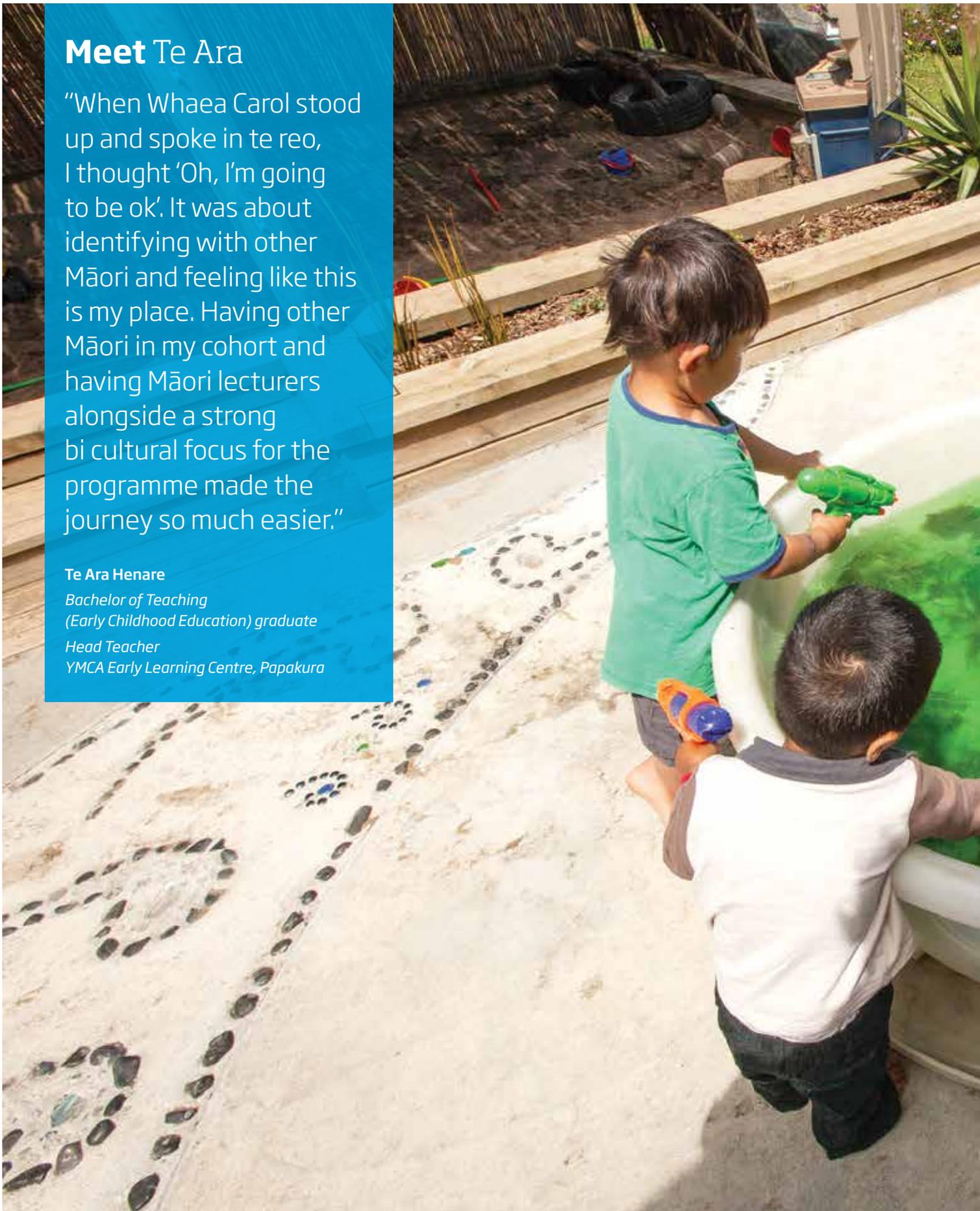
“When Whaea Carol stood up and spoke in te reo, I thought ‘Oh, I’m going to be ok’. It was about identifying with other Māori and feeling like this is my place. Having other Māori in my cohort and having Māori lecturers alongside a strong bi cultural focus for the programme made the journey so much easier.”

Te Ara Henare

*Bachelor of Teaching
(Early Childhood Education) graduate*

Head Teacher

YMCA Early Learning Centre, Papakura





Early Childhood Education graduate Te Ara Henare is now Head Teacher at the YMCA Early Learning Centre in Papakura.

Pacific Success Strategy



Samoan graduate Alana May Hall is now a kaiako (teacher) at Unitec's Te Puna Reo o Wairaka early childhood centre.

We are committed to meeting the needs of our Pacific communities through the enhancement of the Pacific student experience. Our strategy focuses on increased participation, completion and progression rates and the development of innovative programmes and events.

Improving educational outcomes

- » The Tuku Ke Ma'u Mentoring Programme, a Pacific Centre-led initiative where Pacific staff members volunteer to mentor a Pacific student, continued to thrive in 2013 with 18 students benefiting from the support of a dedicated mentor. Some 92% of these students successfully completed their courses in 2013.
- » 300 Pacific students graduated in April, the highest number ever at one graduation and only a few less than the total number of Pacific graduates (379) in 2012.
- » Pacific students had particularly high successful course completion rates in design and contemporary arts, management and marketing, performing and screen arts, and social practice.
- » Qualification completion rates for SAC-funded Pacific students increased from 35% in 2010 to 49% in 2012.

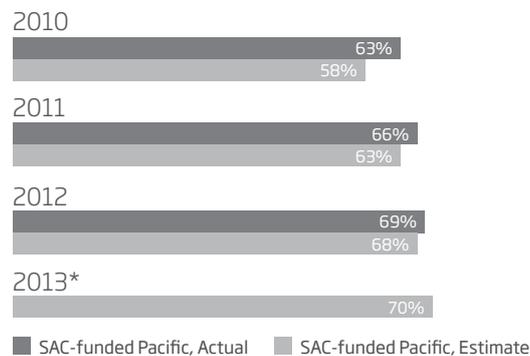
Events

- » The first Pacific Student Lunch Fono was held at our Waitakere and Mt Albert campuses in June. Guest speaker Netane Takau, a Unitec Nursing graduate and face of the 'Change Starts Here'

campaign, shared his experiences stressing perseverance as the key to his success. Other highlights included presentations from staff on the support services available to Pacific students.

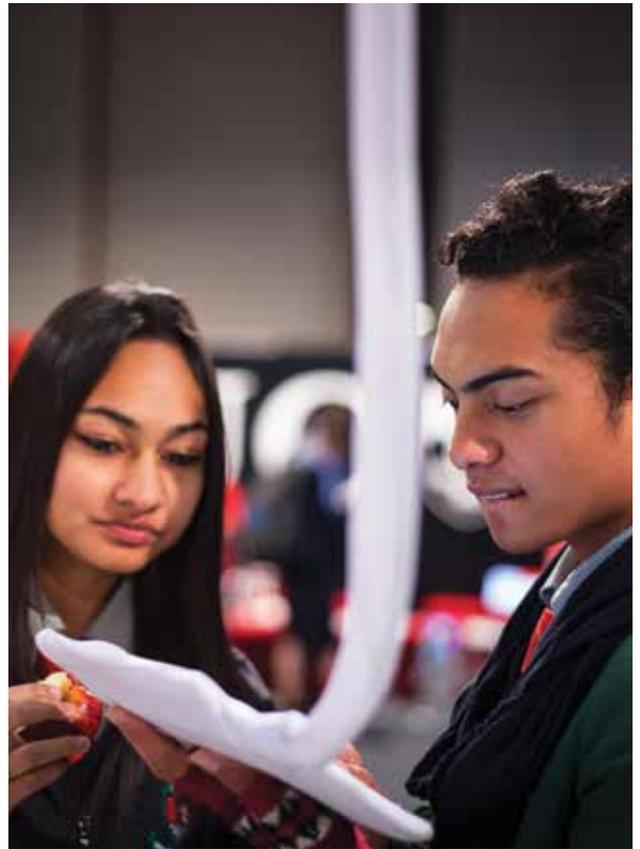
- » Unitec's new Samoan association, Teine & Tama Laumua, held an intercultural evening in November showcasing Samoan, Hawaiian, Tongan, Māori and various other cultural performances.
- » Unitec student Petelo Esekielu - who graduated with a Bachelor of Architecture in April - organised a live demonstration of traditional Samoan wood carving with Samoan master carver Tuailavaola Pio'Timu in March.

Successful course completion rates



* SAC-funded Actual for 2013 was not confirmed at time of printing

Enhancing the student experience



Prospective Unitec students explore study and career options on an iPad.

We want all of our students to have a rich and immersive experience, which requires us to provide seamless support services at all stages of their journey.

Retention and success

- » In Semester One, a new programme of events and communications was put in place to support new and returning students through the crucial first six weeks of the year - the time when they are most likely to drop out. This included upgrades to the current student website, the launch of new social media channels and regular email communications. At the same time a new team of Student Support Advisors offered proactive support to both students and staff on academic and wellbeing issues.
- » This year saw us launch a free Unitec Student App. Especially designed for current students it has information about upcoming events and activities, support services available on campus and deals for current students. It also features comprehensive maps of all three of our campuses. Over 2,000 iPhone and Android smartphone users had downloaded the app by the end of the year.
- » We also continued to offer free career advice as well as budgeting services, as financial issues are well documented as a primary reason for dropping out of study.

Representation

- » The Student Council and Ed Collective (formally USU Students' Association) delivered a number of key services for

students this year including an independent Unitec student representation system, advocacy and student voice services, and communications channels with content by Unitec students, for Unitec students.

- » A total of 574 students benefited from our advocacy services and 214 student representatives were elected by their peers.
- » This year 1,519 student voters participated in the student council elections; the largest-ever voter turnout.

Events

- » As part of our commitment to supporting and retaining students through the first six weeks of the year we increased the number of events held during Orientation week. These events provided students with many opportunities to socialise, have fun, get to know their new surroundings, and learn about the academic and pastoral support services Unitec offers. Some 77,147 students participated in events throughout the year.

Creating connections

- » Unitec's social media presence now spans Facebook, Twitter, YouTube, LinkedIn, Google + and Instagram, with Facebook leading the engagement at over 15,000 fans.
- » We also connected with close to 29,000 graduates through our Alumni programme which uses LinkedIn to share job and professional development opportunities.

Place

At Unitec, place is about creating a sense of belonging in an environment that is dynamic, immersive and connected with the world of work. It's about providing the right services and learning spaces in a rapidly changing, technology-focused world. And it's about matching the skills of our graduates with the changing needs of our industries, communities and cities.

Our place in Auckland

Unitec has an important role to play in meeting the current and future workforce needs of Auckland, and in 2013 we connected with some of our key industries including construction, technology and the creative sector. We took part in the 'Auckland Construction and Infrastructure Industry Workforce Roadmap Forum' alongside a number of other ITOs and ITPs; undertook extensive research into the future needs of the design industry to ensure our graduates remain relevant; and continued to work closely with global business solutions provider IBM.

Our place in the community

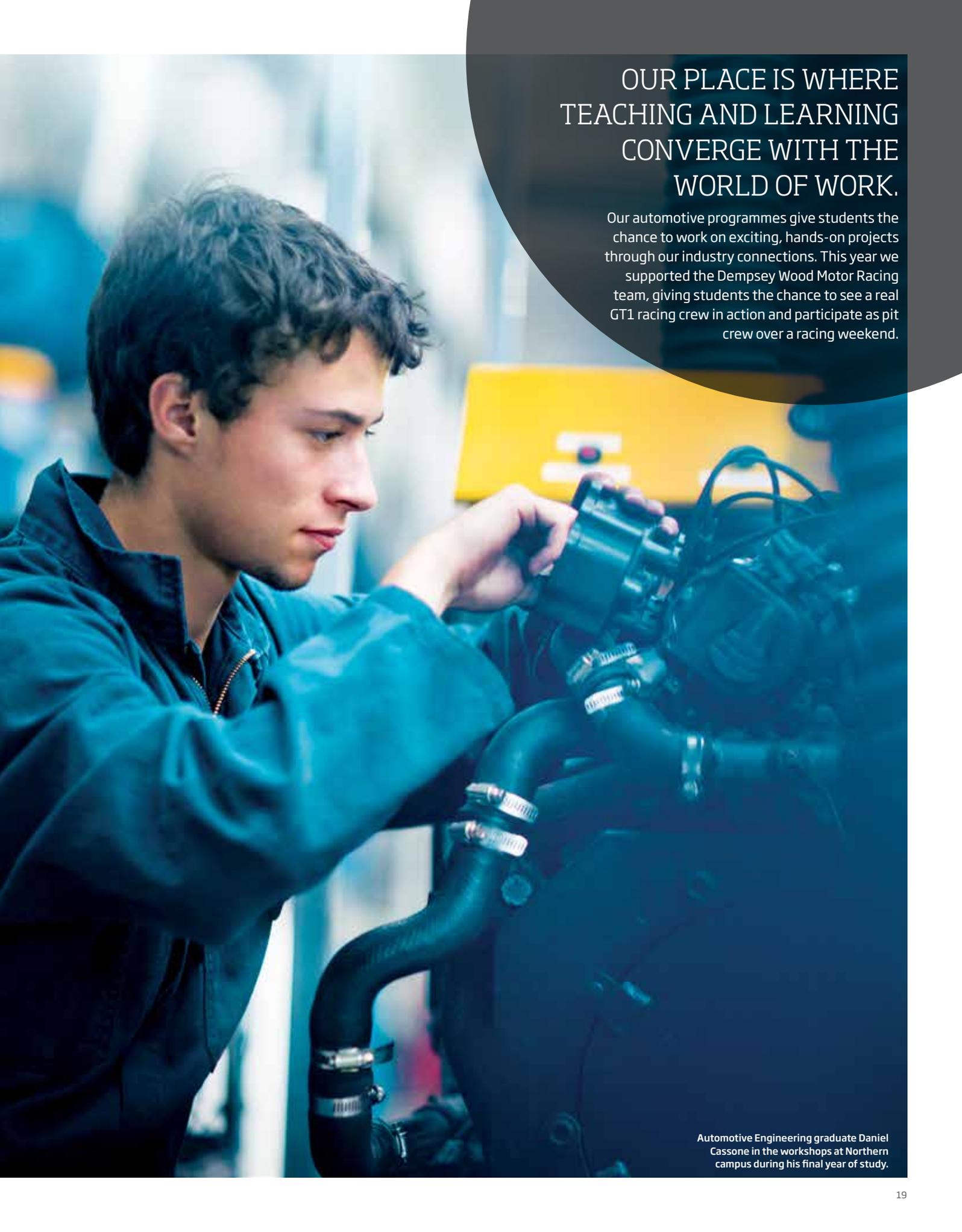
We also have an important role to play in the community and this year we made a big impact in West Auckland. In October our Āwhina Health campus (in partnership with Waitemata District Health Board) facilitated the 'Health and Social Development in the West Forum' to get a better understanding of the workforce needs of the West over the next decade. We also connected with the local community through our annual Walk for Water and through Vision West, which saw our architecture students contributing to the development of award-winning social housing.

Our place on campus

Creating safe, healthy and environmentally sustainable learning spaces is vital for student and staff wellbeing, and as well as making huge strides forward with our sustainability strategy this year, we introduced a smoke-free policy across all three of our campuses. It's also vital that all of our students feel connected, included and supported, and this year our Equity and Diversity team implemented some exciting new initiatives that gave students and staff the opportunity to learn how diversity can be a real asset in the teaching and learning experience.

Our place in a rapidly changing world

To meet the rapidly changing needs of learners we must develop dynamic and immersive 21st century teaching and learning spaces that are integrated with the world of work. With that in mind, this year saw us using our existing spaces in new and exciting ways to connect students and staff with industry and community - especially on our Mt Albert campus where we opened the IBM Delivery Centre in February, the only one of its kind in New Zealand.

A young man with dark, curly hair, wearing a dark jacket, is focused on working on a mechanical component in a workshop. He is holding a small, cylindrical part of the machinery. The background is blurred, showing a yellow panel and other workshop equipment. The lighting is bright, highlighting the man's concentration.

OUR PLACE IS WHERE TEACHING AND LEARNING CONVERGE WITH THE WORLD OF WORK.

Our automotive programmes give students the chance to work on exciting, hands-on projects through our industry connections. This year we supported the Dempsey Wood Motor Racing team, giving students the chance to see a real GT1 racing crew in action and participate as pit crew over a racing weekend.

Automotive Engineering graduate Daniel Cassone in the workshops at Northern campus during his final year of study.

Our campuses

We aim to create a dynamic and immersive teaching and learning environment that is connected with our industries and communities.

Mt Albert campus

This year, 8001 EFTS (14,287 students) were enrolled at our Mt Albert campus where we offer a wide range of programmes from engineering and trades, to architecture and design, to health and natural sciences, to accounting and finance.

Highlights from 2013

- » In February, the IBM Delivery Centre was officially opened by Prime Minister, the Rt. Hon. John Key. A stand-out example of what it means to blur the lines between learning and work, the Delivery Centre already employs more than 200 Unitec students who are also benefiting from an annual scholarship programme, guest lecturers and mentoring from IBM staff.
- » For the first time in 2013, Girl Geek Coffees were held on our Mt Albert campus to bring together women in science, technology, mathematics and engineering. Students benefited from networking opportunities with professional women working in these fields and learnt more about what to expect out in the workforce.
- » Our award-winning Simulation Veterinary Clinic moved to brand-new premises and benefited from upgraded equipment. The clinic now has a reception area, simulation animals with a heartbeat and fake veins, new sinks, an anaesthetic machine, an autoclave, multiple examination tables, dental equipment and an x-ray viewer. The simulation clinic is designed to ease students into the real-world working environment.
- » A number of events bringing together students, community and industry were held at our marae including a two-day workshop exploring taonga puoro (traditional Māori instruments), a Māori in Industry Trades Day, the first Mātauranga Māori Conference for ITPs, a Professorial Seminar on Social Housing and a transmedia event with Jeff Gomez from Starlight Runner Entertainment.
- » Five departments across two faculties worked alongside CUE Haven in a multi-disciplinary research project: 'CUE Haven Kaipara - A Model for the future'. CUE Haven is a privately owned, former dairy farm in the Kaipara district which is being converted back into native forest. Since 2010, ecology students studying native bush restoration have made regular field trips to CUE to undertake field work for their practicum. This year, architecture, landscape architecture, graphic design and business students assisted with architectural design and landscaping as well as long-term financial sustainability strategies.



The Hub is a focal point of student life at Mt Albert campus.



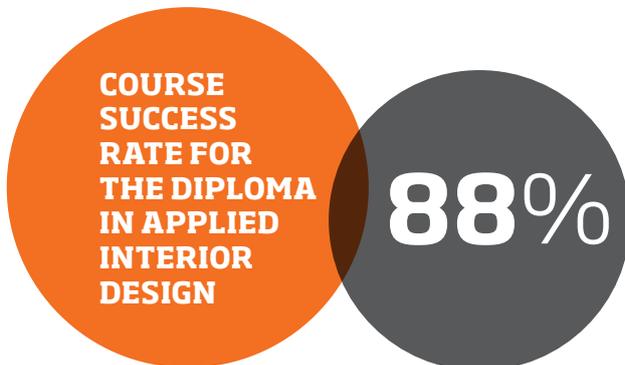
Automotive training in the state-of-the-art facilities at Northern campus.

Northern campus

A total of 469 EFTS (1,201 students) were enrolled at our Northern campus where we offer training to meet the huge demand for skilled workers in the growing areas of trade training, healthcare, business, communication and IT. We also provide English language programmes for new arrivals in New Zealand, and foundation programmes that prepare students for further study or employment.

Highlights from 2013

- » Students have benefited from a new ground-floor Student Central area which was refurbished in time for Semester One.
- » Students from the Diploma in Applied Interior Design engaged with a range of live project opportunities in Auckland's most expensive suburbs. The course is focused on real-life design solutions, from home renovations - including kitchens and bathrooms - through to designing retail and commercial spaces. Being aligned to the booming property sector has led to strong demand for the programme.
- » Building technology students used our expansive workshop space to build a 'passive house' using an internal wrap and an external wall and roof underlay made by industry partner Pro Clima. They have been learning to install and work with the innovative new products under the close supervision of Pro Clima staff, giving them skills and experience they wouldn't be getting elsewhere. The products will improve airtightness and insulation, and the finished house will be much warmer and dryer. As well as lowering energy bills, the passive house has the potential to help reduce New Zealand's high rates of asthma which have been linked to mouldy and damp living conditions.





Nursing graduate and face of the Change Starts Here campaign, Netane Takau studied at Waitakere campus.



Students at our Waitakere campus.

Waitakere campus

In 2013, 1,351 EFTS (2,904 students) were enrolled at our Waitakere campus where we offer programmes that reflect the diverse needs of the community and the unique nature of West Auckland. They range from business to community development, computing to counselling, nursing to music.



Highlights

» This year saw the development of a research group based at Unitec’s Collaboration Laboratory, bringing together researchers from Unitec, Waitemata District Health Board and Verona University in Italy. Dr Marzia Rigolli from Italy joined the group in January to work on collaborative

research focused on multi-modality imaging of the heart. The Stroke Whānau study also continued this year with a focus on how whānau can best be supported when they are faced with the challenge of caring for a loved one after a stroke. The third major project resulted in a writing aid for people with arthritis which was put through its first clinical trials in collaboration with Arthritis New Zealand.

» West Auckland will face some unique challenges in promoting and maintaining the wellbeing of its people and communities over the next decade, and in October the Āwhina Health campus (in partnership with the Waitemata District Health Board) facilitated the 'Health and Social Development in the West Forum'. Bringing together educators, practitioners and public and private health and social care organisations, it was a timely opportunity to discuss the key healthcare issues facing West Auckland and a set of recommendations were later shared with key policy makers including the Hon. Paula Bennett who attended the event. This level of community engagement will allow Unitec to support the development of a health and social practice workforce that can meet the short and long-term healthcare needs of the West.

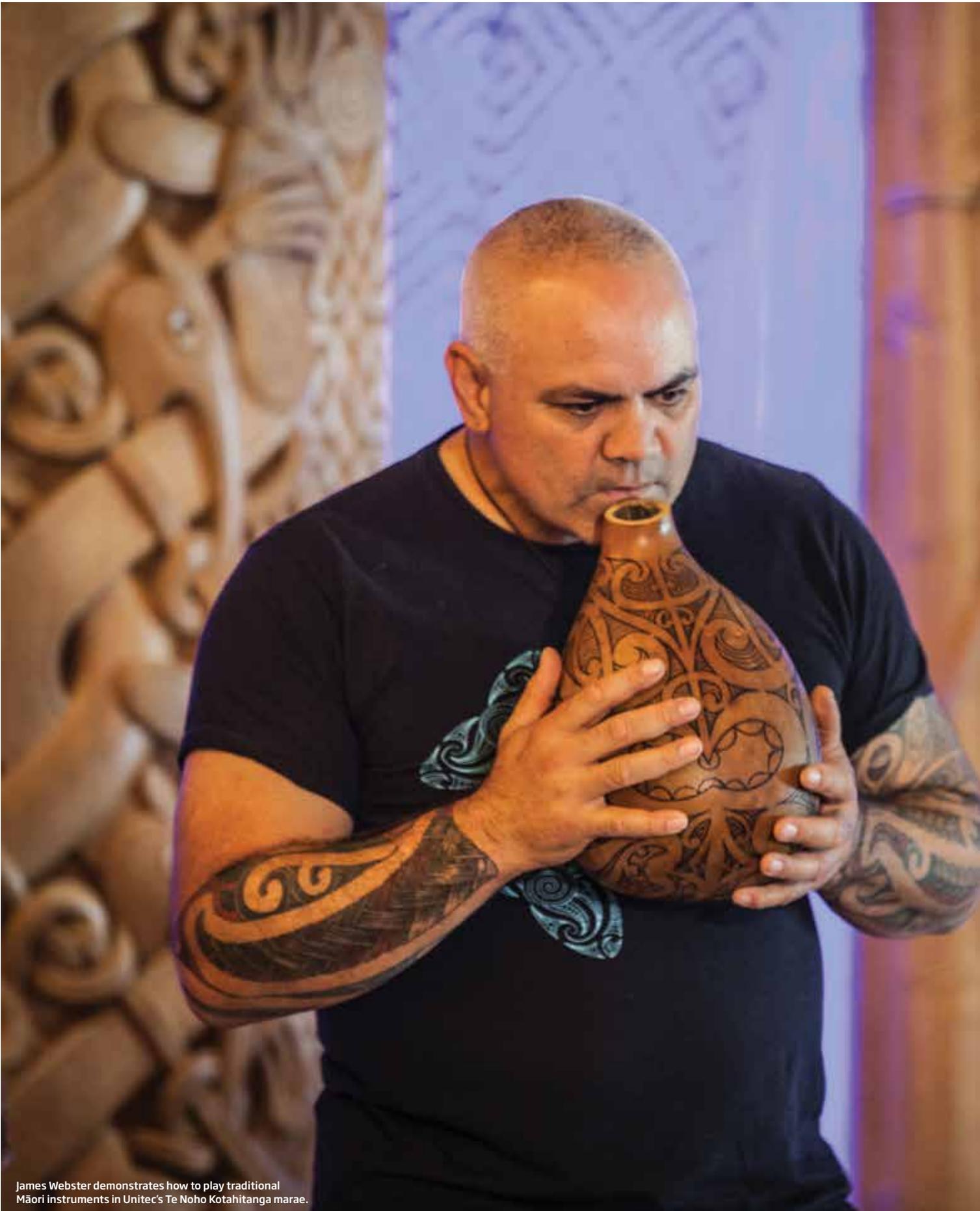
Meet Areena

"My idea of success is when the positive voices and opinions you have inside become louder than the negative external voices or prejudice. With inner belief you can overcome anything."

Areena Deshpande
*Bachelor of Social Practice
(Social Work) graduate
Director and Consultant of
Unique Point Consultancy*



Social Practice graduate Areena Deshpande now runs her own social work agency.



James Webster demonstrates how to play traditional Māori instruments in Unitec's Te Noho Kotahitanga marae.



EXPLORING TAONGA PUORO

Auckland audiences had a rare opportunity to join master musicians Dr Richard Nunns and James Webster for a two-day workshop exploring taonga puoro (traditional Māori instruments) at Unitec's Te Noho Kotahitanga marae in November. Participants had the opportunity to make three traditional instruments: the kōauau, the pūrerehua and the porotiti.

Creating an inclusive environment



Unitec students come from a diverse range of backgrounds, cultures and age groups.

As well as creating a dynamic and immersive teaching and learning environment, we want to ensure that all of our students and staff feel connected, included and supported. This year we continued to implement our Equity, Diversity and Inclusion Strategy: Towards Inclusive Excellence, with some outstanding results.

Developing inclusive leaders

Unitec introduced the first 'Intercultural Awareness and Communication Workshop' in partnership with the Office of Ethnic Affairs in 2010, and this year the programme was available to students for the first time. Students from the postgraduate course 'Intercultural Issues in Communication' participated in the eight-hour workshop which is about creating inclusive leaders who have a natural curiosity and talent for drawing out and harnessing a diversity of thinking on any subject. The open atmosphere of the workshop allowed students to share experiences, both positive and negative, about interacting with people from different social and cultural backgrounds and concentrated on making small changes to their understanding of cultural diversity.

Harnessing diversity in the classroom

Our team-based learning programme gives students and staff the opportunity to learn how diversity can be a real asset in the teaching and learning experience. 'Global' learning teams,

made up of students from different countries and cultures, work together for an entire semester to learn the value of their differences and how they can be harnessed for the benefit of the individual and the team. The programme was embraced by both staff and students this year, with participants from across five departments.

Courageous conversations about race

This year we laid the groundwork for the launch of a new programme in 2014, Courageous Conversations about Race; an opportunity to talk openly about racial disparities and effective ways to address them. Unitec will be the first tertiary institution in New Zealand to deliver the programme in partnership with the Office of Ethnic Affairs.

Ally Network update

The Ally Network, established last year, continued to grow in 2013 with 44 staff members now officially involved with the programme. After attending a training workshop, Ally members publicly identify themselves with a door sign, help to raise awareness of diverse sexualities and genders (DSG), offer a safe place for staff and students to support DSG and become active advocates for the network and the importance of its place within Unitec.

Sustainability



Improving cycling infrastructure is just one of the ways Unitec is creating greener campuses.

In 2011 Unitec launched an Environmental Strategy and committed to creating greener campuses. In just three years, it has already made a huge impact.

- » Petrol consumption for our vehicle fleet is down 23% from 2010 (25,138 litres).
- » Water usage is down 25% from 2010 and we have saved enough water to fill 10 Olympic-sized swimming pools.
- » Paper usage is down 32% from 2011 with 45 tonnes of paper saved.
- » In 2013, more than 132,000 vehicle trips were eliminated by staff and students travelling on the free Unitec shuttle bus.
- » In 2013 we reduced our waste by 7% (27 tonnes) from 2012, thanks to our student recycling stations and greater awareness of recycling.

Australasian Green Gown Award

Unitec took home gold at the Australasian Green Gown Awards in September. Now in its fourth year, the Awards recognise sustainability excellence. There are nine award categories and over 40 institutions from the tertiary education sector took part.

Recycling in Unitec Student Village

In August, Unitec's Environmental Sustainability Team was awarded \$15,478 from the new Auckland Council Waste Minimisation and Innovation Fund to set up recycling in the Unitec Student Village. The team is hoping to reduce the amount of rubbish sent to landfill from the village by at least 50%.

World Environment Day

The Unitec Arboretum was officially blessed on World Environment Day by Unitec's Pae Ārahi. An arboretum is a managed collection of trees designed for research and educational purposes. Trees within the collection have been labelled and an online map with detailed information has been developed. Over 100 trees now have labels with QR codes that the public can scan to access information on each tree.

Wairaka stream fish friendly once again

Morphum Environmental and Unitec volunteers got their hands dirty installing a fish ladder on the Wairaka stream which flows through Unitec's Mount Albert campus. Developed as part of ongoing restoration work to improve the stream's ecological, amenity and community values, a collaboration of ideas and concepts were employed to encourage fish passage up the stream, from a fibreglass fish ladder, to Geotextile socks to prevent bank erosion.

Bookable bikes

Staff and students had a test ride of the new bookable Mt Albert campus bikes in May with the Green Gorilla. The bikes were available for one month as part of a trial with Auckland Transport of alternative campus transport methods. The trial was a huge success and 2014 will see the launch of an 11-bike fleet for staff.

Potential

Our focus is on creating highly productive people who can realise their ambitions and make meaningful contributions in their workplaces and communities. Today's employers are looking for relevant skills combined with adaptability, resilience, and the ability to work across functional boundaries. To meet their needs, we must equip our graduates with the knowledge, experience and connections they need to hit the ground running.

Our highly productive students

To harness the potential in all of our students we are breaking down the barriers between learning and work, offering exceptional opportunities for students to engage with industry professionals and live projects before they graduate. In 2013 our students participated in a number of innovative projects including Girl Geek Coffees with Google, the Westpac App Challenge, Genesis Energy's Tomorrow Street, Microsoft's Imagine Cup competition and a highly successful Google Adwords project.

Our highly productive graduates

Our My Success campaign, launched in September, showcases the stories of some of our most talented and exceptional graduates. We asked what success means to them personally, and for many it was about giving back to their families and communities. From nursing to architecture, our graduates are achieving big things here in Auckland, up and down New Zealand and across the world.

Our highly productive staff

Creating highly productive talent is not just about students, and Unitec fosters a culture of continuous professional development

for all staff. In 2013 two of our staff received Tertiary Excellence Awards, two received Women of Influence Awards and two received highly prestigious Fulbright Scholarships. Many of our staff undertook innovative, impact-focused research that resulted in an award-winning pen for arthritis sufferers, a DVD resource to improve literacy levels in Māori and Pacific adult students, and the development of a safer quad bike for farms.

Innovation in teaching and learning

As an applied learning institution we must offer hands-on, experiential courses integrated with the world of work. Our answer to this is what we call the Living Curriculum, and by the end of 2013 - in line with our target - 100% of our programmes had received our Phase One Living Curriculum tick of approval. To help all of our students on their pathway to success we also launched Bridgepoint, our range of foundation education programmes specifically designed to bridge people into higher levels of study. This year also saw the development of new programmes in social and health sciences, electrotechnology and communication studies

WE HELP PEOPLE REALISE
THEIR AMBITIONS AND
ACHIEVE THEIR GOALS,
HOWEVER BIG OR SMALL.

This year, Natural Sciences Associate Professor Dan Blanchon had a new species of lichen named after him by Chicago's Field Museum of Natural History in the US. Blanchon is one of a handful of lichenologists in New Zealand and runs the Unitec herbarium.



Natural Sciences Associate Professor Dan Blanchon.

Creating highly productive staff

Our staff are award-winning, cutting-edge, innovative and passionate, and provide a stimulating teaching and learning environment for our students.

Research

Research at Unitec is applied and practical, but also collaborative and industry-based, ensuring our research-active lecturers are on the cutting-edge of developments in their respective industries. Research allows our staff to be creative and innovative, to delve into their areas of interest, and to make positive and powerful changes in our industries and communities.

- » Design and Contemporary Arts Lecturer Paula Buckley and Master's student Jesse Dyer developed and piloted an award-winning arthritis writing aid in collaboration with Wendy Hook from Waitemata District Health Board, Unitec's Gillian Whalley and the Āwhina Waitemata Health campus. The project has major implications in the health field for those with impaired use of their hands. More projects are planned for 2014 on utensils, using the same innovative substance as the writing aid.
- » On the other side of the world in Italy, a group of Unitec students and staff participated in the performance of *Juniper Passion*, an opera written by Performing and Screen Arts Senior Lecturer John Davies, about a New Zealand soldier at the Battle of Monte Cassino during World War Two. One of the shows was performed in a Roman amphitheatre on the slopes of Monte Cassino to a captivated audience.

- » The whole-of-house project also continued on our Northern campus, with another innovative product being rigorously tested. The Pro Clima wrap house was built by students, giving them a unique insider's view into an emerging product. The house was then monitored by a team of lecturers collaborating across two departments. The whole-of-house team continues to talk with industry and Government to determine projects and products that will have a powerful impact on New Zealand's housing stock.

Networked

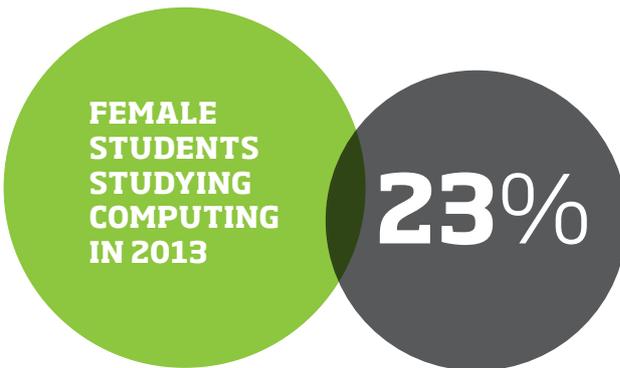
Getting together with fellow experts in a particular field is integral to participating in conferences, and in December our Natural Sciences department took that to the next level by organising and hosting the 2013 Australasian Ornithological Conference. The best and the brightest in the ornithological world attended the conference to talk about trends, research and ongoing projects, and our staff and students benefited from both the networking and learning opportunities.



Computing Lecturer Mahsa Mohaghegh was recognised at the 2013 Westpac Women of Influence awards.



Design and Contemporary Arts Lecturer Paula Buckley and Master's student Jesse Dyer developed and piloted an award-winning arthritis writing aid.



Award winning

Awards reflect not only the skills and achievements of our staff, but also their ongoing ability to provide inspiration and guidance to those around them.

- » Building Technology Lecturer Kamuka Pati and Nursing Lecturer Sue White were both recognised for their excellence in tertiary teaching with a 2013 Tertiary Teaching Excellence Award, a high honour that is a credit to both the individual lecturers and their departments for helping them on their journeys.
- » Two more of our lecturers were recognised for their contributions to the wider community at this year's inaugural Westpac Women of Influence awards. Computing Lecturer Mahsa Mohaghegh won in the Emerging Leader Category for her work in encouraging young women into technology

and representing the voice of younger women in society. Mahsa was also awarded the Google Anita Borg Postgraduate Scholarship for her work in her field. Social Practice Lecturer Emeline Afeaki-Mafile'o won the Women of Influence Community Service and Social Enterprise Category, for her innovative and extraordinary leadership in her communities in South Auckland and Tonga.

- » Transport and Technology Technician Chris Brown was part of the team that created a luxury kayak that won a 2013 BEST Design Award (Gold). Chris used his expertise from working on America's Cup boats to build the carbon fibre kayak, which was created for the high-end market by design consultancy McLellan Jacobs.

These are just a selection of the achievements of staff from around Unitec. Many more have won awards, completed amazing projects, collaborated and generally helped to create a diverse, innovative environment for our students.

Creating

highly productive students & graduates

Our aspiration is a great job for every graduate, which is why we offer innovative, unique and exciting projects and opportunities across all of our programmes, allowing our students to meet their full potential and giving them the skills they need to be successful when they graduate.

YoungMinds

For management and marketing students, the YoungMinds initiative is an exciting opportunity to gain vital experience working with local businesses on social media and related online projects. The latest initiative saw students running a full online marketing campaign through Google AdWords for businesses who signed up to the project. Each business was asked to put in \$25, and Google liked the project so much they contributed \$75 per company so the budget for each group over two weeks was \$100. The students were excited about the knowledge they gained and the businesses were delighted to gain access to new customers.

Rotary Youth Leadership Award

Nine Unitec students were selected for the prestigious Rotary Youth Leadership Awards in 2013, in recognition of their budding leadership skills. The students participated in a week-long leadership development programme, designed to help young people develop their teamwork and communication skills and fulfil their potential as leaders.

Well-honed dancers

Our dance students are renowned for their talent and dance skills, going on to find jobs with prestigious companies in New Zealand and overseas. This year's group are no exception. Rising stars include Jared Hemopo from Limit Break, a high-profile hip hop dance crew who made the finals of New Zealand's Got Talent. Jared toured Australia in 2013 with the Black Swan stage production and has also danced with Black Grace (an internationally touring modern dance company) and the New Zealand Dance Company. Others include Ula Buliruarua, who won best female dancer at Short & Sweet Dance 2013, Eddie Elliott, who toured Italy with the Juniper Passion opera and has also performed with Atamira, New Zealand's foremost Māori contemporary dance company, and Chrissy Kokiri, a third-year dance student who signed a professional contract to dance with the New Zealand Dance Company in 2014.

IBM scholarships

Eleven business degree and postgraduate students were awarded the first Success Scholarships supported by IBM in 2013. The scholarships of \$5,000 each, which include one-on-one mentoring from an IBM business mentor, are the latest in a programme of initiatives that have been delivered under the IBM-Unitec collaborative agreement and are aimed at nurturing new talent and supporting as diverse a talent pool as possible.



The YoungMinds initiative connects students with local business.



Auckland Apprentice of the Year 2013, Kate Ross.

Women of the Future scholarships

To celebrate its 80th birthday, Australian Women's Weekly (NZ) has partnered with Unitec to launch the Women of the Future scholarship to inspire young women to succeed in tertiary education. Three women aged between 18 and 30 years will be awarded scholarships totalling \$33,000, plus support packages. The scholarship aligns with Unitec's core focus to support students into their ideal graduate jobs.

Students honoured at Civil Engineering awards

The Department of Civil Engineering hosted its third annual Excellence awards in December where top-performing students were presented with awards of \$500 by 19 industry partners. The department has strong and long-standing connections with its sector and the awards ceremony provides an opportunity for faculty and potential employers to come together and celebrate emerging talent. Several of the final-year recipients were absent as they had already commenced work in locations including New Plymouth and Christchurch.

Auckland Apprentice of the Year

Unitec Bachelor of Construction Management student Kate Ross originally started out studying for an arts degree at another institution, but switched to construction at Unitec because she wanted something more practical and career-focused.

In 2013 she was named the Auckland Apprentice of the Year, a competition that aims to recognise and celebrate excellence among carpentry apprentices. The regional winners received a specialist Outward Bound Leadership Programme Scholarship tailored for apprentices, and a grant towards study. Kate then went on to represent Auckland in the national Registered Master Builders Carters Apprentice of the Year competition, one of nine finalists from around New Zealand, and the only female.

Meet Saul

“Success is a feeling – a sense of achievement and of reaching a goal. It is the culmination of persistence, resilience and the encouragement of many people who have helped you along the way. It was walking the boards of Auckland Town Hall to collect my first class master’s degree. And it is running a department dedicated to the education of deaf high school students. To move forward in life you have to believe, be optimistic and lean on friends. If you can look up, you can get up.”

Saul Taylor

*Master of Educational Leadership
& Management*

*Postgraduate Diploma in Educational
Leadership & Management graduate
Senior Teacher of the Deaf,
Kelston Deaf Education Centre*





Educational Leadership and Management graduate Saul Taylor is now Senior Teacher at Kelston Deaf Education Centre.

Innovation

in teaching and learning

We provide clear pathways and transitions to success and deliver dynamic programmes that are integrated with the world our students live in.

Pathways to success

This year we launched Bridgepoint, our range of foundation education vocational pathways specifically designed to bridge students into certificate, diploma or degree-level study. Bridgepoint programmes cover a wide range of subjects and provide pathways towards all sorts of different careers including nursing, early childhood education, construction, engineering, business, sport and contemporary arts. As part of this process we introduced a new Level 4 certificate aimed specifically at meeting the needs of young people looking to transition from secondary school into tertiary education.

The Living Curriculum

By the end of 2013, in line with our target, 100% of our programmes had received our Phase One Living Curriculum tick of approval. The Living Curriculum is Unitec's approach to teaching and learning and involves complex conversations, working across disciplines, curiosity and enquiry, a commitment to mātauranga Māori, embedded assessment, and the inclusion of sustainability and literacy. It integrates learning with work, is research informed and nurtures self-sufficiency, collaboration, resourcefulness

and resilience. From the student's perspective this translates into hands-on, practice-focused, real-world learning delivered through a mix of online and face-to-face teaching.



Blended, flexible learning

This year we also developed the Bachelor of Health and Social Development which will be launched at the beginning of 2014. The new degree combines online learning with face-to-face teaching and hands-on work placements, giving students the skills they need to secure a great job when they graduate. The flexibility of the degree means that new majors can be developed to meet the future needs of our communities, ensuring our graduates will always remain relevant. Students can tailor their courses to fit their interest areas and career goals, with core



Product Design students discuss and critique work with Senior Lecturer Cris de Groot.



Bachelor of Nursing graduate Rachel Penny at work at Waitakere Hospital.

generic courses delivered via a common first semester. The degree was developed following extensive consultation with students and professionals who work in the field of health and social development.

Innovative new programmes

We have two new offerings in the pipeline that will prepare graduates for careers in electrotechnology and science communications. From 2015, students will be able to enrol in the Bachelor of Engineering Technology with a major in electrical engineering, to support the Government's aspiration for more degree-level graduates in science and engineering. Soon we will also be offering a science communications major in our Bachelor of Communications, an increasingly important area of specialisation given the influence of science and technology on the lives of New Zealanders.

Pathway to success

"The Bachelor of Nursing sets you up so well for a career in nursing - you can hit the ground running in the workplace. There was such an emphasis on current nursing knowledge, evidence-based practice, policies and procedures, and everyone is very supportive and professional. Completing the Foundation Studies programme first meant that I was well prepared to succeed in the Bachelor of Nursing degree."

Rachel Penny

*Registered Nurse, Waiatarua Unit, Waitakere Hospital
Certificate in Foundation Studies (Level 3) graduate
Bachelor of Nursing graduate.*

Research Symposium



Natural Sciences Senior Lecturer Mark Farnworth researched the welfare of cats in New Zealand.

The annual Unitec Research Symposium is an opportunity for researchers at Unitec to interact, network and be inspired by the work of their peers. This year's symposium was about creating impact through partnership, with all five finalists for the Research with Impact Prize working on projects that had a practical impact and involved collaboration with industry partners.

- » Natural Sciences Senior Lecturer Mark Farnworth presented his research into the welfare of cats in New Zealand, contrasting the ways in which we deal with them as feral, stray or companion animals, and involving collaboration with the SPCA and Natural Sciences Lecturer and Geographic Information System specialist Glenn Aguilar.
- » Interacting with the local people of Avondale was the central theme to Design and Contemporary Arts Lecturer Paul Woodruffe's research, in which he used a survey to understand the creative needs of Avondale locals.
- » Electrotechnology Lecturer Wayne Holmes spoke about his project to develop a sensor that can assess defects in composite materials, specifically for the marine industry. Wayne has been working with lecturers from the Marine department and external industry connections on this project which could have a major impact on the marine industry.

- » Computing department doctoral student and Lecturer Lei Song talked about his work to create an algorithm to analyse indoor pollution data from NIWA, part of an ongoing collaboration with the crown owned research organisation to analyse some of their environmental data and provide meaningful analysis of the information currently being gathered.

“We use the Research Symposium to drive the interaction between researchers at Unitec.”

Simon Peel, former Dean of Research

Fulbright Scholarships



Natural Sciences Lecturer Mel Galbraith has a particular interest in ornithology.

The exchange of ideas and building stronger research relationships with the US was the focus of three US-New Zealand Fulbright Scholarships completed at Unitec this year. Two Unitec lecturers went to the US, and one US associate professor visited here, all three with strong research capabilities and the desire to expand their knowledge and challenge their learning.

- » Lecturer Scott Wilson from the Department of Performing and Screen Arts spent five months at Georgetown University in Washington, DC, as the 2013 Fulbright Visiting Scholar in New Zealand Studies. He used the time to push himself outside of his comfort zones, challenge and improve his teaching practice and further his research.
- » Lecturer Mel Galbraith from the Department of Natural Sciences was awarded a travel grant which enabled him to travel to Seattle for one month. He gave a full programme of lectures at the University of Washington, the University of Puget Sound, the Washington Ornithological Society and the National Audubon Society.
- » Associate Professor Carol Plummer from the University of Hawaii spent five weeks in New Zealand with Unitec's Department of Social Practice at Waitakere campus. It was a chance for Unitec lecturers and students to expand their knowledge in Carol's specialist areas – child sexual abuse and social work after natural disasters – and to get some mentoring and support based on her extensive research knowledge.

“The programme brings the world together through education, culture and common understanding.”

Scott Wilson, Lecturer, Department of Performing and Screen Arts

Partnership

Relationships with both industry and community are vital to our success as an applied learning institution, and we simply cannot move forward on our transformational journey without them. Some of these relationships are local and some are global, but whatever form they take they add huge value for our students and staff.

Industry

Throughout 2013 significant energy was put into our relationships with a range of industry partners including IBM and Tēpu, a joint venture with Rosebank Business Association. Our relationship with IBM continued to flourish, with more than 200 students employed at the IBM Delivery Centre and 11 more receiving Unitec Success Scholarships supported by IBM. Across many of our departments industry relationships continued to take centre stage, adding significant value for both students and staff.

Global partnerships

Staying connected globally adds another dimension to our teaching and learning environment, and allows us to offer our students some unique learning opportunities. In 2013 we gained a significant new global partner when we teamed up with the Nara Institute of Science and Technology in Japan. We also continued to have fruitful relationships with three Indian Training Organisations and Japan's National Institute of Information and Communications Technology.

School partnerships

Unitec has a vital role to play in helping school leavers transition to tertiary education, and in 2013 we continued to focus on developing partnerships with secondary schools across Auckland through the Unitec Partner Schools Programme. As part of this process we introduced a new certificate aimed specifically at meeting the needs of young people looking to transition from secondary school into tertiary education.

Events

Our events provide exciting opportunities for staff, students and the wider community to connect with Unitec through a wide range of activities. In 2013 we were excited to announce our sponsorship of Auckland Pride Festival 2014, reflecting our commitment to creating a diverse and inclusive culture across all of our campuses. We also held the inaugural Unitec Charity Golf Day to raise vital funds for the Men's Health Trust, and hosted the Unitec Run Walk series.



TO BE TRULY
RELEVANT WE MUST
BREAK DOWN THE
BARRIERS BETWEEN
LEARNING AND WORK.

The IBM Delivery Centre on our Mt Albert campus is the only one of its kind in New Zealand. More than 200 Unitec students were employed at the Delivery Centre in 2013.

IBM

update

Our engagement with IBM is a stand-out example of what it means to blur the lines between education and industry, learning and work, and we continued to develop this relationship throughout 2013 with outstanding results.

IBM Delivery Centre opened

In February this year the IBM Delivery Centre was officially opened on our Mt Albert campus by the Prime Minister, Rt Hon John Key. The first of its kind in the country, the Delivery Centre leverages IBM's global expertise in delivering innovative business process outsourcing and services to clients locally and internationally. These services include human resources, finance and administration and customer relationship management as well as supply chain management and remote technical support. For Unitec students it means the opportunity to work with IBM, one of the world's leading business solutions companies, and other premier brands before they graduate.

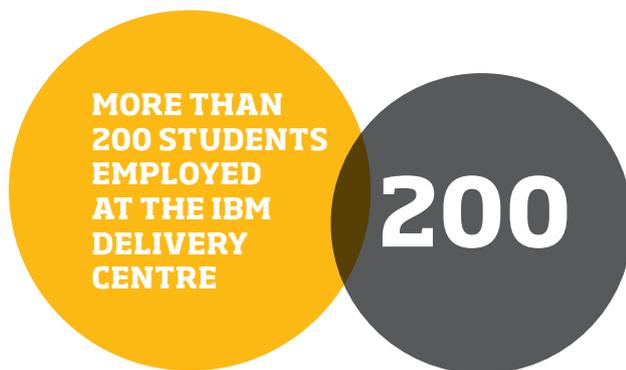
Over 200 Unitec students employed

By having IBM based on Unitec's campus, more than 200 students have been employed at the IBM Delivery Centre, providing call centre and back office operations to clients ranging from Air New Zealand to Westpac and the world's largest maker of mobile technology. There is the potential that this number will increase

to 400 by the end of 2014. During their time with the Delivery Centre, these students have accumulated over 100,000 hours of practical, paid work.

Work and learn

In 2014, up to 25 second-year computing students will be awarded a new IBM scholarship which will see them benefit from approximately 1,200 hours of work experience, including the opportunity to work on an IBM-sponsored project in their third year. The first initiative of its kind in New Zealand, the scholarship



will offer students two new elective courses in their second year: 'IT Culture' and 'Customer Service in IT'. In their third year, students will join an IBM project team, giving them hands-on practical experience and the opportunity to work directly with some of IBM's key clients.

100,000

HOURS OF PRACTICAL, PAID WORK ACCUMULATED BY STUDENTS WORKING AT THE IBM DELIVERY CENTRE



Unitec students at work in the IBM Delivery Centre.



Eileen Tuala-Kolai receives her Unitec Success Scholarship supported by IBM.

Success scholarships

This year saw 11 business degree and postgraduate students awarded the first Unitec Success Scholarships supported by IBM. Valued at \$5,000 each, the scholarships include one-on-one mentoring from an IBM business mentor. Māori, Pacific and women in the IT industry were a particular focus for these scholarships as they are currently under-represented in business, and seven of the 11 recipients have Māori or Pacific heritage. Unitec's inaugural scholarship recipients have each shown a commitment to their studies, along with other key attributes such as community leadership, fortitude in overcoming challenges and, in some cases, courage in overcoming adverse circumstances. It's these qualities, as much as academic success that Unitec and IBM hope to encourage with the Success Scholarships and develop further through one-on-one mentoring and networking opportunities.

Teaching and learning

Our relationship with IBM also ensures our computing programmes are both relevant and current. Throughout the year, our computing lecturers received regular feedback from IBM on both the curriculum and student readiness for work, allowing them to identify weaknesses in our courses and adapt them accordingly.

Success Scholarships

"I really didn't think I could win but I wanted to believe anything I aimed for could happen. Success for Pacific women is something special and unique. It's something we should hold with pride. I can really learn from the mentor and gain knowledge from their experiences and learning curves, then try and apply it to my life so I can help others. I have always had a passion for computers and how they work. I love the way computing makes you think outside the box."

Eileen Tuala-Kolai

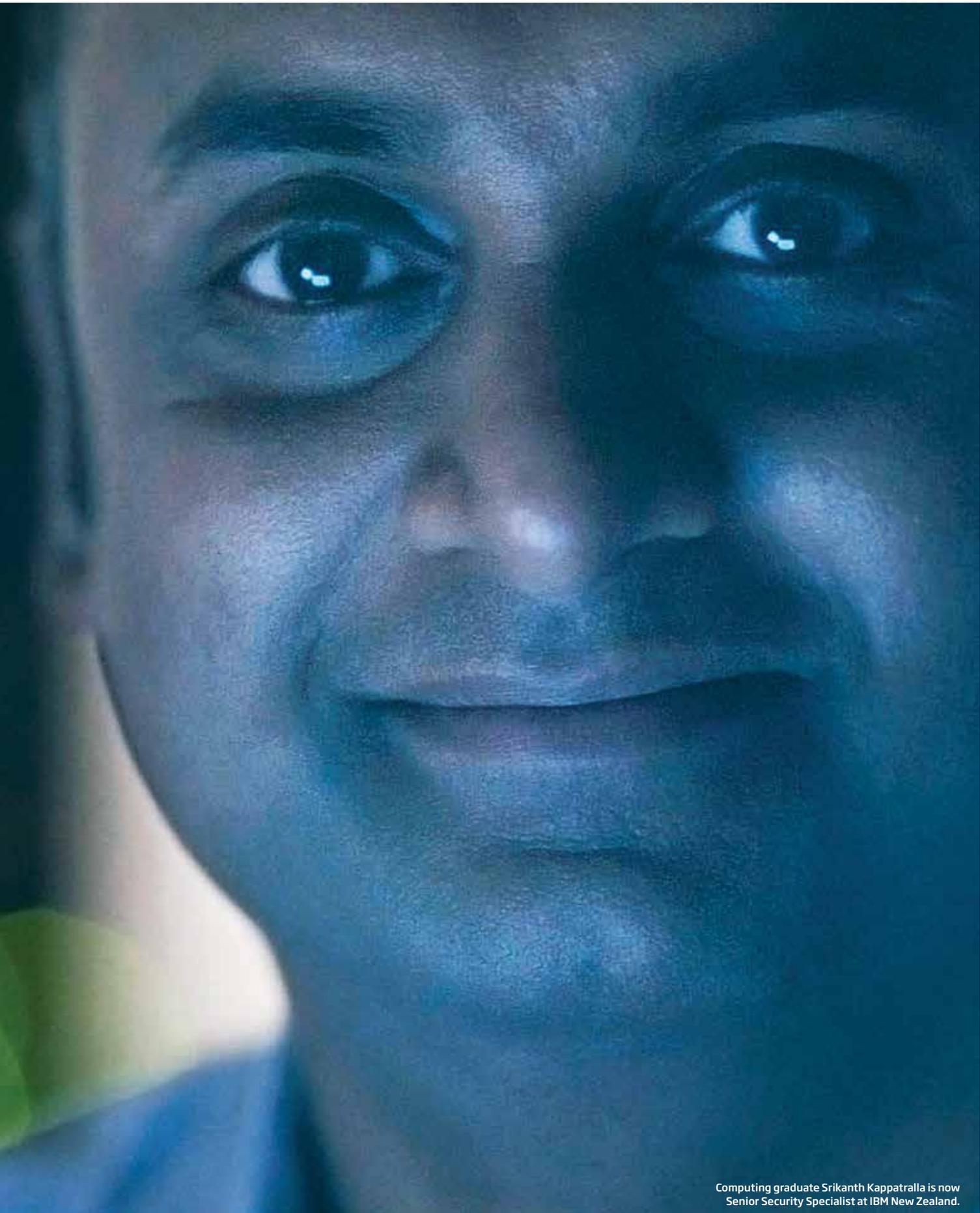
Recipient of a Unitec Success Scholarship supported by IBM.

Meet Srikanth

“Success to me is achieving your aspirations and enjoying the journey to the summit. My single goal in life is to be happy with my family. Marrying my wife, hearing my daughter cry for the first time, graduating from Unitec and joining IBM are all moments that stand out for me. To move forward I think you have to take risks, try different things and learn new skills. Change is the foundation of everything so embrace it in all aspects of your life.”

Srikanth Kappatralla

*Graduate Diploma in
Computing graduate
Senior Security Specialist,
IBM New Zealand.*



Computing graduate Srikanth Kappatralla is now Senior Security Specialist at IBM New Zealand.

Schools programme



Scholarships and pathway programmes are helping young people transition from secondary school to tertiary education.

Meeting the needs of youth is one of our key priority areas and this year we continued to strengthen our relationships with 30 partner schools from Central, West and Northern Auckland.

Helping young people transition

Unitec has an important role to play in helping students transition from secondary school to tertiary education, and this year we launched a new Level 4 Certificate of University Preparation in partnership with Massey University. The Certificate prepares students for degree-level study at universities, institutes of technology and polytechnics in New Zealand, giving them an entry-level qualification that can be used to apply for a degree programme.

Pathways to success

Pathways West, a consortium comprising Unitec, New Zealand Career College and seven West Auckland secondary schools, aims to give high school students an engaging, exciting and relevant education that matches their future aspirations and prepares them for further education, training and employment. This year, Pathways West developed a programme of learning around health to be launched in Semester One 2014, allowing students to connect what they learn at school with a future career direction. Students will undertake some of their learning at school, some in a tertiary environment and some in the workplace. Those who

successfully complete the course will gain NCEA Level 2 with a Vocational Pathways Award in a Social and Community Services Sector. The health programme was developed in response to the future work force needs of West Auckland and other relevant pathways will be developed over time.

Making connections

- » The Unitec Taster Programme was attended by 382 students, an increase of 424% on previous years as the format was changed to accommodate more students considering Unitec.
- » Twelve partner school students received START Awards which offer financial, mentoring and pastoral support.

Auckland West Vocational Academy

Based at Massey High School, the Academy caters for students pursuing a vocational pathway. Students gain NCEA credits and a tertiary qualification for entry to further training or an apprenticeship.

- » The carpentry course, supported by Unitec, has been a great success with 13 students successfully completing the course since 2012.
- » This year, seven of the eight students enrolled in Unitec's Level 4 Certificate in Applied Technology successfully completed.
- » Students enrolled in the electrotechnology course have benefited from attending Unitec's Northern campus on a weekly basis.

Events



Unitec's Charity Golf Day for the Men's Health Trust raised \$20,000.

Our events provide exciting opportunities for staff, students and the wider community to connect with Unitec through a wide range of activities.

Unitec Run Walk series

The Unitec Run Walk series is a high profile community activity that supports healthy lifestyles. This year local MP David Shearer launched the Unitec Run Walk series at our Mt Albert campus alongside Chief Executive Dr Rick Ede. Our Osteopathy Department continued to have a significant presence at all of the events, offering health and fitness advice and providing participants with free post-race recovery treatment.

adidas Auckland Marathon

This year over 450 athletes participating in the adidas Auckland Marathon benefited from post-race recovery treatment. The treatments, which were delivered by more than 30 osteopathy students, raised \$2,000 for Arthritis New Zealand. The Unitec presence at the Marathon Expo in the lead up to the event also saw 55 runners express interest in the Human Performance Lab delivered by the Department of Sport.

Auckland Rugby 1st XV Competition

The 1st XV secondary school rugby competition is New Zealand's premier school competition which runs from April until late August and is covered on Sky Sport's Rugby Channel. As the naming rights sponsor, we enhanced the experience for

secondary school players by providing Unitec match of the week, leadership workshops and internships with Auckland Rugby.

Charity Golf Day

Celebrity golfer Marcus Wheelhouse joined Chief Executive Dr Rick Ede on the greens in December for the inaugural Unitec Charity Golf Day. The event raised \$20,000 for the Men's Health Trust. With over 3,000 New Zealand men dying from preventable deaths every year, the Men's Health Trust works to change the way men think about their health and encourage them to proactively visit their doctors and take responsibility for living healthy lives.

Auckland West and North Business Awards

The Auckland West and North Business Awards are an Auckland Tourism, Events and Economic Development (ATEED) initiative. This year Unitec staff once again coached businesses through the awards process and nine Unitec study grants of \$2,000 were awarded to the prize winning companies.

Pride Festival 2014

Unitec will be the principal sponsor of Auckland Pride Festival 2014, an annual celebration of Rainbow Community culture and identity. The partnership reflects Unitec's ongoing commitment to creating a diverse and inclusive culture across all three of its campuses.

Partnership updates

Through our partnerships we discover the needs of our communities and industries, build our internal capabilities and provide exciting teaching and learning opportunities for our students and staff.

Cyber Security Research Centre

In late 2012, New Zealand's first Cyber Security Research Centre was opened on our Mt Albert campus in collaboration with Japan's National Institute of Information and Communications Technology (NICT). The rapid growth in both computer and internet research has brought cyber security to the fore, and the joint venture is focused on undertaking cutting-edge research and providing organisations around the country with state-of-the-art, cloud-computing-age cyber security technologies. As part of the agreement, every year a new Unitec doctoral student studies in Japan at NICT's expense.

- » The highlight of 2013 has been the development of a Cyber Security Red Alert System that will be officially launched in May 2014. Installed by Unitec staff and NICT scientists and engineers, it generates instant email alerts to inform organisations of cyber-attacks on their systems.
- » Throughout the year the Research Centre has attracted significant external research funding, creating the perfect environment for high-impact applied research that serves both industry and community.

- » A number of companies such as Maco Security, Aura Information Security, Datacom, Orion Health, Google and IBM have come on board to sponsor students, offer software and partner on projects.

New collaboration with NAIST

The Department of Computing made another innovative alliance in July when Unitec signed a memorandum of understanding with Nara Institute of Science and Technology (NAIST) in Japan. The MOU will enhance co-operation between the two institutions by offering an exciting new dual doctoral programme. Signed during a visit to Japan by Chief Executive Dr Rick Ede, this initiative will enrich research collaboration, strengthen international relationships and encourage academic exchanges of doctoral students. NAIST has been the top-ranked national university in Japan over the past three years for both research and education, based on the quality of its postgraduate programmes. As a national university consisting solely of graduate schools that specialise in teaching and research in advanced science and technology, NAIST tackles problems at the frontiers of science in an environment of interdisciplinary and international cooperation.

New vocational education programmes in India

In June 2012, Unitec and CMC Limited formed an alliance to offer vocational education and training from CMC Academy centres in India. This year the relationship bore fruit with the launch of a vocational education programme aimed at building a highly



Unitec's focus on vocational education allows students to gain experience on site.



The Rosebank Art Walk explored the relationships between art, enterprise and community.

skilled workforce for the construction industry. The one-year Postgraduate Programme in Construction Project Management has been developed in collaboration with leading players in the construction and infrastructure sector and aims to develop highly skilled construction project managers. The programme includes real-world project experience and is aimed at engineering graduates and holders of engineering diplomas. The programme was initially offered at CMC Academy centres in Hyderabad and Pune and three new centres are due to launch the programme in Delhi, Chennai and Bangalore.

Rosebank Business Association, Tēpu

In 2012 we established Tēpu, a joint venture with Rosebank Business Association, to provide work-based learning opportunities for students, develop mutually beneficial projects and undertake research. Tēpu's vision is to encourage innovation, build capacity and enhance competitiveness amongst businesses. Tēpu has developed a number of successful relationships with local businesses to help build their capacities.

This year, in conjunction with the Auckland Arts Festival and Rosebank Business Association, Design and Contemporary Arts Associate Professor and Faculty of Creative Industries and Business Associate Dean of Research Marcus Williams curated an Auckland Arts Festival project focused on the history and environment of Rosebank Peninsula.

The Rosebank Art Walk, which explores the relationships between art, enterprise and community, saw 25 artists, designers and performers create 30 artworks focusing on the diversity of local businesses, community groups and the region. A symposium was held at our marae, followed by an exhibition at Unitec's Snowwhite Gallery featuring Rosebank-related maps, texts, artefacts, photographs and moving images.

The Blues

Unitec is proud to be the official tertiary provider and sponsor for the Blues Super Rugby Franchise, and since 2005 our Mt Albert campus has been the home training base for the Blues and their management team. This year Unitec continued to support targeted players with scholarships and opportunities to take part in programmes offered at Unitec. In return, the Blues continued to enhance the learning experience for our students by providing work placement opportunities and giving guest lectures.

Performance

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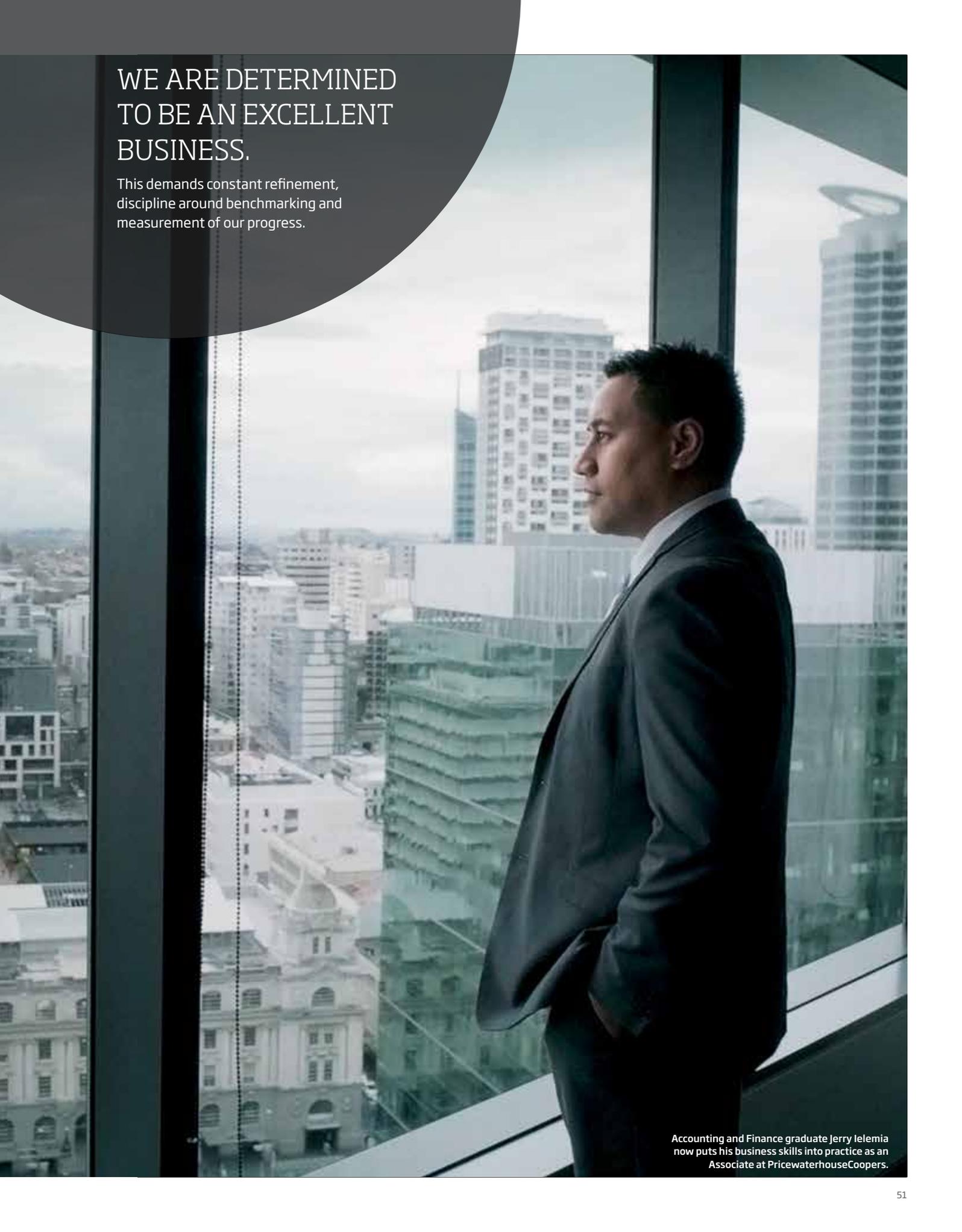
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WE ARE DETERMINED TO BE AN EXCELLENT BUSINESS.

This demands constant refinement,
discipline around benchmarking and
measurement of our progress.



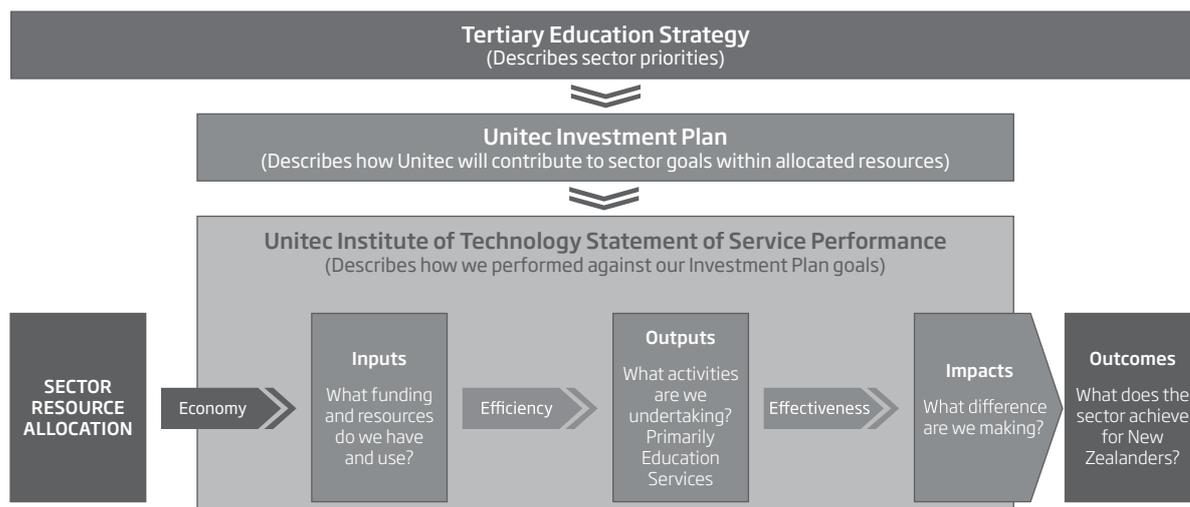
Accounting and Finance graduate Jerry Ielemia
now puts his business skills into practice as an
Associate at PricewaterhouseCoopers.

Statement of Service Performance

for the year ended 31 December 2013

Introduction

Tertiary Education Sector Performance Framework and Relationship to Unitec's Statement of Service Performance



The purpose of this Statement of Service Performance is for users of the Unitec Institute of Technology Annual Report to understand how we perform against non-financial performance targets alongside financial performance (as measured by the financial statements). Without both financial and non-financial performance being measured, users would struggle to get a good understanding of Unitec's achievements and areas for improvement.

Unitec measures its performance against a range of non-financial targets and measures. These are selected to reflect appropriate measures against the benefits (outputs and outcomes), resource allocations (inputs) and quality dimensions.

Unitec is part of a larger tertiary education sector. As such, we work within the framework of the Tertiary Education Strategy, 2010-2015, which sets outcome targets for the sector as a whole, including contributing to the economic and social wellbeing of New Zealand and the employment and education aspirations of New Zealanders.

Unitec has a current Investment Plan which includes performance targets that have been agreed with the Tertiary Education Commission (TEC) to reflect how Unitec can contribute toward the outcomes contained in the Tertiary Education Strategy. These include targets toward:

- » Values added to New Zealand society and industry
- » People progressing to employment
- » People progressing to higher levels of education
- » More engaged communities and
- » Enhanced environmental sustainability.

Performances against these targets are best measured by the mandatory Education Performance Indicators (EPIs). Although EPIs do have the advantage of comparability across the Tertiary Education Sector, unfortunately they are trailing measures, often available well after a year end, and therefore other measures have been included to provide some lead indication of this performance.

Non-financial performance targets for this report, as can be measured using Generally Accepted Accounting Practice (GAAP), are included in the Unitec Investment Plan, 2013-2015. These reflect the outputs and education service delivery performance that are expected of Unitec, by both Unitec Council and TEC.

The measures selected attempt to provide a balanced understanding of performance around education service quality, quantity, timeliness, achievement and alignment to our communities, and the aspirations and needs of those communities.

Measures used in this Statement of Service Performance are often annual measures which supplement more regular measurements used by management on a daily, weekly or monthly basis.

Part A

This part of the Statement of Service Performance includes all measures from the Unitec Investment Plan for 2013 to 2015. This documents the services provided by Unitec to meet stakeholder needs and ensure the intent of the Investment Plan is fulfilled.

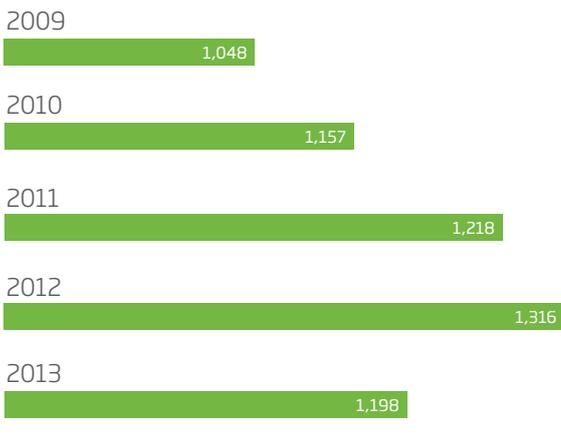
A1: Meeting the needs of our communities

A1.1: Impacts

Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Transition into education	Number of students with a prior activity of "Non-employed or beneficiary (excluding retired)" ¹	No	1,198	1275 - 1325	1,316
TEC Priority group participation	Course Participation: SAC-funded EFTS	No	7,859	8,347 ²	8,481
TEC Priority group participation	Course Participation: % of SAC-funded EFTS who are Māori	No	11%	12.5% - 17.5%	11%
TEC Priority group participation	Course Participation: % of SAC-funded EFTS who are Pacific peoples	No	17%	17.5% - 22.5 %	17%
TEC Priority group participation	Course Participation: % of SAC-funded EFTS who are under 25 years of age	Yes	59%	55% - 60%	57%
TEC Priority group participation	Course Participation: Youth Guarantee EFTS	No	103	128 ²	128

The NEET¹ enrolments have increased gradually from 2009 to 2012. This is consistent with the enhanced education support provided for this sub group over this period. Most of the students from this sub group studied at levels 1 to 2 programmes at Unitec. Due to reduction in funding allocation for levels 1 and 2 programmes in 2013, the enrolment numbers have decreased this year.

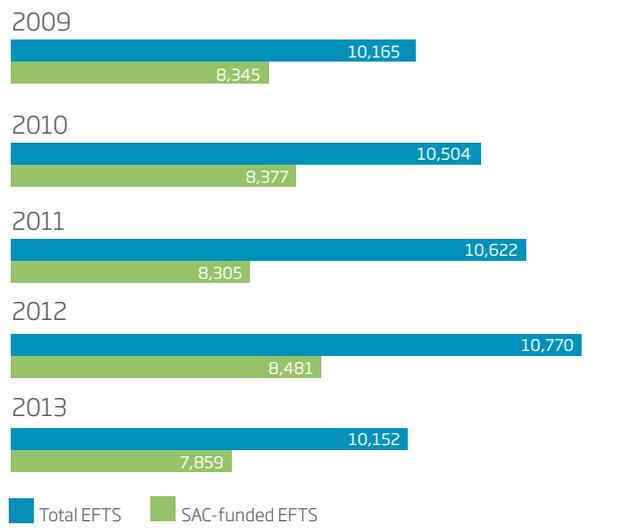
Figure 1: NEET enrolments at Unitec 2009-2013



In 2013 a total of 7,859 equivalent full-time students (EFTS) at Unitec were funded by the Tertiary Education Commission's (TEC) student achievement component SAC funding. This figure excludes those funded under the Youth Guarantee Scheme. The 2013 SAC EFTS was 622 EFTS lower than in 2012 SAC EFTS. In mid-2013, Unitec negotiated with Tertiary Education Commission through the Mix of Provisions (MOP) process, a SAC EFTS target of 8,347 for 2013. The final 2013 SAC EFTS was 6% short of the MOP target.

The number of students and EFTS receiving education has decreased in 2013, reflecting an improving economy and job market.

Figure 2: SAC-funded EFTS and Unitec total EFTS from 2009-2013



The number of SAC-funded Maori EFTS at Unitec in 2013 was 7% lower than in 2012 reflecting lower overall enrolments. At 11% of all SAC-funded EFTS, the participation rate of Maori students was the same as 2012.

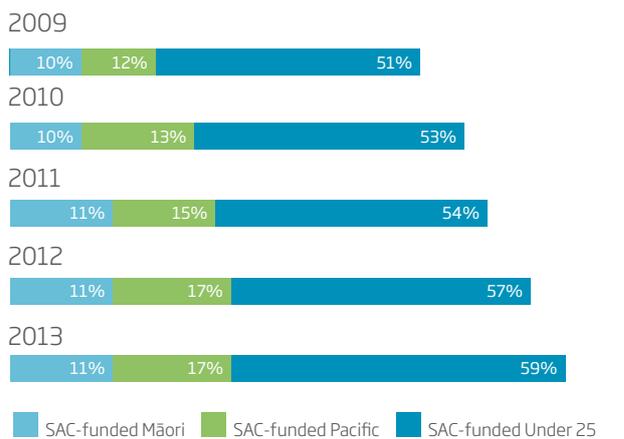
Over the same period the number of SAC-funded students identifying with a Pacific ethnic group decreased by 6%. At 17% of all SAC-funded EFTS, the participation rate of Pacific students was the same as 2012.

The above figures compare well with the population mix for Maori

1. NEET Enrolments - Number of students in the Single Data Return Student file who have a prior activity of "not employed or beneficiary (excluding retired)" as of October 1 of the previous year.
2. Mix of Provisions (MOP) process revised EFTS target set in October 2012. When the Investment Plan was prepared, these figures had not been finalised and hence estimates were used.

(10%) and Pacific (14%) in the Auckland region.

Figure 3: Proportion of TEC priority group participation



A total of 103 EFTS were funded under the Youth Guarantee Scheme in 2013, a decrease of 19% on the 2012 figure. The 2013 result was 81% of the target. This decrease was expected as the overall EFTS decreased. Again, the improving economy and job market was the key factor. Potential students eligible for Youth Guarantee funding may have enrolled at other institutions. They could have also enrolled in other programmes, under a different funding scheme, so that they could have access to allowances and other benefits which the Youth Guarantee scheme does not offer.

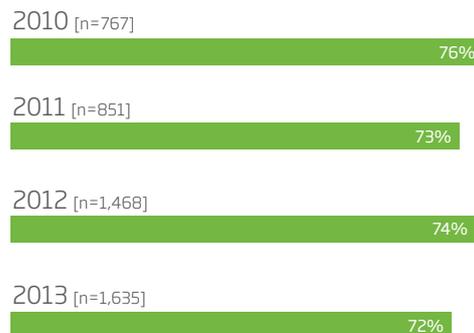
A1.2: Outputs

Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Matching skills supply and demand	Relevance ³ of qualification to graduate employment	No	72%	75% - 80%	74%

The relevance of qualification to employment follows an average percentage of around 74% year on year. The difference between 2012 and 2013 is not significant given the base sizes of the sample. In fact more graduates said that their qualification was relevant to their employment in 2013 (757) than 2012 (676) as more graduates completed the survey. The difference between the target of 75% (3% points) and the actual for 2013 of 72% is also not statistically significant.

In summary, Unitec is maintaining a steady position on relevance of qualification to graduate employment.

Figure 4: Relevance of qualification to graduate employment



A1.3: Processes

Components	Key Indicators	Achieved	2013 Estimate	2013 Target	2012 Actual	2012 Estimate
Educational Performance	EPI: Qualification Completions - All SAC-funded students	Yes	64% - 66%	60% - 65%	64%	57% - 59%
Educational Performance	EPI: Qualification Completions - All SAC-funded Māori students	NA	53% - 54%	NA ⁴	54%	44% - 45%
Educational Performance	EPI: Qualification Completions - All SAC-funded Pacific Peoples students	NA	49% - 51%	NA ⁴	49%	42% - 43%
Educational Performance	EPI: Qualification Completions - All SAC-funded students who are under 25	NA	55% - 57%	NA ⁴	55%	51% - 54%

Qualification completion rates for SAC-funded students, one of four educational performance indicators (EPIs), are measured by TEC, using information supplied by Unitec and other tertiary providers. The final indicators for 2013 will be available in mid-2014 after information from all tertiary providers is combined. The 2013 estimates for qualification completions are based on historical data, which Unitec consider the best available estimate for 2013, after considering the current environment. These figures will be subject to change.

Unitec's EFTS Weighted Qualification Completion rate improved markedly from 2011 to 2012 for all students, Maori, Pacific and students aged under 25 years.

3. Proportion of respondents gaining employment who ranked their qualification as 'highly' or 'moderately' relevant to gaining employment.
 4. This measure was approved as a performance indicator outside of the Investment Plan and hence no target was set.

This improvement was anticipated as part of a long-term trend, although the degree of improvement was under-estimated in the 2012 Annual Report. The five percentage point difference between the 2012 estimate and the 2012 actual can be accounted for in part by a decreased lag between a student completing their qualification and the qualification completion being recorded in the Single Data Return.

The EFTS-weighted Qualification Completion rate for 2011 increased by three percentage points between the 27 July 2012 'final' release and the 15 February 2013 'draft' release.

On-going improvements in Unitec's internal processes have seen the submission rate for this indicator improve markedly over the last year. The median qualification completion rate for the ITP (Institutes of Technology and Polytechnics) sector also increased by five percentage points from 2011 to 2012.

Figure 5: EPI: Qualification completion rate

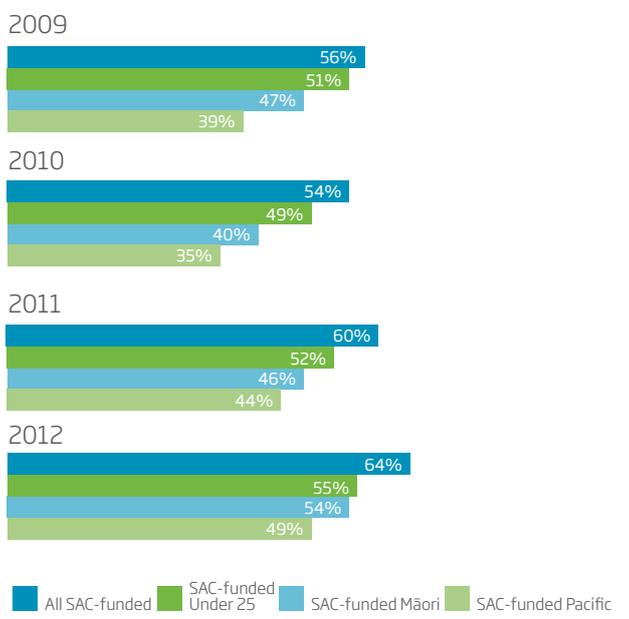
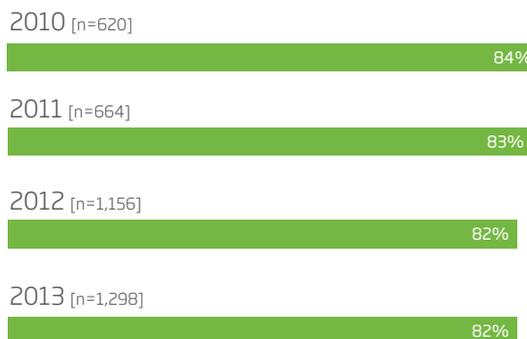


Figure 6: Graduates employed, studying or combining both



Employment outcomes for Unitec graduates are an important indicator of the relevance of our qualifications and the quality of our graduates.

Eighty-two percent of respondents reported in the 2013 Graduate Survey that they were either in paid work, studying or both working and studying when surveyed. Sixteen percent were studying only, 55% employed only and 11% were both employed and studying.

Even though we achieved the same percentage as last year at 82%, the actual number in 2013 is greater due to the increased sample size of the survey.

Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Transition to employment	Graduates employed, studying or combining both	No	82%	85% - 90%	82%

A2: Enhancing the student experience

A2.1: Impacts

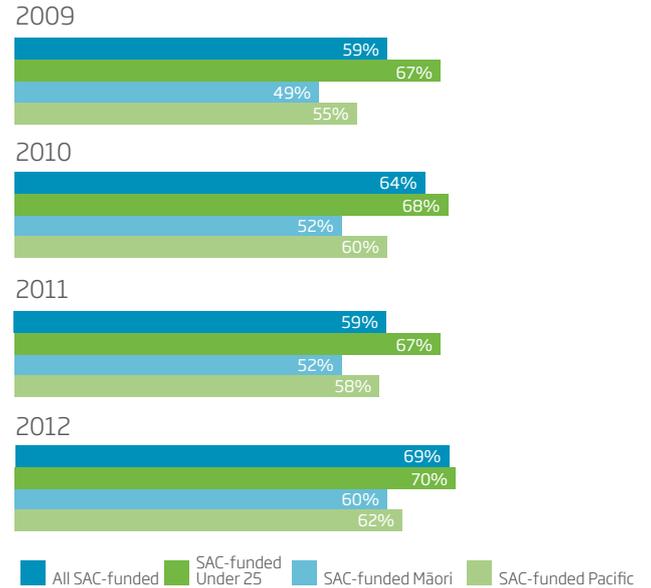
Components	Key Indicators	Achieved	2013 Estimate	2013 Target	2012 Actual	2012 Estimate
Educational performance	EPI: Students Retained In Study - All SAC-funded students	Yes	69% - 70%	65% - 70%	69%	59% - 61%
Learning outcomes for TEC Priority Groups	EPI: Students Retained in Study - All SAC-funded Māori students	Yes	60% - 62%	55% - 60%	60%	52% - 54%
Learning outcomes for TEC Priority Groups	EPI: Students Retained in Study - All SAC-funded Pacific students	Yes	62% - 64%	60% - 65%	62%	58% - 60%
Learning outcomes for TEC Priority Groups	EPI: Students Retained in Study - All SAC-funded students who are under 25	Yes	70% - 71%	65% - 70%	70%	67% - 69%
Educational performance	EPI: Progression (Levels 1-3) - All SAC-funded students	Yes	49%-51%	45% - 55%	51%	38% - 42%
Learning outcomes for TEC Priority Groups	EPI: Progression (Levels 1-3) - All SAC-funded Māori students	Yes	57% - 58%	45% - 55%	58%	52% - 53%
Learning outcomes for TEC Priority Groups	EPI: Progression (Levels 1-3) - All SAC-funded Pacific students	Yes	64% - 70%	45% - 55%	70%	45% - 53%
Learning outcomes for TEC Priority Groups	EPI: Progression (Levels 1-3) - All SAC-funded students who are under 25	Yes	58% - 62%	45% - 55%	62%	52% - 53%

As noted previously, measures of educational performance for the tertiary sector are calculated by TEC, once all tertiary education providers have completed reporting, and will be released in mid-2014.

Students Retained in Study gives the proportion of SAC-funded students studying in a particular year who returned to Unitec the following year⁵, or complete their qualification. Between 2011 and 2012 student retention rates at Unitec increased slightly across all monitored student groups. For all SAC-funded students the retention increased from 59% in 2011 to 69% in 2012. Students undertaking lower-level qualifications (level 4 and below) saw a small decline in retention over this period, compared to the greatest increase in retention over previous years.

The number of students⁶ who re-enrolled from 2011 to 2012 or completed their qualifications declined only marginally (217, or 3.5%), while the number of students enrolled declined significantly, (1,751, or 11%). As a result, the overall retained in study rate is higher for 2012. Significant variations in the historic figures for this measure illustrate how difficult estimating future performance is.

Figure 7: EPI: Retained in study 2009-2012



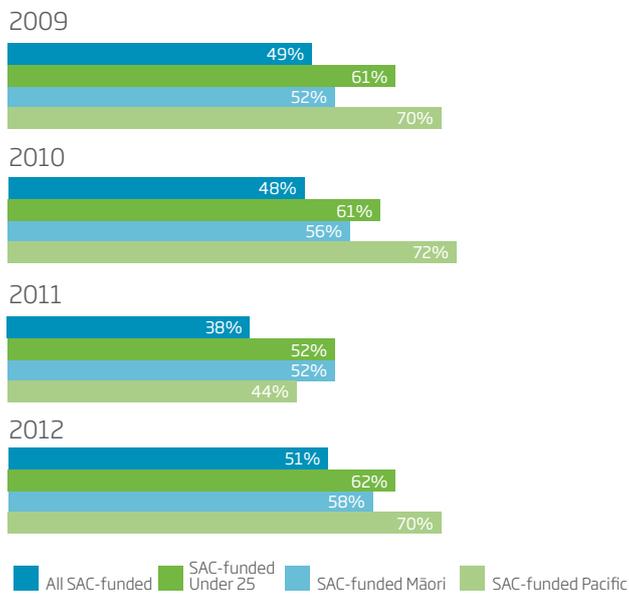
Student Progression relates to the student outcome across the wider tertiary education sector not just at Unitec. The final indicators for 2013 will be available in mid-2014. The 2013 estimates for student progression are based on historical data, which Unitec considers the best available estimate for 2013, after considering the current environment. For SAC-funded students, the rate of progression in 2012 increased significantly from 2011 (38%), but is only a slight

5. Within 12 months of the end of their previous year's study.
6. This measure uses students, not EFTS.

increase from 2010 (48%). This suggests that 2011 is an outlier, and that the outcomes are closer to pre-2011 figures.

Sixty-nine percent of SAC-funded Unitec students completing qualifications at levels 1 to 3 progressed to a higher level programme at a New Zealand tertiary education organisation in 2012. This rate was higher than 2011 by 13 percentage points. Between 2011 and 2012 student progression rates at Unitec increased slightly across all monitored student groups with the Pacific group showing the highest increase by 26 percentage points.

Figure 8: EPI: Progression levels 1 to 3



Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Student satisfaction	Graduate willingness to recommend ⁷ Unitec to others	Yes	90%	80-90%	93%

The willingness of graduates to recommend Unitec to others decreased by 3 percentage points when compared with the 2012 figure. Nine out of every 10 respondents in the annual Graduate Survey reported that they would definitely or possibly recommend Unitec to others as a place to study.

Figure 9: Graduates recommending Unitec to others



A2.2: Outputs

Components	Key Indicators	Achieved	2013 Estimate	2013 Target	2012 Actual
Educational performance	Successful course completion rate for all SAC-funded students	Yes	81% ⁸	80% - 85%	81% ⁹
Learning outcomes for TEC Priority Groups	Successful course completion rate for SAC-funded Māori students	Yes	75% ⁸	75% - 80%	75% ⁹
Learning outcomes for TEC Priority Groups	Successful course completion rate for SAC-funded Pacific students	Yes	70% ⁸	70% - 75%	69% ⁹
Learning outcomes for TEC Priority Groups	Successful course completion rate for SAC-funded students who are under 25	Yes	78% ⁸	75% - 80%	77% ⁹

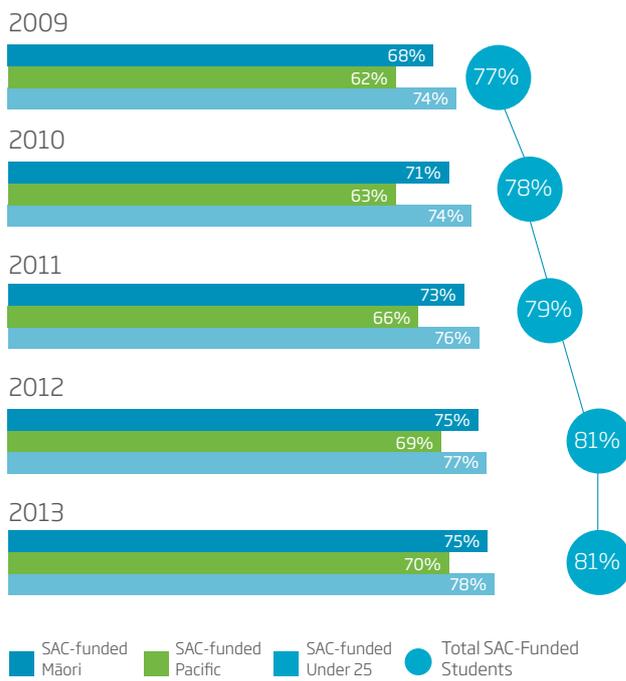
The measure for successful course completion is an estimate pending release of the final EPI by TEC in mid-2014. The 2013 figure for successful course completion is based on preliminary information available internally to Unitec. This will be combined with some other information available to the TEC to produce the final measure, however in this case the internal available information is considered the best estimate available at this time. Rates of successful course completion by SAC-funded students in 2012 showed little change from the previous year for SAC-funded Maori and Pacific Students. Unitec rates of successful course completion for all SAC-funded students closely matched the ITP sector median rates across all programme levels.

7. Proportion of graduates who will 'definitely' or 'possibly' recommend Unitec to others

8. Figures for 2013 are preliminary estimates and subject to change.

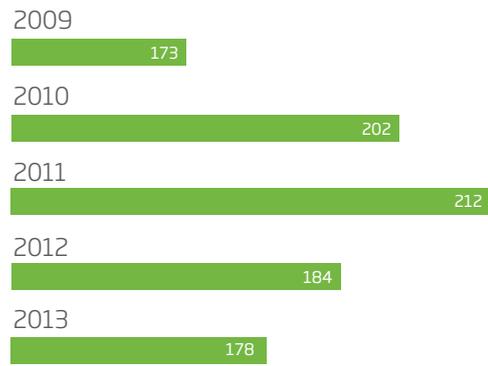
9. Figure differs from 2012 Annual Report, which reported an estimate figure for 2012.

Figure 10: Successful course completion rate



The number of students progressing from PTEs to study at levels 3 and above at Unitec has decreased slightly in 2012 and 2013. This is consistent with the overall declining head counts at Unitec over the last few years.

Figure 11: Number of students progressing from PTEs to study at levels 3 and above at Unitec



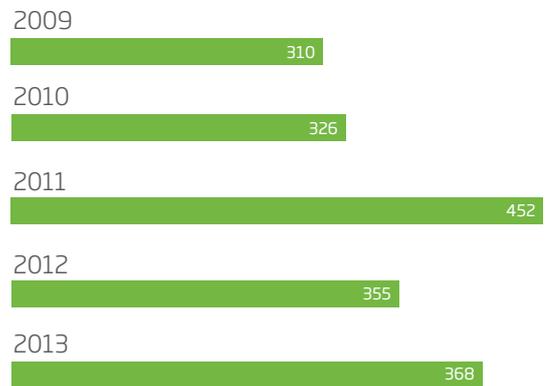
Research outputs are collected on a continuous basis throughout the year and are subject to verification by Departmental Research Committees and report to the Unitec Research Committee and Academic Board. Figures reported here for 2013 should be considered preliminary as figures had not been finalised when this report was being prepared. These preliminary figures indicate a slight increase in the number of quality assured research outputs for 2013, with considerable emphasis being put on continually improving the systems used to capture and verify as much of Unitec’s research activity as accurately as possible. The 2011 quality assured research outputs increased dramatically over the previous year. This reflects the nature of the six-yearly Performance Based Research Fund (PBRF) cycle, where 2011 was the final year of the cycle.

A3: Innovation in teaching and learning

A3.1: Impacts

Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Pathways to higher education	Students progressing from other providers (PTE ¹⁰ s) to study at levels 3 and above at Unitec	No	178	210 - 240	184
Research	Quality-assured research outputs 'increased level of research output and impact'	No	368 ^B	380 - 420	355 ⁹

Figure 12: Number of quality assured research outputs



A4: Being an excellent business

A4.1: Impacts

Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Financial Performance Indicators	Net Surplus/Average Equity (%)	No	0.9%	2.3%	2.3%
Financial Performance Indicators	Gearing/Net Debt to Equity (%)	Yes	1.1%	≤4.3%	1.9%
Financial Performance Indicators	Total Revenue (\$000)	No	146,898	154,346	152,533
Financial Performance Indicators	Total Cash Expenditure (\$000)	Yes	140,605	≤147,684	141,051 ¹¹
Financial Performance Indicators	Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (\$000)	No	14,162	18,227	19,225
Financial Performance Indicators	Depreciation (\$000)	Yes	12,824	≤13,851	13,386
Financial Performance Indicators	Interest (\$000)	Yes	-582	≤282	318
Financial Performance Indicators	Net Surplus (\$000)	No	1,920	4,694	5,521
Financial Performance Indicators	Net Cash (Debt) (\$000)	No	5,026	7,439	-1,256
Financial Performance Indicators	EFTS: Total FTE (#)	No	8.5	9.1	8.9

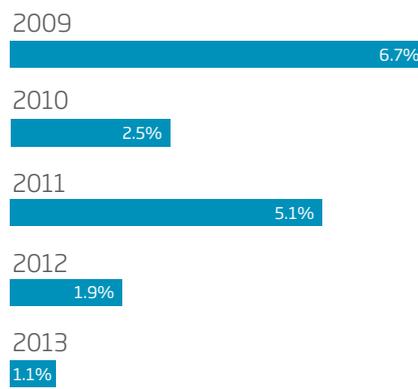
Figure 13: EBITDA (\$000) and net surplus/average equity



Unitec continues to maintain a strong free cash flow (Earnings Before Interest, Tax, Depreciation and Amortisations) at close to \$15.000m per annum, despite falling revenue from reduced student enrolments. The overall surplus as a percentage of equity was reduced in 2013 due to the higher equity (resulting from an increase in revaluation

reserves) and a reduced surplus (resulting from reduced student tuition revenue and redundancies partially offset by good cost control).

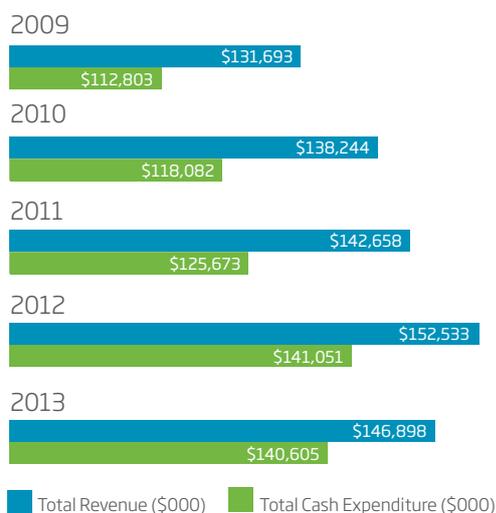
Figure 14: Gearing/net debt to equity



Unitec's gearing / net debt to equity ratio continues to reflect a strong balance sheet in preparation for planned strategic growth. This is achieved through good cash management practices.

11. Figure differs from 2012 Annual Report due to data corrections.

Figure 15: Revenue and expenditure (\$'000)

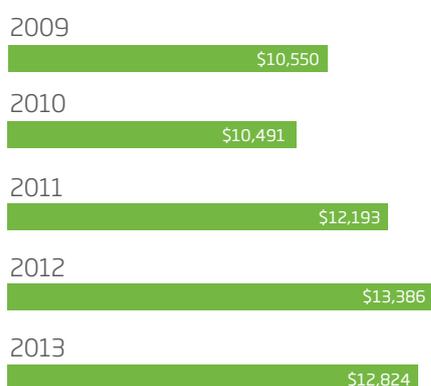


In 2013, there was a significant decrease in domestic student enrolments, continuing a trend that commenced in 2012. This was more severe than either Unitec or the TEC could predict, reflecting a strengthening New Zealand economy coinciding with many students born in the 1990-1993 mini-baby boom completing their studies.

As a result income from domestic students earned through Government Grants and Domestic Student Tuition Revenue reduced in the 2013 year, and was less than expected. This was partially offset by an increase in International Student Tuition Revenue, reflecting continued growth in this market by Unitec. Government Grants reduced by \$5.758m. Student Tuition Revenue for Domestic and International Students increased by a net \$2.542m.

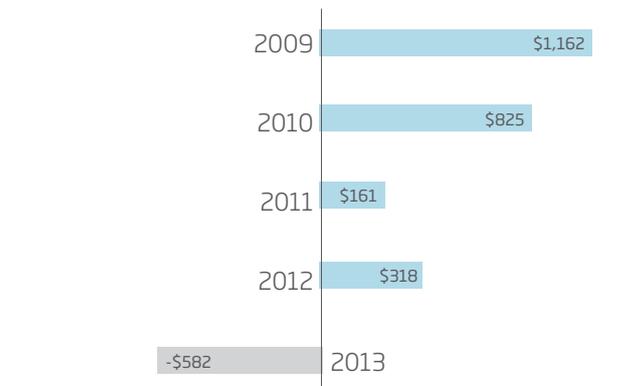
Unitec managed this reduction in revenue through continued management of expenditure.

Figure 16: Depreciation (\$'000)



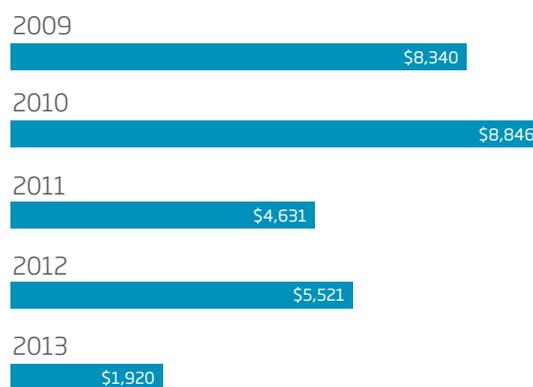
During 2013, Unitec prioritised investment in longer-term assets over shorter-term assets. This resulted in the significant new investment having a longer average estimated life, slightly reducing depreciation and amortisation in 2013.

Figure 17: Interest (\$'000)



Unitec has actively managed its cash holdings and cleared debt, allowing it to minimise interest expense. The current interest expense relates to finance leases and there were no loans drawn at 31 December 2013 (2012: \$NIL). The 2013 figure differs from 2012 figure due to a one-off adjustment on the finance lease interest in 2013.

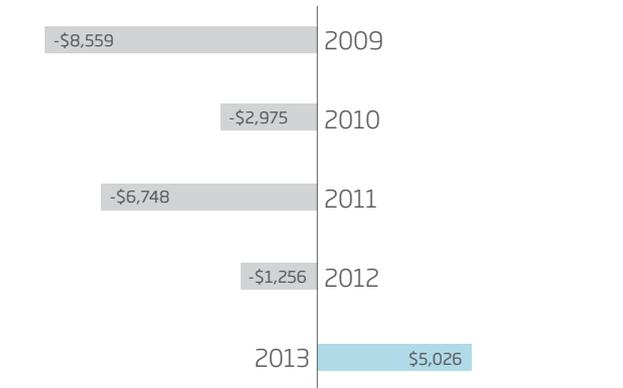
Figure 18: Net surplus (\$'000)



As noted above lower domestic student enrolments resulted in a reduction in domestic student revenue of \$5.20m in the 2013 year. Additionally Unitec, as part of managing costs and preparing the business for further growth into the future, incurred \$2.122m in redundancy and restructuring costs.

Despite these additional costs and reduced revenue, Unitec was able to manage other expenditure and achieve a \$1.920m surplus, a shortfall of just \$2.774m from budget.

Figure 19: Net cash (debt) (\$'000)



Unitec continues to carefully manage cash and debt to ensure it is well placed for planned future investment in its strategic direction.

Figure 20: EFTS : FTE ratio



Reduced student enrolments became evident in late February /early March. This is after Unitec had to commit to the level of resourcing for tuition (courses and programmes) for an academic year. As a result, Unitec's Student (EFTS) to Staff (FTE) ratio deteriorated slightly in 2013.

A4.2: Outputs

Components	Key Indicators	Achieved	2013 Actual	2013 Target	2012 Actual
Staff engagement	Engagement with Unitec purpose (organisational direction, results focus, mission and values, ethics, role clarity, diversity)	Not due	NA	70% -80%	72% ¹²

The Unitec Staff Survey is done biennially and no survey was conducted in 2013. In the 2012 survey, 72% of staff perceived that they are engaged with Unitec's purpose. However, in 2013, the results from the 2012 survey were analysed using factor analysis to understand from a statistical perspective what factors drive staff satisfaction.

12. Average score from the score values of organisational direction, results focus, mission and values, ethics, role clarity, diversity

Part B

Part B of the Statement of Service Performance covers performance measures that are not included in the Unitec Investment Plan.

These measures assist management in assessing progress against the targets set out in Section A and act as 'lead' indicators of progress or as indicators to assist in interpretation of the formal measures.

No formal targets have been set against these performance measures.

B1: Meeting the needs of our communities

B1.1: Impacts

Components	Key Indicators	2013 Actual	2012 Actual
Enhanced environmental sustainability	Percentage of staff that consider Unitec environmentally responsible	NA ¹³	68%
Value added to industry and society	Proportion of academic portfolio > = Level 4	89%	86%

The percentage of staff who consider Unitec is environmentally responsible is a measure which captures information from the Unitec Staff Survey. This survey is done biennially and in 2013 no survey was conducted.

The proportion of EFTS studying formal programmes at level 4 and above rose from 86% to 89% between 2012 and 2013. This could have been possibly driven by a fall in the number of EFTS studying at levels 1 and 2 and an increase in the number studying at level 4.

B1.2: Outputs

Components	Key Indicators	2013 Actual	2012 Actual
EFTS by funding source	Government funded ¹⁴	8,171	8,779
EFTS by funding source	International	1,695	1,677
EFTS by funding source	Other funding ¹⁵	286	314
EFTS by funding source	Total EFTS	10,152	10,770
EFTS by programme level	Level 8 and over	437	498
EFTS by programme level	Level 7	4,493	4,475
EFTS by programme level	Level 5 & 6	1,687	2,128
EFTS by programme level	Level 4	2,042	1,849
EFTS by programme level	Level 3	823	809
EFTS by programme level	Level 1 and 2	265	598
EFTS in non-formal education	Non-formal education ¹⁶	402	413
EFTS in formal education	Formal education	9,750	10,357
First year formal EFTS	EFTS in first year of formal programmes	5,356	5,922
First year formal EFTS	EFTS in first year of formal programmes as a percentage of all EFTS in formal programmes	55%	57%
Student numbers	In formal programmes	15,051	16,203
Student numbers	In non-formal education	5,121	5,310
Student numbers	Total	19,771 ¹⁷	21,221 ¹⁷

The major service provided by Unitec is education. Education output, defined in accordance with guidance from the Office of the Auditor General on what is an output compared with an input or outcome, is measured by the number of EFTS taught during the year.

Between 2012 and 2013 the total EFTS taught at Unitec decreased by 5.7%. This small change was driven by a 6.9% decrease in Government-funded EFTS and a 9% decrease in students funded from other sources. While there was a decrease in total EFTS taught, the international EFTS showed a small growth of 1.1% when compared to 2012 EFTS.

The EFTS taught at levels 1 and 2 programmes decreased by 55.7% from 2012. This is consistent with the reduction in funding allocation Unitec received for this category in 2013. EFTS taught at level 3 and level 4 programmes showed some growth. Level 3 programme EFTS increased by 1.8% while level 4 programme EFTS increased by 10.5%. The EFTS at levels 5 and 6 programmes decreased by 20.7% and EFTS in level 7 programmes showed a minute growth of 0.4%. The EFTS taught at levels 8 and above programmes decreased by 12.3%.

Non-formal education includes Adult and Community Education (ACE) and self-funded courses that cannot be credited towards a formal qualification. EFTS taught in this category fell by 2.6% between

13. This information is captured from the Unitec Staff Survey. In 2013 no survey was conducted.

14. Government funded include: SAC, Youth Guarantee and Adult and Community Education (ACE).

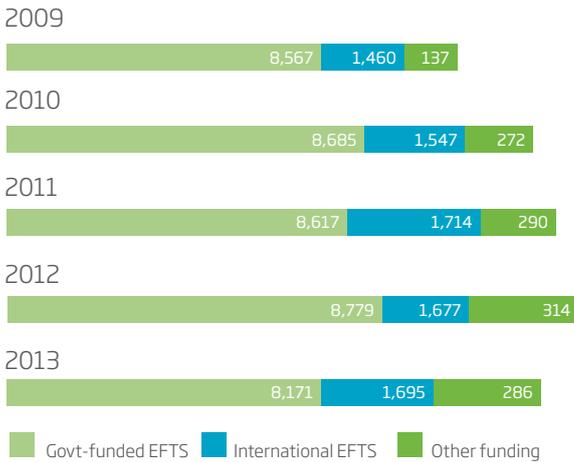
15. Other funding sources include: Ministry of Health, Industry Training Organisation (ITO), Training Opportunities Programmes (TOPS), Secondary Tertiary Alignment Resource (STAR), other contracts and self-funded students.

16. Non-formal education also includes STAR students.

17. Total is not the sum of the above as some students are taking both formal and non-formal courses in the same year.

2012 and 2013. EFTS taught in formal programmes also decreased by 5.9% between the two years. The number of EFTS in the first year of a formal programme at Unitec fell by 9.6% between 2012 and 2013. They made up 55% of all EFTS in formal education in 2012.

Figure 21: EFTS by funding source



The total number of students studying at Unitec was lower in 2013 than in 2012 by 1,454 or 6.9%. The number of students receiving formal education fell by 7.1% and the number receiving non-formal education fell by 3.7%.

Figure 22: EFTS by Level of Education

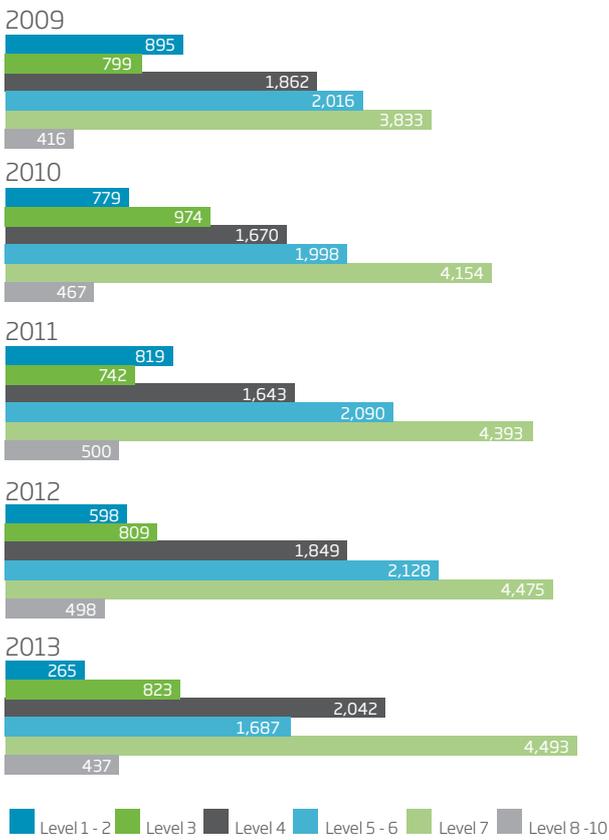
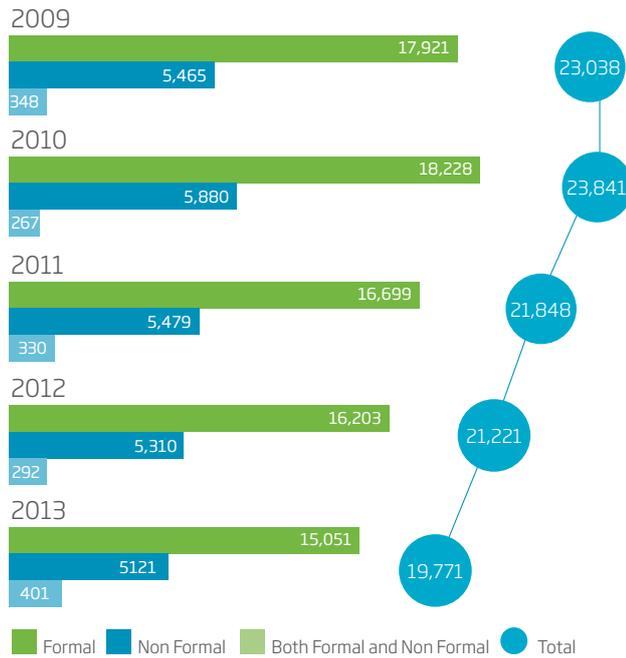


Figure 23: Student headcounts

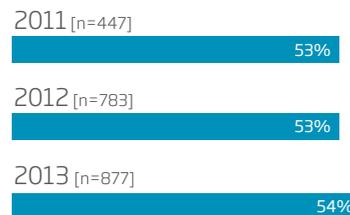


B2: Enhancing the student experience

B2.1: Impacts

Components	Key Indicators	2013 Actual	2012 Actual
Students are willing to return to Unitec for further study	Graduates willing to return to Unitec for further study	54%	53%

Figure 24: Proportion of graduates willing to return to Unitec for further study



The percentage of students willing to return to Unitec to do further study is consistent at 53% - 54% year on year. There is no statistically significant difference between the year-on-year percentages.

B3: Innovation in teaching and learning

B3.1: Outputs

Components	Key Indicators	2013 Actual	2012 Actual
Enhanced environmental sustainability	Number of sustainable research outputs	41 ⁸	21
Enhanced environmental sustainability	Percentage of programmes with sustainability content	34%	15%

Out of all the quality-assured research outputs in 2013, approximately 11% were environment sustainable related.

Sustainability has been recognised as an essential part of our curriculum at Unitec. With this in mind, it has been added as a requirement of the Living Curriculum, with 34% (51) of all the programmes officially recognised as now having this content.

B3.2: Processes

Components	Key Indicators	2013 Actual	2012 Actual
Deliver high quality and relevant courses	Curriculum redevelopment: Proportion of programmes re-developed with Living Curriculum tick	100%	55%

Unitec is committed to having all programmes through Phase One approval for the Living Curriculum by the end of 2013, so this year has seen the final tranche of programmes engage with the renewal process. Several programmes rolled over from 2012 were completed early in 2013. Many programmes are writing Statements of Pedagogical Intent which set out the pedagogical basis on which post-TRoQ (Tertiary Review of Qualifications) programmes will be renewed. With the exception of one programme which is exempted due to being replaced during 2014, and another which is being delayed due to inclusion in a broader programme rewrite, the end of 2013 (or very early in the new year) will see all existing programmes (and several new ones) receive Phase One Living Curriculum approval.

B3.3: Inputs

Components	Key Indicators	2013 Actual	2012 Actual
Literacy and numeracy	Proportion of L1 - 3 programmes with embedded literacy and numeracy	95%	85%

Since the beginning of 2013, Unitec has begun to use the multi-literacies framework as a way of framing our literacy and numeracy work. This is mapped to the Learning Progressions, the enquiry process, the Living Curriculum, the NZQA framework and project-based learning. It is used in programmes at all levels. A multi-literacy approach has informed our work with, and redevelopment of, a number of programmes.

We continue to extend the uptake of the diagnostic assessment tool in line with TEC's requirements. We are conscious of ensuring Unitec meets the criteria of mature embedded practice. Use of Pathways Awarua across a number of programmes has added to the embedded delivery of literacy and numeracy. Unitec continues to offer the National Certificate in Adult Literacy and Numeracy Education (Vocational/Workplace) to staff.

B4: Being an excellent business

B4.1: Impacts

Unitec was awarded an Australasian Green Gown Award for Smaller Institutions 2013 in recognition of our comprehensive approach to sustainability as evidenced by our shrinking environmental footprint. Winning the Smaller Institutions category, the judges commented "An excellent initiative addressing the whole of institution. Follows a well proven recipe however with a high level of innovation. Very impressed with the sophisticated measuring tool and well-designed strategic plan. Excellent staff and student engagement with "give it a go" showing willingness to confront practical challenges and get local enterprises involved."

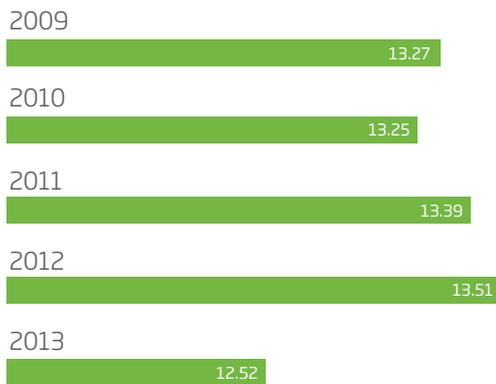
Unitec now exceeds all environmental Tertiary Education Facility Management Benchmarks for energy, water and waste.

This means that Unitec is meeting the aspirational goal set out in Unitec's Environmental Sustainability Strategy to exceed Australasian benchmarks for the environmental performance of tertiary education facilities.

Campus biodiversity has continued to grow, with over 2,500 native plants now planted and a fish ladder installed along Wairaka Stream. Mt Albert Campus Arboretum has also been established, celebrating the significance of over 2,000 trees.

Components	Key Indicators	2013 Actual	2012 Actual
Enhanced environmental sustainability	Resource utilization: Energy (MWh)	12.52	13.51 ⁹
Enhanced environmental sustainability	Resource utilization: Water (m ³)	79,556	86,346 ⁹
Enhanced environmental sustainability	Resource utilization: Waste (tonnes)	358	385
Enhanced environmental sustainability	Resource utilization: Paper (tonnes)	95	114
Enhanced environmental sustainability	Biodiversity: Macroinvertebrate Community Index (MIC)	69.8	69.8

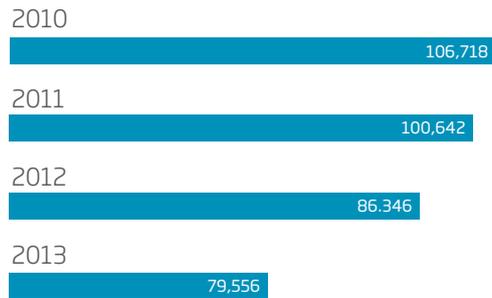
Figure 25: Resource utilization: energy usage (MWh)



Unitec's newly formed Energy Managers Working Group with representatives from: facilities management, procurement and logistics, security, environmental sustainability, Information Management Services, Department of Engineering, communications and students now provides a strong pool of expertise with the ability to rapidly implement and share findings from our energy monitoring and targeting programme. The group has initiated projects which have improved campus energy monitoring and with a substantial decrease of 7% in electricity from 2012, reversing previous trends and saving \$219,000. Student computer switch-off software alone has saved Unitec \$55,000 per annum, 696,717 kWh or 418,030kg of carbon dioxide.

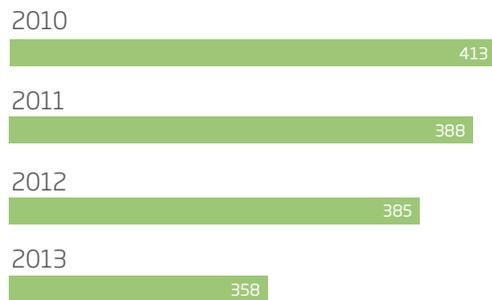
Unitec has also reduced its carbon emissions by eliminating 132,000 vehicle trips, with staff and students travelling on the free Unitec shuttle bus. Two hundred and fifty staff and students have also signed up to carpool and 45 new carpool priority car parks were established on campus. Improvements to vehicle fleet efficiency have decreased diesel consumption by 0.94% (3,761 litres) in 2013, with petrol use also decreasing by 15.09% (8,794 litres) in 2013, equating to over 58.8 tonnes of carbon being saved since 2010.

Figure 26: Resource utilization: water usage(m³)



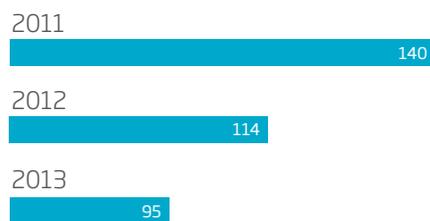
Water main upgrades and repairs, carried out in prior years, have continued to contribute to the substantially reduced water consumption by 8% (6,790m³) in 2013. This was the first full calendar year where the impact could be measured as the improvement programme was only completed in early 2012.

Figure 27: Resource utilization: waste (tonnes)



During 2013 Unitec installed a new four-bay recycling system across all three campuses for students and emphasised greater awareness of recycling. This has reduced Unitec's waste by 7%.

Figure 28: Resource utilization: paper (tonnes)

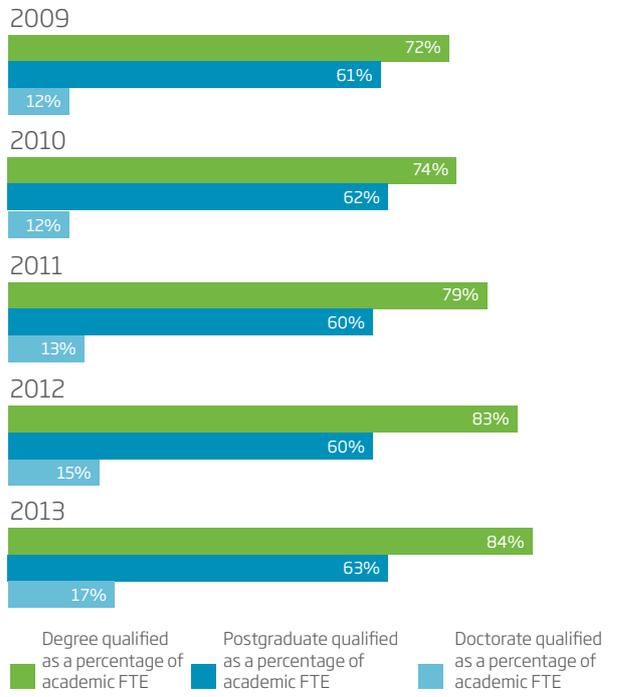


Automated double siding and moving to on-line processes reduced paper consumption by 17% (19.55 tonnes) in 2013. This was the first full calendar year in which the impact of these initiatives could be measured, having been introduced part way through 2012.

B4.2: Processes

Components	Key Indicators	2013 Actual	2012 Actual
Academic staff are suitably qualified	Degree qualified as a percentage of academic FTE	84%	83%
Academic staff are suitably qualified	Postgraduate qualified as a percentage of academic FTE	63%	60%
Academic staff are suitably qualified	Doctorate qualified as a percentage of academic FTE	17%	15%

Figure 29: Qualification levels of academic staff at Unitec



This year has seen an increase in staff qualifications across the three categories. Staff holding degree qualifications increased by one percentage point, while staff holding postgraduate qualifications increased by three percentage points. Staff holding doctorate qualifications increased by two percentage points.

Governance Report

for the year ended 31 December 2013

1. Council functions and duties

Functions

The functions and responsibilities of Unitec Council, in accordance with Section 180 of the Education Act 1989 are:

- (a) to appoint a chief executive in accordance with the State Sector Act 1988, and to monitor and evaluate his or her performance;
- (b) to prepare and submit a proposed plan if the institution is seeking funding under a funding mechanism that provides for funding via plans;
- (c) if the institution has a plan—
 - (i) to ensure that the institution is managed in accordance with that plan; and
 - (ii) to determine policies to implement that plan;
- (d) to determine, subject to the State Sector Act 1988, the policies of the institution in relation to the management of its affairs;
- (e) to undertake planning relating to the institution's long-term strategic direction.

Duties

The duty of Unitec Council, in accordance with Section 181 of the Education Act 1989, is:

- i. to strive to ensure that the institution attains the highest standards of excellence in education, training and research
- ii. to acknowledge the principles of the Treaty of Waitangi
- iii. to encourage the greatest possible participation by the communities served by the institution so as to maximise the educational potential of all members of those communities with particular emphasis on groups in those communities that are under-represented among the students of the institution
- iv. to ensure that the institution does not discriminate unfairly against any person
- v. to ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution's long-term viability
- vi. to ensure that proper standards of integrity, conduct and concern for:
 - » the public interest; and
 - » the wellbeing of students attending the institution are maintained.

2. Accountability and communication

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

3. Council structure and membership

In accordance with the Education Act 1989, Unitec Council comprised eight members. Initially four members were appointed by the Minister for Tertiary Education and four by the Appointments Committee. Members are now appointed by the Appointments Committee in accordance with a Unitec Appointment Statute that reflects the skills required. Members retire on a regular rotational basis and are eligible to be reappointed for Unitec Council if they meet criteria in the Act.

Members of the Unitec Council during 2013 were:

Name		Date Appointed
A. Blackburn		9/7/2007
D. Harry	Chair, Audit & Risk Committee (from 1/5/2010)	5/5/2008
A. Hudson	Chair, Appointments Committee (from 1/5/2010)	1/5/2010
D. Kidd		1/05/2011
C. O'Connor		1/5/2005
K. Turner	Deputy Chair of Council (from 1/5/2010)	15/12/2009
M. Udale	Chair of Property Committee	1/05/2011
E. van Arkel	Chair of Council and Chair, Executive Committee	28/2/2005

In accordance with Section 193 of the Education (Polytechnics) Amendment Act of 1990, the Council has the authority to form committees to enable it to perform its functions efficiently and effectively. Accordingly, Unitec Council has five committees as follows:

- » The Audit and Risk Committee
- » The Property Committee
- » The Appointments Committee (no meetings held in 2013)
- » The Executive Committee (no meetings held in 2013)
- » Fono Faufautua - Pasifika Committee

The Unitec Council is also advised by the Unitec Rūnanga on all issues affecting Māori.

4. Council and committee attendance

Council meets on a monthly basis. Council holds extra meetings when required for strategic planning or other specific issues. Attendance at Council and Committee meetings during 2013 was as follows:

January - December 2013

Council members:

	Council		Property		Audit & Risk	
	Held	Attended	Held	Attended	Held	Attended
A. Blackburn	11	11	5	4	6	5
A. Hudson	11	11	-	-	6	3
C. O'Connor	11	11	-	-	6	6
D. Harry	11	9	-	-	6	6
D. Kidd	11	10	5	4	6	6
K. Turner	11	10	-	-	-	-
M. Udale	11	10	5	5	-	-
E. van Arkel	11	9	5	5	6	4

Non-Council committee members:

	Fono Faufautua	
	Held	Attended
G. Gavet	6	6
P. Le'Au'Anae	6	4
D. McGeedy	6	5
N. Ngaluafe	6	3
S. Sefuiva	6	5
K. Williams	6	6
N. Williams	6	4

The above tables record attendance of those Council members who are members of the relevant committees and are recorded as being present. Other Council members are welcome to attend committee meetings and a number do take this opportunity to keep themselves fully informed. Members of Council also attended a full-day strategy planning meeting.

5. Council and committee fees

Unitec Council members are paid fees, in accordance with the Cabinet Office Circular Co (09) 5 Fees Framework for Members of Statutory and Other Bodies Appointed by the Crown. Unitec Council members' fees were set within the maximum levels established for polytechnics by the Minister for Tertiary Education.

Fees paid during the year to Council members are as follows:

	Council Fees
A. Blackburn	\$16,000.00
D. Harry	\$16,000.00
A. Hudson	\$16,000.00
D. Kidd	\$16,000.00
C. O'Connor	\$16,000.00
K. Turner (Deputy Chair)	\$20,000.00
M. Udale	\$16,000.00
E. van Arkel (Chair)	\$32,000.00
Total	\$148,000.00

Fees paid to non-Council committee members

	Council Fees
G. Gavet	\$1,440.00
P. Le'Au'Anae	\$960.00
D. McGeedy	\$1,200.00
N. Ngaluafe	\$720.00
S. Sefuiva	\$1,200.00
K. Williams	\$1,440.00
N. Williams	\$960.00
Total	\$7,920.00

The total fees paid to all council and committee members in 2013 was \$155,920.00

6. Council register of interests

Council maintains an interest register and ensures members are aware of their obligation to declare conflicts of interest. The register identifies areas where a Council member has an interest that could lead to a potential conflict. In addition to the register, members are invited to declare any specific conflicts at the commencement of each meeting.

The following Council member interests were recorded in the Interest Register as at 31 December 2013:

Unitec Council

Disclosure of Interest Register as at 31 December 2013

Name	Interest	Date of New Disclosure
Anne Blackburn	A director of New Zealand Venture Investment Fund	
	A director of Auckland Council Property Ltd	27-Sept-10
	Chair of Royal District Nursing Service (NZ) Ltd	27-Sept-10
	Chair of Centre for Clinical Research and Effective Practice	
	A beneficiary and/or legal shareholder of Ten Gracie Square Ltd	
	A director of Warren and Mahoney architectural practice	01-April-11
	A director of Eastland Group Limited (and subsidiaries)	26-Sept-11
	A director of Fidelity Life	31-Oct-11
	A director of TSB Bank	24-Sept-12
	A director of Committee for Auckland	25-Feb-13
	A director of Fisher Funds Management	24-June-13
	Aroha Hudson	A director of Auckland PHO
A director of Te Hononga o Tamaki me Hoturoa		
A director of Heart Foundation		
A trustee of Wellness Out West Trust		
An employee of Healthwest Limited		
A member of Clinical Trials Research Unit, School of Population Health, University of Auckland		
Charmian O'Connor	A board member of Spectrum Care Trust	29-July-13
	A trustee of The Kate Edger Educational Charitable Trust	
Dinu Harry	A consultant to Photonz NZ Ltd	9-Mar-09
	A director of The Diamond Cutting Company Limited	
	A director of Towai Land Holdings Limited	
	A director of K F Cunningham Trustee Company (2008) Limited	
	A director of K F Cunningham Trustee Company (2009) Limited	
	A director of Bertelsen Harry Waters Limited	
	A director of Central Park Business Services Limited	
	A director of GM Uni Trustee Company Limited	
	A director of Forefront Trustee Company Limited	
	A director of BHW Trustee SHA 110 Limited	27-Sept-10
	A director of BHW Trustee COW100 Limited	
	A trustee of a number of Family Trusts	27-Sept-10
	A director of Public Trust	2-May-11
	A director of BHW 2011 Limited	26-March-12
	A director of BHW 2012 Limited	26-March-12
	A trustee of Unitec Trust	28-May-12

Name	Interest	Date of New Disclosure
Dianne Kidd	A director of The Co-operative Bank Limited	
	A director of AsureQuality Limited	
	Chairman of the Helensville District Health Trust	
	A director of Helensville Birthing Centre Ltd	
	A member of Women in Super	29-Aug-11
	A director and Chairman of Kaipara Medical Centre Ltd	01-Feb-13
Kaye Turner	A trustee of Waikato Tainui College for Research and Development	26-Aug-13
Martin Udale	A director of Waikato Innovation Park. (and related entities)	10- Dec-12 (name change from Innovation Waikato Limited)
	A director and stakeholder of Essentia Consulting Group	
	A trustee of Eladu Trust	
	A trustee of Auckland Community Housing Trust	
	A director of Canvas Investments (and related entities)	31-Dec-11
	A director of Eden Agricapital GP Limited	26-March-12
	A director of Cranleigh Merchant Bank	30-April-12
	A director of Primary Wool Co-operative Limited	25-Feb-13
	A director and chair of Tamaki Redevelopment Company Limited.	20-Dec-12
Ted van Arkel	A director of Danske Mobler Ltd (Private Company)	
	A director of Auckland Regional Chamber of Commerce	
	A director of Lang Properties Ltd	
	A director of van Arkel & Co Ltd	
	A director of Allied Work Force Group Ltd	
	Chairman of Restaurant Brands Ltd	
	Chair of Council, Unitec Institute of Technology	
	Chair of Health Benefits Ltd	
	A director of Nestle NZ Ltd	01-Nov-10
	A director of Abano Healthcare Group Ltd	01-July-11
	A director of Philip Yates Securities Ltd (Trading as Genetic Technologies Ltd)	March 2013
	Chair of The Warehouse Group Ltd	25-Nov-13

7. Investing in our staff

Unitec encourages the growth of highly productive talented staff through our recruitment practices, engagement activities, and professional development and support.

Unitec demonstrates a sound commitment to the professional and personal development of staff and encourages all staff to enhance their academic qualifications by enrolling in courses and programmes, particularly those offered by Unitec. The Institute also provides a variety of development activities for all staff.

Over the last 12 months, professional development, and learning and development has been re-framed at Unitec. This has created a collaborative learning culture for students and staff, within a community where everyone teaches, everyone learns and everyone fulfils their potential. This reflects the Teaching and Learning vision of 'a dynamic community of learners engaged in a culture of open inquiry'.

Throughout 2013, Organisational Development has developed stronger links which have seen the Living Curriculum Principles embedded in how we do Learning and Development for staff. This has built on the success of how we do Teaching and Learning for students, and reflects the Unitec Student Experience.

As part of the continued implementation of the Equity, Diversity and Inclusion Strategy, Towards Inclusive Excellence, we expanded the Intercultural Learning and Dialogue Programme by delivering the Office of Ethnic Affairs' Intercultural Awareness and Communication Workshop by making it available to Unitec students for the first time. The open atmosphere of the workshop allowed students to share experiences, both positive and negative, about interacting with people from different social and cultural backgrounds and concentrated on making small changes to their understanding of cultural diversity.

The team-based learning programme gives students and staff the opportunity to learn how diversity can be a real asset in the teaching and learning experience. 'Global' learning teams, made up of students from different countries and cultures, work together for an entire semester to learn the value of their differences and how they can be harnessed for the benefit of the individual and the team. The programme was embraced by both staff and students this year, with participants from across five departments.

During 2013 we laid the groundwork for the launch of Courageous Conversations about Race; an opportunity to talk openly about racial disparities in education and effective ways to address them. When this is launched in 2014, Unitec will be the first tertiary institution in New Zealand to deliver the programme in partnership with the Office of Ethnic Affairs.

After attending a training workshop, Ally members publicly identify themselves with a door sign, help to raise awareness of diverse sexualities and genders (DSG), offer a safe place for staff and students to support DSG, and become active advocates for the network and the importance of its place within Unitec.

This year two key Health and Safety publications were released - the report of the Independent Taskforce on Health and Safety and Health & Safety Guidelines for Directors. Recommendations from these reports signalled a shift for this organisation from compliance-based safety to a zero harm model. To this end, our Chief Executive, Rick Ede, joined the National Business Leaders Health and Safety Forum and will work together with other chief executives to lead us to achieve zero harm.

In terms of our back-to-basics plan, hazard management and incident reporting were the main focus. The Vault online reporting tool was introduced and training was provided to key safety resources throughout the organisation. Feedback has been that the Vault makes it much easier to report and we have seen the numbers increase compared to the same period last year.

Safety Risk Profiling commenced on all three campuses and the Health and Safety team became an active part of event safety management, Health and Safety improvement groups and built a team of high-performing Health and Safety reps.

Smoke free was initiated in May 2013 and several wellbeing initiatives based on outcomes of the Thrive survey were initiated. Next year will see more wellbeing initiatives being run in collaboration with teams around the organisation,

Unitec was awarded an Australasian Green Gown Award for Smaller Institutions 2013 in recognition of our comprehensive approach to sustainability as evidenced by our shrinking environmental footprint. Unitec's eco-rep network allows staff from across Unitec to be actively involved in leading environmental change. These staff drive changes within their own groups and departments as well as collaborating on cross-organisational projects.

In 2013, Unitec's Energy Managers Group was formed with representatives from facilities management, engineering, procurement, security, environmental sustainability, communications and student representatives. In the first year of implementing an energy monitoring and targeting programme, the group shaved 8% off Unitec's electricity bill, saving over \$219,000.

Unitec's security team was awarded the 2013 Unitec Sustainability Award for their contribution to energy efficiency, with after-hours switch offs in Building 1 alone generating savings of over \$35,000 in electricity costs.

Current employment-related policies and strategies include:

- » Code of conduct
- » Health and Safety Strategy 2014
- » Workplace Drug and Alcohol Policy
- » Graduated Return to Work Policy
- » Health and Safety Policy
- » Wellness and Work Policy
- » Equity, Diversity and Inclusion Strategy
- » Countering Harassment Policy
- » Recruitment, Selection and Appointments Policy
- » Staff Induction Policy
- » Performance and Development Management Policy
- » Leave Management Policy
- » Senior Academic Appointments and Promotions Policy
- » Academic Workload Policy
- » Academic Staff Salary Progression Policy
- » Academic Staff Development Policy
- » Performance Recognition for Allied Staff Policy
- » Regrading of Allied Staff Positions Policy
- » Smoke-free (Auahi Kore) Policy
- » Appointment of Adjunct Professors and Research Fellows Policy
- » Mentoring Programme Procedures
- » Tuition Fees Policy
- » Staff Surplus Policy
- » Staff Leaving Employment Policy
- » Staff Disciplinary Policy
- » Privacy Policy
- » Staff Hardship Fund Policy
- » Outside Work Policy

8. Student services fee

In response to changes in Student Association legislation effective from the beginning of 2012, many institutions introduced or updated the way they charged students for services. This was to ensure that students still had access to essential services even if no longer covered by a student association fee.

Anticipating this approach, new rules were put in place (via the 'Ministerial Direction on Compulsory student services fees for 2012'). These allowed for a student services fee or Levy to be charged for some types of services.

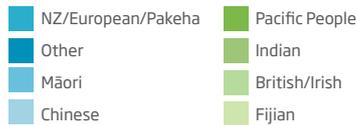
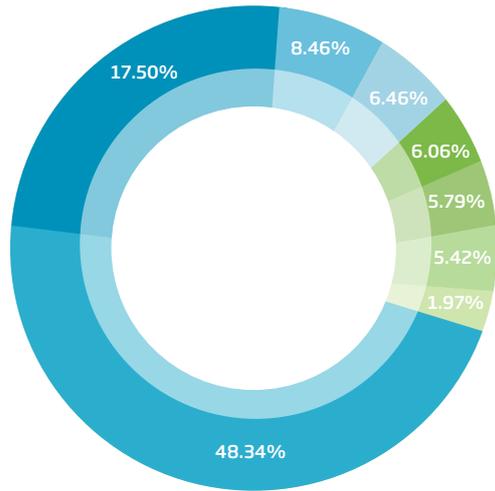
One of the requirements was to account separately for these fees and report a description of the services funded out of the compulsory student services fee and a statement of the fee income and expenditure for each type of student service in the institution's annual report.

Compulsory Student Services Fees income and expenditure for 2013

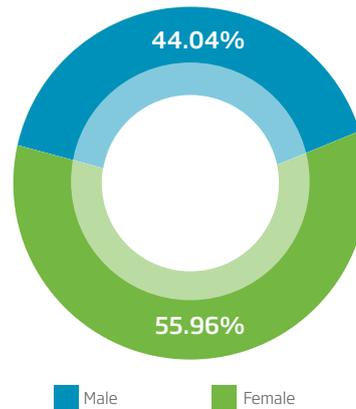
		Actual 2013 (\$000)	Actual 2012 (\$000)
student services fees Income		2,340	2,352
Advocacy and Legal Advice	Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems	392	459
Careers Information, Advice and Guidance	Supporting students' transition into post-study employment.	340	360
Counselling Services and Pastoral Care	Providing non-academic counselling and pastoral care, such as chaplains	1,523	1,449
Employment Information	Providing information about employment opportunities for students while they are studying	77	77
Financial Support & Advice	Providing hardship assistance and advice to students on financial issues	64	47
Health Services	Providing health care and related welfare services	238	215
Media	Supporting the production and dissemination of information by students to students, including newspapers, radio, television and internet-based media	295	295
Childcare Services	Providing affordable childcare services while parents are studying	155	95
Clubs and Societies	Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies	470	470
Sports, Recreation and Cultural Activities	Providing sports, recreation and cultural activities for students	70	70
Total Expenditure		3,623	3,537
Net Cost to Unitec		(1,283)	(1,185)

C. Key staff statistics

Key Staff Statistics 2013*



Our Staff Mix by Gender



Our staff mix by gender

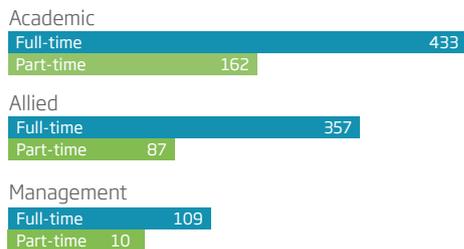
Female	648	55.96%
Male	510	44.04%
Total	1,158	100.00%

Age band	All Staff	Academic Staff
20-29	48	10
30-39	223	79
40-49	322	160
50-59	338	196
60-69	206	132
70-79	21	18
Total	1,158	595

Total Remuneration over \$100,000

Bands	Management	Academic	Other Staff	Total 2013	Total 2012
100,000 - 110,000	8	17	5	30	32
110,001 - 120,000	12	9		21	21
120,001 - 130,000	7	10	1	18	13
130,001 - 140,000	6	7		13	14
140,001 - 150,000	3	3		6	
150,001 - 160,000	1	2		3	2
160,001 - 170,000	3			3	
170,001 - 180,000	1			1	1
180,001 - 190,000	1			1	
190,001 - 200,000	1			1	2
210,001 - 220,000					2
220,001 - 230,000	1			1	1
230,001 - 240,000	3			3	3
240,001 - 250,000	1			1	1
250,000 - 260,000	2			2	
280,000 - 290,000	1			1	
360,001 - 370,000					1
370,001 - 380,000	1			1	
Totals over \$100,000	52	48	6	106	93

Occupational group



Financial Statements

for the year ended 31 December 2013

Statement of Responsibility

For the year ended 31 December 2013

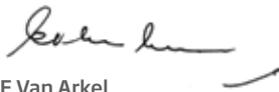
The Council and management are responsible for the preparation of the Unitec Institute of Technology and Group's financial statements and statement of service performance, and for the judgements made in them.

The Council and management of the Unitec Institute of Technology have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

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

In the Council and management's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Unitec Institute of Technology and Group for the year ended 31 December 2013.

Signed by:



E Van Arkel
Chairman



Dr R Ede
Chief Executive



S Duder
Acting Chief Financial Officer

3 April 2014

Independent auditor's report

To the readers of Unitec Institute of Technology and group's financial statements and non-financial performance information for the year ended 31 December 2013.

The Auditor-General is the auditor of Unitec Institute of Technology (the Institute) and group. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Institute and group on her behalf.

We have audited:

- » the financial statements of the Institute and group on pages 80 to 115, that comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- » the non-financial performance information of the Institute and group in the statement of service performance on pages 54 to 62.

Opinion

In our opinion:

- » the financial statements of the Institute and group on pages 80 to 115:
 - » comply with generally accepted accounting practice in New Zealand; and
 - » fairly reflect the Institute and group's:
 - financial position as at 31 December 2013; and
 - financial performance and cash flows for the year ended on that date;
- » the non-financial performance information of the Institute and group on pages 54 to 62 fairly reflects the Institute and group's service performance achievements and outcomes measured against the performance targets adopted in the investment plan for the year ended 31 December 2013.

Our audit was completed on 3 April 2014. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Institute and group's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Institute and group's internal control.

An audit also involves evaluating:

- » the appropriateness of accounting policies used and whether they have been consistently applied;
- » the reasonableness of the significant accounting estimates and judgements made by the Council;
- » the adequacy of all disclosures in the financial statements and non-financial performance information; and
- » the overall presentation of the financial statements and non-financial performance information.

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

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- » comply with generally accepted accounting practice in New Zealand; and
- » fairly reflect the Institute and group's financial position, financial performance and cashflows.

The Council is also responsible for preparing non-financial performance information that fairly reflects the Institute and group's service performance achievements and outcomes against the performance targets adopted in the investment plan.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our 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 External Reporting Board.

We perform the Unitec and group audit, the performance-based research funding external research income engagement, and the audits of the group subsidiaries. Our staff also attend workshops in relation to the chartered accountants qualification. These transactions are at an arm's-length and are on normal commercial terms. Other than this, we have no relationship with or interests in the University or any of its subsidiaries.



David Walker

Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements and performance information.

This audit report relates to the financial statements and performance information of Unitec Institute of Technology and group for the year ended 31 December 2013 included on Unitec Institute of Technology and group's website. The Unitec Institute of Technology and group's Council is responsible for the maintenance and integrity of Unitec Institute of Technology and group's website. We have not been engaged to report on the integrity of Unitec Institute of Technology and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and performance information. 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 performance information as well as the related audit report dated 3 April 2014 to confirm the information included in the audited financial statements and performance information presented on this website.

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

Statement of Comprehensive Income for the year ended 31 December 2013

	Note	Consolidated		Actual 2012 \$000	Parent		Actual 2012 \$000
		Actual	Budget		Actual	Budget	
		2013 \$000	2013 \$000		2013 \$000	2013 \$000	
Income							
Government grants	3(a)	75,224	79,973	80,982	75,224	79,973	80,982
Student tuition fees	3(b)	58,374	59,764	55,832	58,374	59,764	55,832
Student services fees	3(e)	2,340	2,544	2,352	2,340	2,544	2,352
Trading income	4(a)	4,422	4,699	4,979	3,352	3,586	3,856
Interest income	3(c)	652	388	464	645	382	458
Other income	3(d)	6,936	8,086	7,365	6,963	8,115	9,053
Total income		147,948	155,454	151,974	146,898	154,364	152,533
Expenditure							
Personnel costs	5(a)	93,354	93,022	92,434	92,445	92,042	91,454
Depreciation and amortisation	4(b), 5(b), 10,11	12,825	13,851	13,450	12,824	13,851	13,386
Class materials		3,184	2,927	3,154	3,184	2,927	3,154
Trading expenditure	4(b)	3,632	3,973	4,284	3,538	3,881	4,207
Finance costs	5(c)	-582	282	323	-582	282	318
Administration costs and other expenses	5(d)	33,578	36,696	34,430	33,569	36,687	34,493
Total expenditure		145,991	150,751	148,075	144,978	149,670	147,012
Surplus/(deficit)		1,957	4,703	3,899	1,920	4,694	5,521
Other comprehensive income							
Item that will not be reclassified to surplus (deficit)							
Property revaluations	16	33,752	0	0	33,752	0	0
Total other comprehensive income/(expense)		33,752	0	0	33,752	0	0
Total comprehensive surplus/(deficit)		35,709	4,703	3,899	35,672	4,694	5,521

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 25.

Statement of Financial Position as at 31 December 2013

	Note	Consolidated		Parent			Actual 2012 \$000
		Actual	Budget	Actual	Actual	Budget	
		2013 \$000	2013 \$000	2012 \$000	2013 \$000	2013 \$000	
Assets							
Current assets							
Cash and cash equivalents	6	7,836	1,638	2,821	7,585	1,363	2,546
Trade and other receivables	7	3,556	3,207	3,122	3,435	3,105	3,020
Inventories	8	583	669	637	583	669	637
Prepayments		1,255	566	644	1,255	566	644
Total current assets		13,230	6,080	7,224	12,858	5,703	6,847
Non-current assets							
Investment	9	278	278	278	278	278	278
Loan to joint venture	9	33	33	33	33	33	33
Property, plant and equipment	10	252,470	230,090	215,346	252,466	230,085	215,340
Intangible assets	11	8,062	8,062	9,343	8,062	8,062	9,343
Capital work in progress	10(a)	2,053	1,364	4,328	2,053	1,364	4,328
Total non-current assets		262,896	239,827	229,328	262,892	239,822	229,322
Total assets		276,126	245,907	236,552	275,750	245,525	236,169
Liabilities							
Current liabilities							
Trade and other payables	12	12,363	11,456	10,608	12,316	11,394	10,536
Revenue received in advance	13	10,259	7,241	7,909	10,259	7,241	7,909
Borrowings	14	1,468	6,937	1,937	1,468	6,937	1,937
Employee entitlements	15	9,184	7,747	8,062	9,151	7,695	8,010
Total current liabilities		33,274	33,381	28,516	33,194	33,267	28,392
Non-current liabilities							
Borrowings	14	1,091	1,865	1,865	1,091	1,865	1,865
Employee entitlements	15	923	830	1,042	923	830	1,042
Total non-current liabilities		2,014	2,695	2,907	2,014	2,695	2,907
Total liabilities		35,288	36,076	31,423	35,208	35,962	31,299
Net assets		240,838	209,831	205,129	240,542	209,563	204,870
Equity							
General funds	16	102,467	105,213	100,510	102,171	104,945	100,251
Property revaluation reserves	16	138,371	104,618	104,619	138,371	104,618	104,619
Total equity		240,838	209,831	205,129	240,542	209,563	204,870

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 25.

Statement of Changes in Equity for the year ended 31 December 2013

	Note	Consolidated		Parent			Actual 2012 \$000
		Actual	Budget	Actual	Actual	Budget	
		2013 \$000	2013 \$000	2012 \$000	2013 \$000	2013 \$000	
Balance at 1 January		205,129	205,128	201,230	204,870	204,869	199,349
Comprehensive income							
Surplus/(deficit)		1,957	4,703	3,899	1,920	4,694	5,521
Other comprehensive income		33,752	0	0	33,752		0
Total comprehensive income		35,709	4,703	3,899	35,672	4,694	5,521
Balance at 31 December	16	240,838	209,831	205,129	240,542	209,563	204,870

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in note 25.

Statement of Cash Flows for the year ended 31 December 2013

	Consolidated			Parent		
	Actual	Budget	Actual	Actual	Budget	Actual
	2013	2013	2012	2013	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities						
<i>Cash was provided from:</i>						
Government grants	77,775	80,889	81,922	77,775	80,889	81,922
Tuition fees	68,379	68,945	65,789	68,379	68,945	65,789
Interest received	645	387	456	642	382	449
Other operating receipts	13,259	14,776	13,709	12,233	13,533	12,604
	160,058	164,997	161,876	159,029	163,749	160,764
<i>Cash was applied to:</i>						
Payment to employees	84,242	84,639	84,404	83,464	83,642	83,390
Goods and services tax (net)	1,087	1,124	977	1,233	971	971
Interest paid	243	358	317	243	358	311
Payment to suppliers	56,087	62,805	56,459	55,665	62,713	56,380
	141,659	148,926	142,157	140,605	147,684	141,052
Net cash flows from operating activities	18,399	16,071	19,719	18,424	16,065	19,712
Cash flows from investing activities						
<i>Cash was provided from:</i>						
Sale of property, plant and equipment	93	0	413	93	0	413
	93	0	413	93	0	413
<i>Cash was applied to:</i>						
Purchase of property, plant and equipment	11,267	21,998	11,353	11,267	21,992	11,339
Purchase of intangible assets	256	256	444	256	256	444
	11,523	22,254	11,797	11,523	22,248	11,783
Net cash flow from investing activities	-11,430	-22,254	-11,384	-11,430	-22,248	-11,370
Cash flows from financing activities						
<i>Cash was provided from:</i>						
Loan raised	0	7,000	6,000	0	7,000	6,000
	0	7,000	6,000	0	7,000	6,000
<i>Cash was applied to:</i>						
Repayment of loan liabilities	0	0	13,222	0	0	13,000
Repayment of finance lease liabilities	1,955	2,000	2,219	1,955	2,000	2,219
	1,955	2,000	15,441	1,955	2,000	15,219
Net cash flow from financing activities	-1,955	5,000	-9,441	-1,955	5,000	-9,219
Total net cash flows	5,015	-1,183	-1,106	5,039	-1,183	-877
Cash and cash equivalents at 1 January	2,821	2,821	3,927	2,546	2,546	3,423
Cash and cash equivalents at 31 December	7,836	1,638	2,821	7,585	1,363	2,546
Closing cash and cash equivalents						
Cash and bank	2,015	1,638	2,821	1,764	1,363	2,546
Short-term investments	5,821	0	0	5,821	0	0
Closing cash and cash equivalents at 31 December	7,836	1,638	2,821	7,585	1,363	2,546

The GST (net) component of operating activities reflects the net GST paid and received with 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.

The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued) for the year ended 31 December 2013

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

	Note	Consolidated		Actual 2012 \$000	Parent		Actual 2012 \$000
		Actual	Budget		Actual	Budget	
		2013 \$000	2013 \$000		2013 \$000	2013 \$000	
Surplus/(deficit) from the statement of comprehensive income							
		1,957	4,703	3,899	1,920	4,694	5,521
Add/(less) non-cash items:							
Depreciation/amortisation	5(b)	12,833	13,859	13,457	12,832	13,859	13,393
Bad debts	5(d)	335	116	26	327	109	18
Less Non-cash donation		0	0	0	0	0	-1,574
Less Non-cash gain on sales		0	0	-566	0	0	-566
Adjustment to finance lease	5(c)	-825	0	0	-825	0	0
Increase/(decrease) in non current employee entitlements		-119	-212	177	-119	-212	177
Total non-cash items		12,224	13,763	13,094	12,215	13,756	11,448
Add/(less) items classified as investing and financing items:							
(Gain)/loss on disposal of property, plant and equipment	3(d), 5(d)	-11	50	-350	-11	50	-350
Total items classified as investing and financing items		-11	50	-350	-11	50	-350
Add/(less) movements in working capital items:							
(Increase)/decrease in inventories		55	-31	332	55	-31	332
(Increase)/decrease in trade and other receivables		-434	-1,222	702	-415	-1,221	704
(Increase)/decrease in prepayments		-612	78	-61	-612	78	-61
Increase/(decrease) in trade and other payables		1,748	-287	-58	1,782	-277	-46
Increase/(decrease) in revenue received in advance		2,350	-668	1,324	2,350	-668	1,325
Increase/(decrease) in current employee entitlements		1,122	-315	837	1,140	-316	839
Net movements in working capital items		4,229	-2,445	3,076	4,300	-2,435	3,093
Net cash flows from operating activities		18,399	16,071	19,719	18,424	16,065	19,712

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2013

1. Statement of accounting policies

REPORTING ENTITY

Unitec Institute of Technology (Unitec) is a Crown entity established and governed by the Crown Entities Act 2004 and the Education Act 1989. The Institute and Group consists of Unitec Institute of Technology and its subsidiaries, Unitec Apprenticeship Training Trust and Unitec Trust. The Unitec Recreation Trust was disestablished in April 2013.

Unitec has 50% interest of equity shares in two joint ventures. They are Tēpu Limited and film production joint venture 'Stars In Her Eyes'.

All subsidiaries and joint ventures are incorporated and domiciled in New Zealand. The primary objective of the Institute and Group is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the Institute has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Institute and Group are for the year ended 31 December 2013. The financial statements were authorised for issue by the Council on 3 April 2014.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the Institute and Group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land, buildings and certain financial instruments to fair value. Unitec does not hold derivative instruments.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Institute and its subsidiaries is New

Zealand dollars (NZ\$).

Changes in accounting policies

There was no change in accounting policies in 2013.

SIGNIFICANT ACCOUNTING POLICIES

Standards, amendments and interpretations issued that are not effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and are relevant to the Institute and Group, are:

» NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Institute is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Institute expects to transition to the new standards in preparing its 31 December 2015 financial statements. As the PAS are still under development, the Institute is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting

Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Basis of consolidation

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, income, expenses and cash flows on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

Subsidiaries

The Institute consolidates in the Group financial statements all entities where the Institute has the capacity to control the financing and operating policies of an entity so as to obtain benefits from the activities of the entity. This power exists where the Institute controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Institute or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are carried at cost in the Institute's parent entity financial statements.

Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Unitec has a 50% interest in TEPU Limited which is a joint venture with Rosebank Business Association and has a 50% interest in the film production joint venture 'Stars In Her Eyes' with Ample Film Limited.

The Institute's joint venture investment is accounted for in the Group financial statements using the equity method.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Government grants

Government Grants are recognised as revenue upon entitlement.

Student tuition fees

Student tuition fees are recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a

proportion of the total course days.

Research income

Funding received for research which will provide reciprocal benefits to the research funding provider is recognised as revenue on a percentage of completion basis. The percentage of completion is measured by reference to the research expenditure incurred as a proportion to total expenditure expected to be incurred. Funding received which provides no reciprocal benefit to the research funding provider is recognised as revenue when the funding is received.

Donations

Donations are recognised as income when the right to receive the fund or asset has been established.

Sale of materials

Sale of materials is recognised as revenue when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established.

Other revenue

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.

Borrowing costs

The Institute and Group has elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Institute and Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

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.

Monetary assets and liabilities are denominated in functional currency only.

Unitec did not hold during the year or at reporting date any assets or liabilities denominated in a foreign currency.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables represent student fee income and other receivables.

Short-term debtors and other short-term receivables are recorded at their face value, less any provision for impairment.

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

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Institute and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institute and Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- » fair value through surplus or deficit;
- » loans and receivables; and
- » fair value through other comprehensive income.

Classification of the financial asset depends on the purpose for which the instruments were acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or is part of a portfolio that is managed together and for which there is evidence of short-term profit taking. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as current assets.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Related party receivables that are repayable on demand are classified as non-current assets because repayment of the receivables is not expected within 12 months of balance date.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date.

The Institute and Group designates in this category:

- » investments that it intends to hold long-term but which may be realised before maturity; and
- » shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance date, the Institute and Group 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 surplus or deficit.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted when applicable for any loss of service potential.

Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: land, buildings, plant and equipment, furniture and fittings, motor vehicles, computer equipment, office equipment, and library collection.

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually by independent valuers to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant and equipment revaluation movements are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income and accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

At the end of 2013, a full review of land and buildings has been carried out by Beca Limited and the land and buildings were revalued as their values differed materially from the 2012 desktop review and the 2011 valuation. The full review exercise has been componentised on a notional basis.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Institute and Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred. Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, amounts included in property revaluation reserves in respect of those assets are transferred to general funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost

(or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Building		
Structure	10-78.13 years	1.28-10% straight line
Fitout	4-54.05 years	1.85-25% straight line
Services	4-54.05 years	1.85-25% straight line
Computer Equipment		
-Network Equipment	4-8 years	12.5-25% straight line
-Other Computer Equipment	3-4 years	25-33.33% straight line
Plant and Equipment	3-20 years	5-33.33% 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	9,5-10 years	10-10.53% straight line
- Periodicals	5 years	20% straight line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible Assets

Computer software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software at the date of acquisition.

Costs that are directly associated with the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee costs.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	3-10 years	10-33.33% Straight line
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Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and the Institute and Group would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

Investment property

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

Creditors and other payables

Short-term creditors and other short-term payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Institute or Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability for sick leave earned but not taken is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense is recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- » likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- » the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of the balance date, are classified as a current liability. All other employee entitlements are classified as a non-

current liability.

Superannuation schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- » capital contributions from Crown
- » quality reinvestment capital fund
- » revaluation reserve of land
- » revaluation reserve of building

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as 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 Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

The budget figures are those approved by the Council at the start of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Institute and Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property revaluations

Note 10 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 31 December 2013.

Crown-owned land and buildings

Property in the legal name of the Crown that is occupied by the Institute and Group is recognised as an asset in the statement of financial position. The Institute and Group consider it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

The Institute and Group has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years from 1 December 1995 at nil rent.

Government policy changes have established a process for transfer of this land and buildings to Unitec in the near future.

Distinction between revenue and capital contributions

Most Crown funding received is operational in nature and is provided

by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the Institute and Group accounts for the funding as a capital contribution directly in equity. Information about capital contributions recognised in equity is disclosed in the statement of changes in equity and note 16.

2. Summary cost of services

	Note	Parent	
		Actual 2013 \$000	Actual 2012 \$000
Income			
Creative Industries and Business		51,406	52,529
Social and Health Sciences		47,094	49,654
Technology & Built Environment		39,536	39,793
Total income from services		138,036	141,976
Commercial activities		547	0
Commercial activities		547	0
Other income		10,374	12,816
Internal sales eliminated	3(d)	-2,059	-2,259
Other income		8,315	10,557
Total income		146,898	152,533
Expenditure			
Creative Industries and Business		25,531	25,880
Social and Health Sciences		27,136	28,274
Technology & Built Environment		18,830	19,995
Total cost of services		71,497	74,149
Commercial activities		484	0
Commercial activities		484	0
Finance costs		243	318
Finance costs		243	318
Other costs		74,813	74,804
Internal purchases eliminated		-2,059	-2,259
Other costs		72,754	72,545
Total expenditure		144,978	147,012
Surplus/(deficit)		1,920	5,521

3. Income

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
(a) Government grants				
Operational bulk grant (SAC funding)	69,626	75,000	69,626	75,000
Performance Based Research Fund (PBRF)	2,655	3,440	2,655	3,440
Youth Guarantee Fund	1,485	1,172	1,485	1,172
Māori & Pacific Grant	331	264	331	264
Refugee Study Grant	577	723	577	723
Other grants	550	383	550	383
	75,224	80,982	75,224	80,982
(b) Student tuition fees				
Domestic student tuition fees	34,659	34,089	34,659	34,089
International student tuition fees	23,715	21,743	23,715	21,743
	58,374	55,832	58,374	55,832
(c) Finance income				
Interest income	652	464	645	458
	652	464	645	458
(d) Other income				
Donations	1	11	1	1,661
Contract education	228	341	228	341
Copying	1,920	2,072	1,920	2,072
STAR	86	100	86	100
Consultancy and project	2,130	1,597	2,130	1,597
Research	263	332	263	332
Gain on sale of property, plant and equipment	25	919	25	919
Revenue from other operating activities	4,370	4,351	4,369	4,290
Less internal sales	-2,087	-2,358	-2,059	-2,259
	6,936	7,365	6,963	9,053
(e) Student services fees income				
Student services fees income	2,340	2,352	2,340	2,352
	2,340	2,352	2,340	2,352

4. Trading revenue and expenditure

	Note	Consolidated		Parent	
		Actual	Actual	Actual	Actual
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
(a) Revenue					
Building training projects		739	1,199	739	1,199
Sport Centre		708	720	709	720
Student Village		1,904	1,937	1,904	1,937
Trust income		1,071	1,123	-	-
Total revenue		4,422	4,979	3,352	3,856
(b) Expenditure					
Trading materials		659	1,096	659	1,096
Class materials		2	0	2	0
Salaries and wages		867	774	867	774
Depreciation	5(b)	8	8	8	8
Student Village		1,750	1,957	1,750	1,957
General expenses		252	372	252	372
Trust expenditure		94	77	-	-
Total expenditure		3,632	4,284	3,538	4,207
Surplus/(deficit) on trading activities		790	695	-186	-351

5. Expenditure

	Note	Consolidated		Parent	
		Actual	Actual	Actual	Actual
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
(a) Personnel costs					
Salaries and wages		90,117	89,475	89,208	88,524
Employee benefits expenses	5 (e)	557	684	557	684
Employee entitlements expenses	5 (f)	558	1,719	558	1,690
Redundancies and restructure		2,122	556	2,122	556
		93,354	92,434	92,445	91,454
(b) Depreciation/amortisation	10, 11				
Crown buildings		1,626	1,630	1,626	1,630
Institute buildings		5,633	4,918	5,633	4,918
Plant and equipment		697	626	697	626
Leased plant and equipment		142	10	142	10
Furniture and fittings		180	172	179	108
Motor vehicles		337	282	337	282
Office equipment		54	52	54	52
Software		1,536	1,825	1,536	1,825
Computer equipment		775	912	775	912
Leased computer equipment		2,003	2,414	2,003	2,414
Library collection		579	616	579	616
		13,562	13,457	13,561	13,393
Adjustment to finance lease assets	10	-729	0	-729	0
		12,833	13,457	12,832	13,393
Depreciation in trading expenditure	4 (b)	-8	-8	-8	-8
		12,825	13,450	12,824	13,386
(c) Finance cost					
Interest paid		0	24	0	19
Finance lease interest		243	299	243	299
Adjustment to finance lease liability	14	-825	0	-825	0
		-582	323	-582	318
(d) Administration costs and other expenses					
Annual report expenses		53	48	53	48
Audit fees - paid to principal auditor	20	179	146	179	146
Audit fees - audit of external research income by the principal auditor		6	6	6	6
Bad debts written off		175	105	174	94
Change in provision for doubtful debts		160	-80	153	-76
Councillors' fees	5(g)	148	148	148	148
Research		738	806	738	806
Operating lease charges		4,589	4,221	4,589	4,291
Loss on disposal of fixed assets		14	4	14	4
Other administrative expenses		27,515	29,026	27,515	29,026
		33,578	34,430	33,569	34,493
(e) Employee benefits expenses					
Superannuation contribution		163	192	163	192
Group life assurance		382	457	382	457
Employees Assistance Programme		12	35	12	35
		557	684	557	684
(f) Employee entitlements expenses					
Retirement leave		-78	251	-78	251
Long service leave		-27	-180	-27	-180
Sick leave		-50	181	-50	181
Holiday pay		-258	344	-258	344
Staff recruitment		234	221	234	221
Staff training and development		714	869	714	840
Other		23	33	23	33
		558	1,719	558	1,690

The decreases of retirement leave, long service leave, sick leave and holiday pay were due to a recalculation of the estimated future liability for these leave types as at 31 December 2013 being lower than 2012.

5. Expenditure (continued)

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
(g) Councillors' fees				
The following fees were earned by members of Unitec Council during the year:				
E Van Arkel (Council Chair)	32	32	32	32
A Blackburn	16	16	16	16
A Hudson	16	16	16	16
C O' Connor	16	16	16	16
D Harry	16	16	16	16
D Kidd	16	16	16	16
K Turner	20	20	20	20
M Udale	16	16	16	16
Total	148	148	148	148

6. Cash and cash equivalents

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Cash at bank and in hand	2,015	2,821	1,764	2,546
Short-term deposits	5,821	0	5,821	0
	7,836	2,821	7,585	2,546
Bank overdraft	0	0	0	0
Net cash position	7,836	2,821	7,585	2,546

Bank overdraft facilities are disclosed within current liabilities in note 14.

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.

7. Trade and other receivables

	Note	Consolidated		Parent	
		Actual	Actual	Actual	Actual
		2013	2012	2013	2012
		\$000	\$000	\$000	\$000
Trade and other receivables					
Student fees receivables	7(a)	1,606	2,397	1,606	2,397
Trade receivables	7(b)	2,252	870	2,122	763
Accrued interest		9	6	6	6
Less: provision for impairment	7(c)	-311	-151	-299	-146
Total trade and other receivables		3,556	3,122	3,435	3,020

Fair value

Student fees are due before a course commences or are due upon enrolment if the course has already begun. For courses that span more than one semester, domestic students can arrange for fees to be paid in instalments. Student fee receivables are non-interest bearing and are generally paid in full by course commencement date. Therefore, their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally settled on 30-day terms. Therefore, the carrying value of other receivables approximates their fair value.

Impairment

The aging profile of student fee and trade receivables at year end are detailed below:

(a) Student fee receivables	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated						
1-30 days	684		684	884		884
31-60 days	128		128	128		128
61-90 days	22		22	69		69
>90 days	772	299	474	1,316	146	1,170
Total student fee receivables	1,606	299	1,308	2,397	146	2,251

Parent	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
1-30 days	684		684	884		884
31-60 days	128		128	128		128
61-90 days	22		22	69		69
>90 days	772	299	474	1,316	146	1,170
Total student fee receivables	1,606	299	1,308	2,397	146	2,251

(b) Trade receivables	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated						
1-30 days	2,191		2,191	640		640
31-60 days	4		4	9		9
61-90 days	20		20	0		0
>90 days	37	12	25	221	5	216
Total trade receivables	2,252	12	2,240	870	5	865

Parent	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
1-30 days	2,073		2,073	614		614
31-60 days	4		4	9		9
61-90 days	20		20	0	0	0
>90 days	25	0	25	140	0	140
Total trade receivables	2,122	0	2,122	763	0	763

All receivables greater than 30 days in age are considered to be past due.

Due to the large number of student fee receivables, the impairment assessment is performed on a collective basis, based on an analysis of past collection history and debt write-offs.

(c) Movements in the provision for impairment are as follows:	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
Student fee receivables	\$000	\$000	\$000	\$000
At 1 January	146	146	146	146
Additional provisions made during the year	153	0	153	0
At 31 December	299	146	299	146

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Trade receivables				
At 1 January	5	9	0	0
Additional provisions made during the year	7	-4	0	0
At 31 December	12	5	0	0

8. Inventories

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Materials and consumables	86	124	86	124
Houses built for sale	497	513	497	513
Total materials and consumables	583	637	583	637

9. Investment

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Investments carried at cost - Polytechnics International NZ Ltd (PINZ)	43	43	43	43
Film production 'Stars in Her Eyes'	235	235	235	235
Total investment	278	278	278	278
Tēpu Limited	33	33	33	33
Total loan to joint ventures	33	33	33	33

Name of joint venture	Country of incorporation	Equity/Interest (%)		Investment (\$000)	
		2013	2012	2013	2012
Tēpu Limited	New Zealand	50	50	0	0
Film production 'Stars in Her Eyes'	New Zealand	50	50	235	235
				235	235

Unitec has a 50% interest of equity shares in Tēpu Limited which was established in 2012. Unitec provided a loan funding of \$32,500 to Tēpu Limited in 2012.

Unitec has a 50% joint interest in the production of the film 'Stars in Her Eyes'. The joint venture partner is Stars in Her Eyes Limited which is owned by Ample Film Limited.

There was no income generated from these two joint ventures in the year of 2013 (2012: Nil). Unitec has no liabilities in the joint ventures.

The carrying value of the current portion of investments approximates their fair value. There is no impairment provision for investments.

Name of subsidiaries	Country of incorporation	Control interest (%)		Investment (\$000)	
		2013	2012	2013	2012
Unitec Apprenticeship Training Trust	New Zealand	100	100	0	0
Unitec Recreation Trust (disestablished in April 2013)	New Zealand	0	100	0	0
Unitec Trust	New Zealand	100	100	0	0
				0	0

Unitec's subsidiaries include Unitec Apprenticeship Training Trust and Unitec Trust. The Unitec Recreation Trust was disestablished in April 2013.

10. Property, plant and equipment

Parent

	Land (Crown)	Land (Institute)	Building (Crown)	Building (Institute)	Plant & Equipment	Plant & Equipment (leased)	Furniture & Fittings	Motor Vehicles	Computer Equipment	Computer Equipment (leased)	Office Equipment	Library Collection	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation													
Balance at 1 January 2012	21,231	49,083	30,345	99,861	8,176	(0)	2,933	2,088	8,091	7,879	956	6,214	236,855
Additions		3,567		9,148	950	438	443	534	875	2,757	49	622	19,385
Revaluation increase/decrease													-
Reclassification					(1)					(438)			(440)
Adjustment					1								1
Disposals		(3,641)			(25)			(478)	(34)	(4,526)			(8,705)
Balance at 31 December 2012	21,231	49,009	30,345	109,009	9,101	438	3,376	2,143	8,932	5,671	1,005	6,836	247,097
Balance at 1 January 2013	21,231	49,009	30,345	109,009	9,101	438	3,376	2,143	8,932	5,671	1,005	6,836	247,097
Additions				10,316	682		1,244	429	95	1,544	32	574	14,916
Revaluation increase/decrease	8,763	20,068	(1,187)	(7,914)									19,730
Reclassification					(1)		5		(4)				-
Adjustment						(40)				587			547
Disposals					(8)			(232)	(19)	(2,711)			(2,970)
Balance at 31 December 2013	29,994	69,077	29,158	111,411	9,774	398	4,625	2,340	9,005	5,091	1,037	7,410	279,321
Accumulated depreciation and impairment losses													
Balance at 1 January 2012	-	-	(0)	151	4,970	(0)	2,461	1,175	6,384	5,726	617	3,625	25,110
Depreciation expense			1,630	4,918	626	10	108	282	912	2,414	52	616	11,568
Reclassification													-
Eliminate on disposal					(25)			(399)	(34)	(4,526)			(4,984)
Eliminate on revaluation													-
Adjustment				63									63
Impairment losses													-
Balance at 31 December 2012	-	-	1,630	5,133	5,571	10	2,569	1,058	7,262	3,614	669	4,241	31,757
Balance at 1 January 2013	-	-	1,630	5,133	5,571	10	2,569	1,058	7,262	3,614	669	4,241	31,757
Depreciation expense			1,626	5,633	697	142	178	337	775	2,003	54	579	12,025
Reclassification													-
Eliminate on disposal								(160)	(15)	(2,548)			(2,723)
Eliminate on revaluation			(3,256)	(10,766)									(14,022)
Adjustment						125				(307)			(182)
Impairment losses													-
Balance at 31 December 2013	-	-	-	-	6,268	277	2,747	1,235	8,022	2,762	724	4,821	26,854
Carrying amounts													
At 1 January 2012	21,231	49,083	30,345	99,710	3,206	0	472	912	1,707	2,152	338	2,589	211,746
At 31 December 2012 and 1 January 2013	21,231	49,009	28,715	103,876	3,530	428	807	1,085	1,670	2,057	336	2,595	215,340
At 31 December 2013	29,994	69,077	29,158	111,411	3,507	121	1,878	1,106	983	2,329	314	2,589	252,466

Consolidated

	Land (Crown)	Land (Institute)	Building (Crown)	Building (Institute)	Plant & Equipment	Plant & Equipment (leased)	Furniture & Fittings	Motor Vehicles	Computer Equipment	Computer Equipment (leased)	Office Equipment	Library Collection	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation													
Balance at 1 January 2012	21,231	49,083	30,345	101,498	8,176	(0)	2,936	2,088	8,105	7,879	957	6,214	238,509
Additions		3,567		7,511	957	438	443	534	875	2,757	49	622	17,755
Revaluation increase/decrease													-
Reclassification					(1)					(438)			(440)
Adjustment					1								1
Disposals		(3,641)			(25)			(478)	(34)	(4,526)			(8,705)
Balance at 31 December 2012	21,231	49,009	30,345	109,009	9,108	438	3,379	2,143	8,946	5,671	1,006	6,836	247,121
Balance at 1 January 2013	21,231	49,009	30,345	109,009	9,108	438	3,379	2,143	8,946	5,671	1,006	6,836	247,121
Additions				10,316	682		1,244	429	95	1,544	32	574	14,916
Revaluation increase/decrease	8,763	20,068	(1,187)	(7,914)									19,730
Reclassification					(1)		5		(4)				-
Adjustment						(40)				(587)			(547)
Disposals					(8)			(232)	(19)	(2,711)			(2,970)
Balance at 31 December 2013	29,994	69,077	29,158	111,410	9,781	398	4,628	2,340	9,019	5,091	1,038	7,410	279,345
Accumulated depreciation and impairment losses													
Balance at 1 January 2012	-	-	(0)	151	4,970	(0)	2,463	1,175	6,397	5,726	619	3,625	25,126
Depreciation expense			1,630	4,918	626	11	108	282	912	2,414	52	616	11,570
Reclassification													-
Eliminate on disposal					(25)			(399)	(34)	(4,526)			(4,984)
Eliminate on revaluation													-
Adjustment				63									63
Impairment losses													-
Balance at 31 December 2012	-	-	1,630	5,133	5,572	11	2,571	1,058	7,275	3,614	670	4,241	31,775
Balance at 1 January 2013	-	-	1,630	5,133	5,572	11	2,571	1,058	7,275	3,614	670	4,241	31,775
Depreciation expense			1,626	5,633	698	142	178	337	775	2,003	54	579	12,027
Reclassification													-
Eliminate on disposal								(160)	(15)	(2,548)			(2,723)
Eliminate on revaluation			(3,256)	(10,766)									(14,022)
Adjustment						125				(307)			(182)
Impairment losses													-
Balance at 31 December 2013	-	-	-	-	6,270	278	2,749	1,235	8,035	2,762	725	4,821	26,874
Carrying amounts													
At 1 January 2012	21,231	49,083	30,345	101,346	3,206	0	472	912	1,707	2,152	338	2,589	213,384
At 31 December 2012 and 1 January 2013	21,231	49,009	28,715	103,875	3,537	427	808	1,085	1,671	2,057	336	2,595	215,346
At 31 December 2013	29,994	69,077	29,158	111,410	3,511	120	1,879	1,106	984	2,329	313	2,589	252,470

Legal ownership of land and buildings

Legal ownership of land and buildings at cost is detailed as follows:

	Land		Buildings	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Institute owned	69,077	49,009	111,410	109,009
Crown owned	29,994	21,231	29,158	30,345
Total	99,071	70,240	140,568	139,354

Crown-owned land and buildings

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 yet been transferred, Unitec has assumed all the normal risks and rewards of ownership.

The Crown has established a process for the transfer of land and buildings to the tertiary education institutes that are responsible for them. Unitec has made such an application for the transfer of Crown-owned land and buildings to Unitec for which Unitec is responsible. While the transfer is not yet approved it is expected that title will formally transfer to Unitec in the near future.

Valuation

At the end of 2013, a full review and revaluation of land and buildings has been carried out by Beca Limited. As a result of the review, the carrying value of land and buildings values has increased from the previous full review and valuation carried out in 2011.

Land and buildings

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

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. Land and buildings are therefore 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 impairment tested annually. Full reviews and revaluations are made when there has been a material change in value, but not less than once every three years.

All buildings, whether owned by the Crown (via 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 Nigel Hoskin of Beca Limited according to the requirements of NZ IAS 16.

It has been determined that all of the building assets at Mt Albert are specialised.

The teaching block at Waitakere, 800/3650 residual share of the library and 197/308 share of the car park on a strata title basis are also specialised.

The remaining assets at Waitakere are not specialised and have been valued on an open market basis, being 10 Trading Place and the four strata floors at 7 Ratanui Street.

A number of factors have been considered in determining the specialised nature of the assets at Mt Albert and Waitakere. A decision has been made that there are no minor properties to be valued on an open market basis other than those referred to above.

The following factors have been taken into account in determining that the appropriate methodology is ODRC for Mt Albert and Waitakere:

- » the availability of market-based evidence that enables the value of the asset to be reliably determined
- » evidence that there would be demand for the asset in its current use in the absence of the educational operations
- » the materiality of the particular asset in the context of the overall value of the assets
- » whether the property is part of a campus, or a single building, or a group of buildings with a single use, on a separate title
- » the configuration and floor layout of the building.

Risks associated with earthquakes

The earthquakes experienced by Christchurch since September 2010, and particularly the tragic experiences of 22 February 2011, have highlighted the potential risks from an earthquake on various types of buildings.

Unitec owns and operates buildings at Mt Albert, Waitakere and Albany of various ages and construction methods. All buildings met earthquake standards when constructed.

Auckland Council is currently carrying out an assessment of earthquake risks for buildings across the city, and following the findings from the current Christchurch earthquake enquiry there may be legislative changes impacting on the use of buildings.

Auckland Council may also update its standards in relation to buildings owned or operated by Unitec.

Until new legislation or standards, if any, is known it is not possible to assess whether additional strengthening of buildings or impairment of their value is required.

Initial Auckland Council assessments indicate Building 1, 6, 48, 76 and part of Building 28 at Mt Albert may be considered "potentially earthquake prone" buildings in accordance with current Auckland Council policy. As a result, they require additional strengthening or impairment. The valuation of these buildings is \$10,906,000 as valued by Beca Limited at 31 December 2013.

Unitec has established a process to review the use of these buildings and the need for strengthening (if any) in the future. As the valuation has considered the current requirements and the resultant useful lives of these buildings, no further impairment is considered to be needed until final decisions are made as to their use, strengthening or replacement.

Restrictions on title

Under the Education Act 1989, the Institute and Group is required to obtain consent from the Ministry of Education to dispose or sell off property where the value of the property exceeds an amount determined by the Minister.

There are also various restrictions in the form of historic designations, reserve and endowment encumbrances attached to land. The Institute and Group does not consider it practical to disclose in detail the value of land subject to these restrictions.

Adjustment to asset values

During 2013 the finance leased asset values have been recalculated to better reflect the cost and consumption of assets.

10(a). Capital work in progress

The total amount of property, plant and equipment in the course of construction is \$ 2,053,000 (2012 \$4,328,000).

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Work in progress projects				
Network Switch Replacement	183	0	183	0
MS-XP to MS7 Upgrade	349	0	349	0
IBM Mt Albert Campus stage 2	1,333	0	1,333	0
Design move north stage 2	0	398	0	398
Northern Campus Fit-out stage 3	0	152	0	152
IBM Mt Albert Campus stage 1	0	2,463	0	2,463
Other projects	188	1,315	188	1,315
Total capital work in progress	2,053	4,328	2,053	4,328

11. Intangible assets

	Consolidated		Parent	
	Computer software	Computer software	Computer software	Computer software
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Cost of intangible assets				
Balance at 1 January 2012	19,468		19,468	
Additions	444		444	
Retirement / Disposals	-6,573		-6,573	
Balance at 31 December 2012	13,340		13,340	
Balance at 1 January 2013	13,340		13,340	
Additions	256		256	
Retirement/Disposals	-		-	
Balance at 31 December 2013	13,596		13,596	
Accumulated amortisation and impairment losses				
Balance at 1 January 2012	8,746		8,746	
Amortisation expense	1,825		1,825	
Eliminate on retirement/disposals	-6,573		-6,573	
Impairment losses	-		-	
Balance at 31 December 2012	3,998		3,998	
Balance at 1 January 2013	3,998		3,998	
Amortisation expense	1,536		1,536	
Eliminate on retirement/disposals	-		-	
Impairment losses	-		-	
Balance at 31 December 2013	5,534		5,534	
Carrying amount				
At 1 January 2012	10,723		10,723	
At 31 December 2012 and 1 January 2013	9,343		9,343	
At 31 December 2013	8,062		8,062	

There are no restrictions over the title of the Institute and Group's intangible assets, nor are any intangible assets pledged as security for liabilities.

For the year ended 31 December 2013, 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

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Trade payables	767	526	721	482
Other payables-accruals	11,596	10,082	11,595	10,054
	12,363	10,608	12,316	10,536

Trade payables are non-interest bearing and are normally settled on 30-day terms. For terms and conditions relating to related parties refer to note 20.

13. Revenue received in advance

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Government grant in advance	3,580	1,062	3,580	1,062
Student fees in advance	6,679	6,847	6,679	6,847
	10,259	7,909	10,259	7,909
Current portion	10,259	7,909	10,259	7,909
Non-current portion	0	0	0	0
	10,259	7,909	10,259	7,909

14. Borrowings

	Note	Consolidated		Parent	
		Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Current					
Obligations under finance leases and hire purchase contracts	14(a)	1,468	1,937	1,468	1,937
		1,468	1,937	1,468	1,937
Non-current					
Obligations under finance leases and hire purchase contracts	14(a)	1,091	1,865	1,091	1,865
		1,091	1,865	1,091	1,865
Total borrowings		2,559	3,802	2,559	3,802

Bank facilities

Unitec has a revolving facility with ANZ Bank at a fixed margin on the prevailing bank bill rate up to a maximum of \$25m as at 31 December 2013. This facility was undrawn at 31 December 2013 (2012: \$Nil).

Loans and finance leases

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Opening balance	3,802	10,393	3,802	10,171
Loan repayments	0	-13,222	0	-13,000
Finance lease repayments	-1,962	-2,219	-1,962	-2,219
Loan raised	0	6,000	0	6,000
Finance lease raised	1,544	2,850	1,544	2,850
Adjustment	-825	0	-825	0
Closing balance	2,559	3,802	2,559	3,802
Analysis of loan and finance leases				
Current portion:				
Lease liabilities	1,468	1,937	1,468	1,937
Current portion 31 December	1,468	1,937	1,468	1,937
Term portion:				
Lease liabilities: 2-5 years	1,091	1,865	1,091	1,865
Beyond 5 years	0	0	0	0
Term portion 31 December	1,091	1,865	1,091	1,865
Closing balance 31 December	2,559	3,802	2,559	3,802

14.(a) Finance leases

Finance leases have been entered into for computers and electronic equipment for teaching, research and administrative purposes. The finance leases can be renewed at the Institute and Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Institute and Group does have the option to purchase the asset at the end of the lease term, but it is likely the option to purchase will not be exercised because the leased assets are usually technologically obsolete at lease expiry. The Institute and Group is not permitted to pledge the leased assets as security nor can it sublease the leased equipment without the permission of the lessor. There are no other restrictions placed on the Institute and Group by any of the finance leasing arrangements.

Analysis of finance leases

	Consolidation / Parent			
	2013	2012	2013	2012
	Minimum payments \$000	Minimum payments \$000	Present value of payments \$000	Present value of payments \$000
Consolidated				
Within one year	1,657	2,137	1,468	1,937
After one year but not more than five years	1,225	1,942	1,091	1,865
Later than five years	-	-	-	-
Future finance charges	-323	-277	-	-
Total minimum lease payments	2,559	3,802	2,559	3,802

Finance lease adjustment

In 2013 the finance lease liability has been recalculated to better reflect the present values of finance lease liabilities.

15. Employee entitlements

	Consolidated		Parent	
	Actual	Actual	Actual	Actual
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Employee entitlements				
At 1 January	9,104	8,090	9,052	8,037
Adjustments during the year	1,003	1,014	1,022	1,015
At 31 December	10,107	9,104	10,074	9,052
Current portion	9,184	8,062	9,151	8,010
Non-current portion	923	1,042	923	1,042
	10,107	9,104	10,074	9,052
<i>Comprising of</i>				
Salaries and wages	1,597	1,175	1,597	1,175
Annual leave	6,240	6,517	6,207	6,465
Retirement leave	564	642	564	642
Long service leave	387	414	387	414
Sick leave	306	356	306	356
Redundancy provisions	1,013	0	1,013	0
	10,107	9,104	10,074	9,052
<i>Redundancy provisions</i>				
Opening balance	-	-	-	-
Provision for the year	1,013	-	1,013	-
Utilised	-	-	-	-
Closing balance	1,013	-	1,013	-

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 a current liability, as any current ailment is likely to occur from fresh accruals. Entitlements related to long service leave and retirement gratuities have been calculated at 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 rates and salary changes.

The termination payments (including severance \$0.045m and redundancies \$2.122m) made in 2013 are \$2.167m (2012: \$0.574m).

16. Equity

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
General funds				
Balance at 1 January	100,510	94,995	100,251	93,114
Property revaluation reserve transfer on disposal		1,616		1,616
Surplus/(deficit) for the year	1,957	3,899	1,920	5,521
Balance at 31 December	102,467	100,510	102,171	100,251
Property revaluation reserves				
Balance at 1 January	104,619	106,235	104,619	106,235
Transfers to general funds on disposal of property	-	-1,616	-	-1,616
Revaluation gain/(loss) on land	28,831	-	28,831	-
Revaluation gain/(loss) on buildings	4,921	-	4,921	-
Total revaluation gain/(loss)	33,752	-	33,752	-
Balance at 31 December	138,371	104,619	138,371	104,619
Total equity at 31 December	240,838	205,129	240,542	204,870
Property revaluation reserves consist of:				
Land	90,684	61,853	90,684	61,853
Buildings	47,687	42,766	47,687	42,766
Total property revaluation reserves	138,371	104,619	138,371	104,619

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. A full revaluation exercise of land and buildings has been carried out in 2013.

17. Capital commitments and operating leases

Operating leases 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 of commercial land and buildings as at 31 December 2013 are as follows:

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Non-cancellable operating lease commitments				
<i>Land and buildings</i>				
Within one year	2,066	2,311	2,066	2,311
Later than one year and not later than two years	1,708	1,784	1,708	1,784
Later than two years and not later than five years	3,482	4,595	3,482	4,595
	7,256	8,690	7,256	8,690

Operating leases as lessor

The Institute has entered into commercial leases with tenants on land and buildings. These leases have a non-cancellable term of two to 20 years. New lease agreements with strategic business partners have been ratified in February 2014 and are reflected in the following table due to signed relationship agreements existing at 31 December 2013.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Non-cancellable operating lease commitments				
<i>Land and buildings</i>				
Not later than one year	2,934	750	2,934	750
Later than one year and not later than two years	2,321	491	2,321	491
Later than two years and not later than five years	2,964	481	2,964	481
Later than five years	1,781	696	1,781	696
	10,000	2,418	10,000	2,418

No contingent rents have been recognised in the statement of financial performance during the year.

Operating lease commitments - Student Village accommodation.

The student village accommodations at 1510 Great North Road and Building Complex 310 were developed by Townscape Drummond Limited.

The non-cancellable 10-year operating lease commitment of student village of Building Complex 310 expired on 13 February 2013. The lease commitment for 1510 Great North Road expired on 14 February 2012.

Unitec has entered into agreement to lease the building complexes with the owners of the student village units. This new agreement expires in February 2015. The commitment disclosed reflects the current exposure to rents payable as Unitec and the owners are finalising these agreements.

The liability is calculated on the basis of current rent rates paid to the owners and the maximum exposure rentals to payable as at 31 December 2013 are as follows:

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Operating lease commitments				
<i>Student Village</i>				
Within one year	1,811	1,739	1,811	1,739
Later than one year and not later than two years	226	0	226	0
Later than two years and not later than five years	0	0	0	0
	2,037	1,739	2,037	1,739

Other non-cancellable contracts

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Other non-cancellable contracts				
Details of commitments under these contracts are as follows:				
Not later than one year	898	962	898	962
Later than one year and not later than two years	427	428	427	428
Later than two years and not later than five years	540	0	540	0
	1,865	1,390	1,865	1,390

Capital commitments

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

At 31 December 2013 the Group had capital commitments of \$9,012,000 (2012: \$7,933,000) principally relating to various building projects. Capital commitments include projects that have contractual commitments.

	Consolidated		Parent	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Council-approved contractual capital commitments	1,027	3,618	1,027	3,618
Total capital commitments	1,027	3,618	1,027	3,618

Of the Unitec Council-approved capital commitments, the contractual commitments amount is \$1,027,000 as at 31 December 2013 (2012 \$3,618,000).

18. Contingent liability

Personal grievances

There were three open personal grievance claims from the 2013 financial year. The estimated costs could be up to \$163,000 (2012: \$150,000).

19. Contingent assets

The Institute and Group has no contingent assets.

20. Related party transactions

The Institute is the Parent of the Group and controls two entities, being Unitec Apprenticeship Training Trust and Unitec Trust as at 31 December 2013.

Crown and Government

Significant transactions with Government-related entities

The Government influences the roles of the Institute as well as being a major source of revenue. The Institute has received funding and grants from the Tertiary Education Commission totalling \$77.730m (2012 \$81.919m) to provide education and research services for the year ended 31 December 2013. The Institute also leases, at a nil rental amount, land and buildings legally owned by the Crown. Further information on the accounting for Crown-owned land and buildings is disclosed in note 1 under the heading 'Critical judgements in applying accounting policies'.

Collectively, but not individually, significant transactions with Government-related entities

In conducting its activities, the Institute is required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Institute is exempt from paying income tax and FBT.

The Institute purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and provision of goods and services to Government-related entities for the year ended 31 December 2013 were \$3.907m (2012 \$4.259m) and all conducted on an arm's length basis. The purchase of goods and services included the purchase of electricity from Meridian Energy Ltd, clinical placement for students at District Health Boards, research services from universities and other institutes, air travel from Air New Zealand and postal services from New Zealand Post. The provision of services to Government-related entities mainly related to the provision of educational courses.

Related party transactions with subsidiaries

All members of the Group are considered to be related parties of Unitec.

The Unitec Recreation Trust was disestablished in early 2013. The Unitec Recreation Trust gifted its ownership of Recreation Centre Building at book value of \$1,574,095 to its parent Unitec Institute of Technology in 2012. In 2012 Unitec paid rent of \$70,000 to Unitec Recreation Trust for the use of the Unitec Recreation Centre. In 2013, Unitec invoiced Unitec Apprenticeship Training Trust a total of \$28,352 (2012: \$29,248) for training and administrative services.

		Ancillary services provided to related parties	Purchases from related parties	Donation to related parties	Amounts owed to related parties	Amounts owed by related parties
		\$000	\$000	\$000	\$000	\$000
Unitec Apprenticeship Training Trust	2013	28	-	-	-	-
	2012	29	-	-	-	-
Unitec Recreation Trust (disestablished in April 2013)	2013	-	-	-	-	-
	2012	-	70	-	-	-
Unitec Trust	2013	-	-	-	-	-
	2012	-	-	-	-	-

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 2013 and 2012 are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

For the year ended 31 December 2013, the Group did not raise any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2012: \$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 in. When assessed as required the Group raises such a provision.

Unitec, the parent, paid audit fees for the subsidiaries of Unitec Apprenticeship Training Trust and Unitec Trust.

Members of Council and key management:

Mr E K Van Arkel is a Council member and a trustee of the Unitec Trust.

Mr R Reid was a trustee of the Unitec Apprenticeship Training Trust and the Unitec Trust.

Dr R Ede is the Chief Executive and a trustee of the Unitec Apprenticeship Training Trust and the Unitec Trust.

Mr P Conder was the Chief Financial Officer and Executive Director Finance and Infrastructure and was a trustee of the Unitec Apprenticeship Training Trust.

Mr G Hodge is the Executive Dean of the Faculty of Technology and Built Environment and is a trustee of the Unitec Apprenticeship Training Trust.

Mr D Harry is a Council member and a trustee of the Unitec Trust.

Transactions with key management personnel

Key management personnel compensation

	Consolidated		Parent	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
	\$000	\$000	\$000	\$000
Salaries and other short-term employee benefits	2,533	2,526	2,533	2,526
Post employee benefits	0	0	0	0
Other long-term benefits	0	0	0	0
Termination benefits	106	0	106	0
	2,639	2,526	2,639	2,526

Key management personnel includes 12 senior executives of the parent and all members of Council. Councillors' fees are included in the above and separately disclosed in note 5g.

Related party transactions with Council members

During the year, the following Council members were members of organisations that have entered into transactions with Unitec Institute of Technology as part of the normal operations. Council fees are included in the following table only when the payments were made to their companies.

Name of Council member	Company name	Director/Shareholder	Types of transactions	2013	2012
				Transaction amount (\$)	Transaction amount (\$)
<i>Payments:</i>					
Anne Blackburn	Ten Gracie Square Ltd	Beneficiary and/or legal shareholder	Council fees	16,000	16,000
Anne Blackburn	Committee for Auckland	Director	Corporate Membership fee	10,000	
Anne Blackburn	Committee for Auckland	Director	Contribution to Auckland Creative Industries Study	5,000	
Aroha Hudson	Te Hononga o Tamaki me Hoturoa PHO	Director	Student fees refund	1,746	
Aroha Hudson	Heart Foundation	Director	Renewal of affiliation fee		30
Dinu Harry	Bertelsen Harry Waters Ltd	Director	Council fees	16,000	16,000
E Van Arkel	Auckland Chamber Of Commerce	Director	Membership fee and courses	1,600	1,780
E Van Arkel	The Warehouse	Director	Cleaning and office supplies	686	78
Kaye Turner	Manukau Institute of Technology	Chair of Council	Deliver of courses and misc	62,838	117,712
Kaye Turner	Waikato Institute of Technology	Consultant	Conference	977	195
<i>Receipts:</i>					
Aroha Hudson	National Heart Foundation of NZ	Director	Grants	27,232	
Aroha Hudson	Healthwest Ltd	Employee	Sponsorship	10,000	
Charmian O'Connor	The Kate Edger Edu Charitable Trust	Consultant	Scholarship	4,348	
Charmian O'Connor	The Kate Edger Edu Charitable Trust	Consultant	Graduation		70,898
Kaye Turner	Waikato Institute of Technology	Consultant	India ITP Consortium Collaboration Agreement Participation	20,000	
Kaye Turner	Waikato Institute of Technology	Consultant	Sponsorship for Industry	2,000	
Kaye Turner	Waikato Institute of Technology	Consultant	ITP Chair Meeting	1,730	
Kaye Turner	Waikato Institute of Technology 265	Consultant	Catering	208	265
Kaye Turner	Manukau Institute of Technology	Chair of Council	Rental charges	42,829	40,250
Kaye Turner	Manukau Institute of Technology	Chair of Council	India ITP Consortium Collaboration Agreement Participation	20,000	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Contribution to Industry	5,000	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Misc	3,432	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Sponsorship for Industry	2,000	
Kaye Turner	Manukau Institute of Technology	Chair of Council	ITP Chair Meeting	1,534	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Conference fee	1,309	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Cleaning	864	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Catering	141	
Kaye Turner	Manukau Institute of Technology	Chair of Council	Tuition fees		30,060
Kaye Turner	Manukau Institute of Technology	Chair of Council	Purchase e-books		8,500
Kaye Turner	Manukau Institute of Technology	Chair of Council	Maintenance fee		1,289

All transactions with Council members occur within a normal supplier or client relationship on terms and conditions and are at arm's length. No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2012 \$nil).

Related party transactions with joint ventures

Company name	Types of transactions	2013	2012
		Transaction amount (\$)	Transaction amount (\$)
Tēpu Limited	Share of travel and related expenses	2,626	-

All transactions with the joint ventures occur within a normal supplier or client relationship terms and conditions and are at arm's length. No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2012 \$nil).

Related party transactions with staff members

Name of staff member	Company name	Director/Shareholder	Types of transactions	2013	2012
				Transaction amount (\$)	Transaction amount (\$)
Athina Tsoulis	Ample Film Limited	Director	Capital investment for joint venture film production 'Stars in Her Eyes'	-	235,400

All transactions with staff members occur within a normal supplier or client relationship on terms and conditions and are at arm's length. No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2012 \$nil).

21. Events after the balance sheet date

There were no post balance date events that would materially affect Unitec financial statements for the year ended 31 December 2013 (2012: nil).

22. Financial risk management objectives and policies

Unitec has a series of policies providing risk management for interest rate, foreign currency and credit. 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 24.

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 fixed debts through finance leases. 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.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Institute and Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk.

The Institute and Group limits the amount of credit exposure to any one financial institution for term deposits to no more than 50% of total investments held. The Group invests funds only with registered banks that have a Standard and Poor's credit rating of at least A2 for short-term and A- for long-term investments.

The Institute and Group holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

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 receivables and a loan.

Unitec places its cash and short-term investments with high-credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to accounts receivables 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 investment 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.

23. 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 receivables

The carrying value of all accounts receivables as at 31 December 2013 is after making allowance for doubtful debts of \$311,275 (2012 \$151,401). The estimated fair value of Unitec's financial instruments as at 31st December 2013 is not significantly different from the carrying value.

Financial instrument categories

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		Fair value	
	Actual 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Consolidated				
<i>Financial assets</i>				
Cash	7,836	2,821	7,836	2,821
Trade and other receivables	3,556	3,122	3,556	3,122
	11,392	5,943	11,392	5,943
<i>Financial liabilities</i>				
Trade and other payables	8,972	7,226	8,972	7,226
<i>Interest-bearing loans and borrowings:</i>				
Obligations under finance leases and hire purchase contracts	2,559	3,802	2,559	3,802
	11,531	11,028	11,531	11,028
Parent				
<i>Financial assets</i>				
Cash	7,585	2,546	7,585	2,546
Trade and other receivables	3,435	3,020	3,435	3,020
	11,020	5,566	11,020	5,566
<i>Financial liabilities</i>				
Trade and other payables	8,926	7,183	8,926	7,183
<i>Interest-bearing loans and borrowings:</i>				
Obligations under finance leases and hire purchase contracts	2,559	3,802	2,559	3,802
	11,485	10,985	11,485	10,985

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Institute and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Flexibility in funding is maintained by keeping committed credit lines available.

The Institute and Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity Groupings based on the remaining period at the balance date to the contractual maturity date.

Year ended 31 December 2013	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1-<2 years \$000	>2-<3 years \$000	>3-<4 years \$000	>4-<5 years \$000	>5 years \$000	Total
Consolidated									
Cash	7,836	7,836	7,836						7,836
Trade and other receivables	3,556	3,556	3,556						3,556
	11,392	11,392	11,392						11,392
Parent									
Cash	7,585	7,585	7,585						7,585
Trade and other receivables	3,435	3,435	3,435						3,435
	11,020	11,020	11,020						11,020
Year ended 31 December 2012									
Year ended 31 December 2012	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1-<2 years \$000	>2-<3 years \$000	>3-<4 years \$000	>4-<5 years \$000	>5 years \$000	Total
Consolidated									
Cash	2,821	2,821	2,821						2,821
Trade and other receivables	3,122	3,122	3,122						3,122
	5,943	5,943	5,943						5,943
Parent									
Cash	2,546	2,546	2,546						2,546
Trade and other receivables	3,020	3,020	3,020						3,020
	5,566	5,566	5,566						5,566

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

Year ended 31 December 2013	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1-<2 years \$000	>2-<3 years \$000	>3-<4 years \$000	>4-<5 years \$000	>5 years \$000	Total
Consolidated									
Trade and other payables	8,972	8,972	8,972	-	-	-	-	-	8,972
<i>Interest-bearing loans and borrowings:</i>									-
Obligations under finance leases and hire purchase contracts	2,559	2,882	1,657	1,226	-	-	-	-	2,882
	11,531	11,854	10,629	1,226	-	-	-	-	11,854
Parent									
Trade and other payables	8,926	8,926	8,926	-	-	-	-	-	8,926
<i>Interest-bearing loans and borrowings:</i>									-
Obligations under finance leases and hire purchase contracts	2,559	2,882	1,657	1,226	-	-	-	-	2,882
	11,485	11,808	10,583	1,226	-	-	-	-	11,808
Year ended 31 December 2012									
Year ended 31 December 2012	Carrying amount \$000	Contractual cashflows \$000	<1 year \$000	>1-<2 years \$000	>2-<3 years \$000	>3-<4 years \$000	>4-<5 years \$000	>5 years \$000	Total
Consolidated									
Trade and other payables	7,226	7,226	7,226	-	-	-	-	-	7,226
<i>Interest-bearing loans and borrowings:</i>									-
Obligations under finance leases and hire purchase contracts	3,802	4,079	2,137	1,943	-	-	-	-	4,079
	11,028	11,305	9,363	1,943	-	-	-	-	11,305

Contractual maturity analysis of financial liabilities (continued)

Parent									
Trade and other payables	7,183	7,183	7,183	-	-	-	-	-	7,183
<i>Interest-bearing loans and borrowings:</i>									
Obligations under finance leases and hire purchase contracts	3,802	4,079	2,137	1,943	-	-	-	-	4,079
	10,985	11,262	9,320	1,943	-	-	-	-	11,262

Sensitivity analysis

The tables below illustrate the potential surplus or deficit and equity (excluding general funds) impact for reasonably possible market movements, with all other variables held constant, based on financial instrument exposures at the balance date.

Interest rate risk

2013	Consolidated		Parent		+/- 1%	+/- 1%
	Actual	Actual	Actual	Actual	Consolidated	Parent
	2013	2013	2013	2013	2013	2013
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	7,836	7,585	78	76		
Bank loan						
	7,836	7,585	78	76		
2012	Consolidated		Parent		+/- 1%	+/- 1%
	Actual	Actual	Actual	Actual	Consolidated	Parent
	2012	2012	2012	2012	2012	2012
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	2,821	2,546	28	25		
Bank loan						
	2,821	2,546	28	25		

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%. The other financial instruments of the Group and Parent that are not included in the above tables are non-interest bearing.

24. Capital management

The Institute and Group's capital is its equity, which comprises general funds, and property valuation. Equity is represented by net assets.

The Institute is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The Institute manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Institute's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the Institute's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

25. Major budget variances

Explanations of major variations against the budget are as follows:

STATEMENT OF COMPREHENSIVE INCOME

Government Grants /Student Tuition Fees /Student Services Fees

Revenue from Government Grants reflects the amount funded by the New Zealand Government (via the Tertiary Education Commission, or 'TEC') for each domestic student. Unitec Institute of Technology ('Unitec') also earns student tuition fees from each domestic or international student enrolled. For domestic students this is the portion not funded by the New Zealand Government and paid by the student themselves, while for international students it is the entire revenue received for the student for their tuition.

A student services fee is also collected from students to contribute toward the costs of non-core support services including health, social and student community activities.

The budget for Government grants and domestic student tuition fees is set based on a target range agreed between Unitec and the TEC for the likely level of enrolments for the coming year. Unitec also estimates the level of expected international student enrolments and therefore international student tuition fees.

In 2013, there was a significant decrease in domestic student enrolments, continuing a trend that commenced in 2012. This was more severe than either Unitec could predict, reflecting a strengthening New Zealand economy coinciding with many students born in the 1990-1993 mini-baby boom completing their studies.

As a result, income from domestic students earned through Government Grants and domestic student tuition revenue reduced in the 2013 year, and was less than expected. This was partially offset by an increase in international student tuition revenue, reflecting continued growth in this market by Unitec. Government Grants reduced by \$4.748m, student tuition revenue reduced by \$1.390m and student services fees reduced by \$0.204m.

Trading income

Trading income includes a range of services supplied directly by Unitec closely associated with, but not directly related, to tuition activities including external activities by the Unitec Copy Centre and the sale of houses constructed by students (recovering the costs of this tuition activity). The budget is the estimated likely income expected for the coming year.

Overall trading income was similar to previous years, except Unitec sold fewer houses during 2013, reducing the income.

Interest income

Despite the decreasing student numbers Unitec has been able to improve its cash position, increasing interest income in 2013.

Other income

Other income includes a range of activities and services indirectly associated with our tuition activities including lease and rental income, research, consultancy, etc.

A number of business development activities for the increase in revenue had been expected to come to fruition in 2013, however some of these were delayed and are only expected to impact fully in 2014. As a result, income was below the level expected, but exceeded 2012 (after removing a one-off donation).

Research revenue was also lower than expected due to a lower number of projects in 2013, plus a reduction in the Unitec share of the Performance Based Research Fund despite Unitec having achieved a higher level of research outcomes in prior years.

Personnel costs

Personnel costs reflect the direct and ancillary costs of employing staff. This includes wages and salaries as well as benefits such as leave, KiwiSaver or employment costs such as recruitment, relocation and redundancies.

Unitec budgets for these based on the level of domestic and international student tuition activity expected.

Underlying personnel costs related to student tuition were held to below budget, reflecting the reduced student activity. However, the reduction is smaller than the reduction in student numbers because Unitec must commit to teaching classes and programmes, to provide certainty to students, before final enrolments are known. This can result in teaching costs being incurred for smaller-than-expected class sizes.

Unitec has during 2013 also undertaken reviews of some programmes and other activities. This has resulted in restructuring costs of \$2.122m being recognised in 2013 above the level budgeted.

Unitec has also invested in its long-term strategy, particularly costs associated with the development of its property strategy.

Depreciation and amortisation

Unitec has increased capital expenditure in 2013, with priority given to improving long-term assets over shorter-term assets. This change in mix and priority has resulted in a longer average life of assets than was expected when the budget was prepared and a decrease in depreciation and amortisation.

Class materials

Class materials were slightly higher than expected (\$0.257m), but at a similar level to 2012. This is after significant reduction over the last three years. Unitec sees no significant change in the immediate future.

Trading expenditure

Trading expenditure has reduced in line with activity.

Finance costs

Finance costs (excluding one-off adjustments) are slightly below expected.

Administration Costs and Other Expenses

Unitec has made a conscious effort to manage Administration Costs during 2013, especially as it became evident that student numbers were going to be lower than expected. As a result costs were below budget by \$3.118m.

Major variances included:

- » Research costs were \$0.493m less than expected reflecting a reduced number of projects and changes in the type of projects being undertaken in 2013.
- » Scholarships were reduced by \$0.370m reflecting reduced student income.
- » A \$0.361m saving in electricity, which resulted from Unitec's on-going sustainability efforts and a new energy contract being at more favourable rates. In addition, reduced reliance on paper brochures as a result of sustainability efforts saved \$0.150m.
- » Reduced domestic and overseas travel saved 0.108m.
- » Project materials (reflecting activity in other income) reduced \$0.558m.
- » A saving of \$0.132m in outside rentals.

STATEMENT OF FINANCIAL POSITION

Property revaluations

While Unitec expected some movement in property valuations in 2013, no allowance was included in the budget due to the uncertainty that existed at the time the budget was prepared. The final land and buildings revaluation contributed \$33.752m to equity of which \$28.831m resulted from land and \$4.921m from buildings.

Cash and cash equivalents

Unitec has actively managed its cash reserves during 2013 due to the uncertainty from reducing student enrolments. As a result, it has increased its cash holdings from last year to a level above that expected when the budget was prepared.

In addition, due to online enrolments and other initiatives Unitec has increased the level of students prepaying for tuition, which is reflected in the cash holdings and the level of revenue received in advance (current liabilities). As a result, Unitec also has no bank borrowings or overdraft at 31 December 2013.

Prepayments

An improvement in the accounting for prepayments resulted in the level at the end of 2013 being above expected and last year.

Property, plant and equipment

The variance to budget is due to the increase in land and buildings

following the 2013 revaluation.

Equity

The level of equity reflects the increase in the revaluation reserve from the increased value of land and buildings.

STATEMENT OF CHANGES IN EQUITY

The year end equity was \$31.006m higher than the budget and this was due of \$33.752m from the land and buildings full valuation in 2013 and lower surplus of \$2.746m compared to the budget.

STATEMENT OF CASH FLOWS

Operating activities

The net cash flows from operating activities were \$2.328m higher than the budget. Unitec has made a conscious effort to manage administration costs during 2013, especially as it became evident that student numbers were going to be lower than expected. As a result, the total operating cash outflows were below budget by \$7.267m.

The savings were offset by the lower income earned from domestic students through government Grants and domestic student tuition revenue. These were partially was offset by an increase in international student tuition revenue. As a result, the total operating inflows were below budget by \$4.939m.

Investing activities

The net cash flows from investing activities were \$10.825m higher than the budget. This was mainly due to lower cash outflows on capital expenditure. Some of the major commitments identified in the initial budget were deferred due to a reassessment of priorities.

Financing activities

The net cash flows from financing activities were \$6.955m lower than the budget. As a result of the reduced level of capital spending, the requirement for loan funding was significantly down on that originally budgeted. There was no loan borrowed in 2013.

Appendices

for the year ended 31 December 2013

Students

Unitec fosters an institutional culture in which innovation and enterprise are expected and rewarded. We are committed to providing students 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 policy that fosters equal educational opportunities.

Study load - all students

	2013 Total Students	2013 Total EFTS	2013 Percentage EFTS	2012 Total Students	2012 Total EFTS	2012 Percentage EFTS
Full-time formal ¹	10,060	8,274	81%	10,631	8,732	81%
Part-time formal	4,991	1,491	15%	5,572	1,625	15%
Non-formal only	4,720	387	4%	5,018	413	4%
Total Students	19,771	10,152²	100%	21,221³	10,770	100%

Gender and study load - formal students

Gender and study load	2013 Total Students	2013 Total EFTS	2013 Percentage EFTS	2012 Total Students	2012 Total EFTS	2012 Percentage EFTS
Female full-time	4,496	3,712	37%	4,808	3,948	38%
Female part-time	2,276	706	7%	2,724	817	8%
Total female	6,772	4,418	45%	7,532	4,765	46%
Male full-time	5,564	4,562	47%	5,823	4,784	46%
Male part-time	2,715	785	8%	2,848	808	8%
Total male	8,279	5,347	55%	8,671	5,592	54%
Total formal students	15,051	9,765	100%	16,203	10,357	100%

Age breakdown

Age group	2013 Total Students	2013 Total EFTS	2013 Percentage EFTS	2012 Total Students	2012 Total EFTS	2012 Percentage EFTS
Less than or equal to 19	3,280	1,341	13%	4,556	2,044	19%
20-24	6,369	4,310	42%	6,178	4,116	38%
25-29	2,784	1,680	17%	2,629	1,560	14%
30-34	1,838	952	9%	1,832	918	9%
35-39	1,311	587	6%	1,448	635	6%
40-44	1,160	445	4%	1,352	539	5%
45-49	1,098	368	4%	1,144	410	4%
50-54	818	256	3%	879	280	3%
Greater than or equal to 55	1,113	214	2%	1,203	268	2%
Total students	19,771	10,152	100%	21,221	10,770	100%

1. Formal students are enrolled in courses towards NZQA-approved qualifications.

2. 401 students were enrolled in both formal and non-formal courses in 2013.

3. 292 students were enrolled in both formal and non-formal courses in 2012.

Ethnic breakdown

Ethnicity ⁴	2013 Total Students	2013 Percentage ⁵ Enrolments	2012 Total Students	2012 Percentage ⁵ Enrolments
New Zealand European	7,789	39%	8,513	40%
Maori	1,960	10%	2,100	10%
Pacific	2,489	13%	2,836	13%
Chinese	2,837	14%	2,914	14%
Indian	1,453	7%	1,518	7%
Other Asian	1,729	9%	1,810	9%
Other ethnic group	3,341	17%	3,384	16%
Total students	19,771		21,221	

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 profile⁶

Staff Totals (FTE) ⁷	2013 Full-time	2013 Part-time	2013 Casual	2013 Total ⁸	2013 Percentage	2012 Total	2012 Percentage
Academic staff	437	118	38	593	100%	614	100%
With disability reported ⁹	44	14	5	63	11%	54	9%
New Zealand Māori ¹⁰	37	6	2	45	8%	43	7%
Pacific ¹⁰	33	4	1	39	7%	41	7%
Female	168	83	19	269	45%	286	47%
Male	269	35	20	323	54%	328	53%
Allied staff	445	78	51	573	100%	571	100%
With disability reported ⁹	52	5	4	62	11%	51	9%
New Zealand Maori ¹⁰	23	6	4	34	6%	36	6%
Pacific ¹⁰	27	6	6	39	7%	43	8%
Female	271	61	34	366	64%	366	64%
Male	174	16	17	207	36%	205	36%

4. Some students identify with more than one ethnic group.

5. The sum of percentages exceeds 100% because some students identify with more than one ethnic group.

6. The FTE figures presented above are the figures from 1st January 2013 to 31st December 2013.

7. The figures in this table exclude the 'Paid on Invoice' FTE figures.

8. Total may differ from the sum of the numbers across the row due to rounding.

9. Disability includes the following: asthmatic, arthritis, allergy, diabetes, epilepsy, high blood pressure, heart condition, hearing impaired, physical disability and sight impaired.

10. From 2012, the ethnicity data does not use prioritised ethnic groups.



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