Wintec
WAIKATO INSTITUTE OF TECHNOLOGY
Te Kuratini o Waikato

Annual Report
2013

Contents

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Our Mission

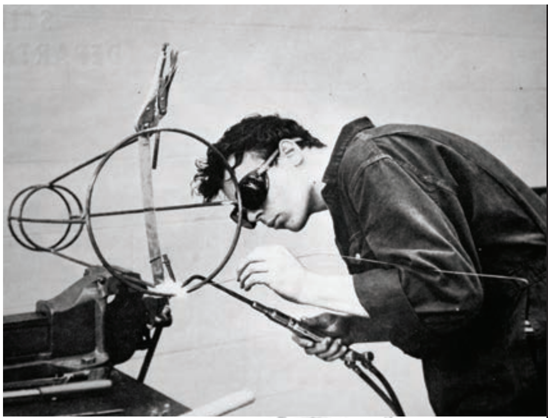
To build a stronger community through education, research and career development.

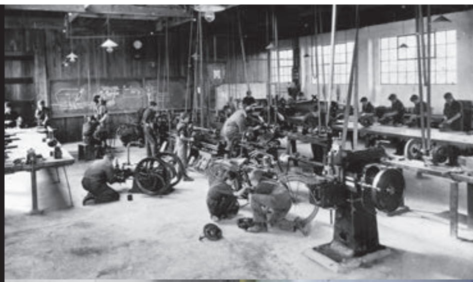
Mā te mātauranga, te rangahau, me te whai mahi e ora ai te iwi.

Wintec Overview

Wintec, as one of New Zealand's leading institutes of technology, is helping to drive the development of skilled workforces in New Zealand and around the world.

We have grown from a small technical college in Hamilton, established in 1924, to become one of New Zealand's largest tertiary education institutes with more than 20,000 students educated by us each year.










Growth

89 Years of Innovation and Growth

Hamilton Technical College is founded to provide technical and trades training in the Waikato region.

1924

Name changes to the Waikato Technical Institute, with a wide range of programmes in engineering, science, accountancy, business management and building trades.

1968

Horticulture teaching begins at Hamilton Gardens.

1985

Name changed to The Waikato Polytechnic to reflect the widening scope of our educational activities.

1987

Satellite campuses opened in Te Kuiti and Thames.

1990

Following government tertiary reforms, the institute becomes a body corporate with a Chief Executive and Council.

A range of degrees in nursing, midwifery, business, sport and exercise science, information technology and media arts are developed in response to changing employment needs.

1990s

First degree (Bachelor of Business) is offered.

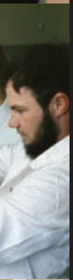
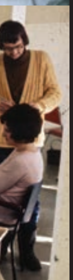
1992

The innovative Artechmobile is built and hits the road to provide mobile computer education to regional communities.

1994

Land is purchased on Avalon Drive to establish a campus with ample space for trades, sports and hospitality training.

1995







First postgraduate qualification is offered (Postgraduate Diploma in Nursing).

2000

Name changed to the Waikato Institute of Technology and two years later, the Wintec brand is adopted.

2001

Wintec opens Beijing office.

2003

Award-winning Gallagher Hub opened and is adopted by students as their space for studying and recreation.

2007

Wintec wins three national tertiary education awards for its global role (particularly its partnerships in China), innovative support services (for its creative industries business incubator SODA Inc.) and relevant learning (for its employer partnership groups).

Wintec received government funding to develop an agritechnology educational centre in the Waikato, in partnership with AgResearch, AgITO, Innovation Waikato and the Coalition of 21st Century Schools.

2009

Wintec opens a hub at its Avalon campus, a central studying and social space for students, staff and visitors.

Wintec House, the historical corner brick building on the city campus is re-opened after a $17 million refurbishment. Wintec House boasts educational facilities, quality events spaces and a business hub, opening up Wintec to the heart of Hamilton's CBD.

2010

Wintec Alumni Circle formed.

Our Avalon campus in the north of Hamilton is renamed the Rotokauri campus. The name change reflects the changing configuration and growth of the campus.

2011

Wintec opens Te Kōpū Mānia o Kirikiriroa on its city campus. The modern marae, which is inclusive of all cultures, provides an identity for Māori on campus and marks a new era for enhancing Māori achievement in education.

Wintec receives the New Zealand Business Achievement Award from the New Zealand Business Excellence Foundation after its performance was evaluated against international standards of world class performance.

2012

Wintec and the Waikato Regional Diabetes Service gain recognition from the International Diabetes Federation for excellence in providing diabetes training to nurses.

The first Wintec student ball is held at Wintec House.

Wintec wins the supreme award at the 2013 Microsoft Tertiary ICT Innovation Awards.

Wintec wins the Fletcher Construction Judges' Choice award from the Property Council for its campus modernisation programme.

Our Media Arts complex is refurbished, and a new multi-storey office building, the PwC Centre, is constructed on the corner of our city campus, adjacent to Wintec House.

2013

Strategic Direction

In 2013, Wintec defined new strategic goals to describe the opportunities and challenges ahead. These goals underpin our planning process and guide our direction and decision-making. They are:

OUR GRADUATES ARE HIGHLY SOUGHT AFTER BY EMPLOYERS
Our aim is to ensure our students are successful because they learn industry-relevant skills in innovative ways, in educational settings that reflect "the real world".

WE HELP BUILD THE ECONOMY AND STRENGTHEN COMMUNITIES
Our aim is to lift our profile and influence to enable us to work strategically with industry, local government, community, and other tertiary education providers to improve the economic and social wellbeing of our region.

WE ARE A LEADER IN INTERNATIONAL EDUCATION, ON-SHORE AND OFF-SHORE
Our aim is to develop our expertise in export education and our local and global alliances to enable us to deliver internationally-relevant, quality education services wherever they are needed in the world. This includes extending our capability beyond the delivery of internationally quality assured programmes here and abroad, to the successful management of major off-shore consultancy and joint venture activities.

WE ARE A MODERN ORGANISATION

Our aim is to be recognised as a financially well-performing, modern organisation, which delivers financial, social and environmental benefits for customers and the wider community.

OUR RESEARCH AND COMMERCIALISATION DELIVER REAL WORLD SOLUTIONS

Our aim is to ensure that our research and commercialisation activity drives productivity in our region. Our strong reputation for providing practical solutions to industry-identified problems, for leading knowledge and technology transfer between ourselves and industry, and our high quality research facilities, enable us to attract com mercial and industry partners and our applied research strengthens our reputation for quality research-informed vocational teaching.

CONNECT - our organisational change programme

Wintec is a well-developed organisation, and we have an ambitious direction of travel. A great deal of innovation and connectedness is required to achieve our objectives. To succeed we will continue to use project management and change management disciplines developed through Connect – our organisational change programme.

Connect is a mechanism for translating our strategic goals into practice. Using a centralised approach, our change programme is as much about how we work together, as it is about what we are working on.

Connect brings together some 20 projects with 45 work streams. These are organised around our major change areas aligned to our strategic goals. The projects ensure that we bring the right people together from across the organisation with the resources required to implement the changes we seek. The disciplines of good project management ensure projects are delivered on time, on budget, and with the appropriate risk management, quality management, communication and co-ordination in place.

Chair's & Chief Executive's Report

In 2013 we made pleasing progress with major new initiatives while improving performance and continuing our organisational change programme.

We improved our academic performance and the outcomes for students, undertook new initiatives to benefit our students and employers, expanded our internationalisation focus to include off-shore delivery, and for the sixth consecutive year made a modest financial surplus.

All of these achievements helped to further enhance our New Zealand and international reputation for providing quality vocational and professional education.

We are proud of this year's successes because we know they will bring further benefits for our students, to employers and to the wider community.

SOUND FINANCIAL PERFORMANCE

We achieved a group surplus of $3.2 million, or $5.4 million including property revaluations.

The operating surplus (excluding subsidiary companies, surplus on asset sales, property revaluations and asset impairment) was $2.7m (3%), in line with the threshold set by our monitoring agency, the Tertiary Education Commission (TEC).

We increased revenue from growth in TEC- funded Equivalent Fulltime Students (EFTS) numbers, although the financial benefit was offset in part by the impact of inflation and other funding changes. The solid financial result was achieved from a drive for further efficiencies, and increased revenue from international students.

We maintained our assessment by TEC as a "low risk" institution, affirming our capability to govern and manage well. We have continued with substantial organisation change, including major capital re-investment, internal change and offshore development initiatives, despite a constrained funding environment.

OUR STUDENTS

In 2013 we educated about 6800 EFTS, comprising 19,500 domestics students and 1,182 international students. This was an increase in EFTS compared with the previous year. It was pleasing to see growth in Industry Training Organisation students and in our international student numbers in particular.

It is important that our students progress with their studies - this year 84% of our TEC-funded students engaged in higher levels of study, a slight increase from 2012. This is a great result for Wintec as the Institutes of Technology and Polytechnic (ITPs) sector average is 68% of students studying at level 4 and above.

Increasing the number of people studying for higher qualification levels eventually benefits our region and our nation both economically and socially. We now provide more than 30 degree or postgraduate level programmes.

Nearly a quarter of our students are Māori, and it is very pleasing that about 80% of them are studying at degree level and above, one of the highest rates in the sector. We have invested in increased support for Māori and all students in order to improve retention. Our Hamilton city campus marae, Te Kōpū Mānia o Kirikiriroa, is now established as a multi-purpose facility used by all students and staff, community groups and employers, and in February 2013 we celebrated the first anniversary of its opening.

We continued as a priority our initiatives to attract and retain young people, since about 60% of our students are aged under 25 years. Programmes such as our trades academies enable the development of improved pathways for secondary students into tertiary education. These resulted in a good uptake of students and strong support from many of the region's schools. There was a 30% increase in places for secondary school students in our trades academies allowing 288 secondary school students from 27 schools to participate, and to achieve an average pass rate of 97%.

PERFORMANCE, IMPROVEMENT AND OUR STAFF

We maintained our strong position in educational performance, remaining at, or above, the sector average for all of the government's Educational Performance Indicators in 2012. We again ranked first in the sector for our progression rates for students to higher study, and our student retention improved with 71% of students retained in study compared with 58% in 2011. Our results in the completion of qualifications for students also improved.

These results and the improvements we've achieved in the last four years are a credit to all our staff and they reflect the sustained focus on our programmes, our teaching and our student support. They demonstrate that we are improving our overall quality as well as aligning with government priorities.

Professional development for our staff has been particularly directed at increasing the capability we require in order to achieve our strategies, particularly e-learning, flexible education delivery, distance learning and technology advances. There is also a continuing input with research, business development activities and internationalisation. Wintec supported many staff to spend time overseas teaching or visiting our international partner institutions to better understand the opportunities for collaboration in an international context.

A MODERN ORGANISATION

We aim to be a financially sound, high-performing modern organisation which delivers benefits to our stakeholders and the wider community.

Since 2003 we have spent more than $60m on our campus modernisation programme to provide students and staff with modern facilities and the best possible environment to learn the skills necessary to succeed in their industries. Our modernisation programme was recognised at the New Zealand Property Council's "We are Waikato Awards" when we won the Fletcher Construction Ltd Judge's Choice award for the significant contribution our programme has made to the local economy over the last 10 years.

In 2013 we completed the refurbishment to our Media Arts building on the city campus. We also commenced construction of a new, purpose-built $25m Engineering and Trades facility at the Rotokauri campus in north Hamilton. When completed in mid-2014 it will be one of New Zealand's most advanced engineering and trades training facilities.

There is a well-recognised national need for skilled engineering and trades people. Our new purpose-built facility will provide more opportunities for students to learn in an environment that better reflects industry standards and uses the latest techniques and technologies. Early in 2014 the first phase of the building will be completed and teaching of engineering students will commence in the new open plan, flexible spaces.

We continued to embed our use of technology in all aspects of our organisation in 2013 and we were honoured to be the recipients of the supreme award at the 2013 Microsoft Tertiary ICT Innovation Awards. This acknowledged our innovative use of cloud-based technologies, such as an online customer relationship management system and a customer service application, to improve the overall experience for our students, staff and stakeholders.

We were also proud to receive tertiary status, the highest level awarded, in our two-yearly ACC workplace safety audit. This is the sixth successive audit where we have achieved this status.

Our research, development transfer and commercialisation (RDT) pursuits focus mainly on industry-related activities. In 2013 they continued to build at a steady rate, with 57% of our research involving industry collaboration. We expanded our research capability and activity with the establishment of more targeted research facilities in the areas of agritechnology and industrial design and engineering. This year we saw more staff engaging in research across a number of disciplines, and post-graduate research activities are receiving more focus throughout our organisation and with industry.

Our partner Learning Works, a commercial entity owned by the Wintec Foundation, continued to commercialise Wintec "know how" and develop more tailor-made training solutions for industry, achieving growth in its short courses for work-readiness training and personal development programmes.

As the major shareholder in the regional business incubator, SODA Inc, with Hamilton City Council owning the other 40%, we were pleased to see the organisation grow its positive reputation in our regional and national economies. Each year more than 1500 entrepreneurs and 100 start-up businesses come into contact with SODA, receiving services such as business growth programmes and global network connections.

Our connections with employers, industry and community groups remained strong. Our Employer Partnership Groups are now well-established, bringing valued input into our planning, employment opportunities for our graduates, and other initiatives which enhance the education and employer interface.

Our membership of the Metros group of ITPs assists our focus on quality and on higher qualifications, with employment as a key success factor. All the group members can deliver sophisticated learning experiences to students based in other regions through technology and customised teaching. These are recognised as important in developing skills to benefit the economy. A number of successful joint activities and initiatives are being undertaken by the group, for example the development of the joint Bachelor of Engineering Technology degree.

INTERNATIONALISATION

Major steps have been taken to expand our operations and build capability in international education, both on-shore and off-shore. Internationalisation is now integral to the organisation. We are committed to increasing the global connections for our students, staff and employers, bringing benefits not only to our bottom line and our economy, but to our whole community through having an increasingly multicultural student body and workforce.

Our international student numbers increased again in 2013 to 707 EFTS, 7% more than in 2012. We have been experiencing year-on-year increases since 2006, and now have more than double the numbers we had in 2007, representing about $10m in revenue. China, India and Saudi Arabia remain our top countries for international student volumes, and are established markets where we continue to grow relationships. Equally important is diversification of our international student mix, and developing more opportunities to deliver international education in a number of different ways, not just all on-shore.

An example of developing relationships in our established markets is our Guangdong project in China, where we have strong relationships with a number of vocational high schools in the province, with more than 125 students coming to Wintec for tertiary education over the seven-year relationship to date.

We've hosted numerous international delegations over the year showcasing our organisation and potential business opportunities.

We have also made major progress with our offshore development initiatives and projects. Our well-established relationship with Chengdu University (China) continued to strengthen, with steady progress towards establishing an international off-shore campus, now awaiting final approval from the Chinese authorities. It is planned that the first stage, English language courses taught by Wintec staff, will begin in late 2014. Following that we intend to oversee the delivery of a range of New Zealand programmes offered by several partner ITPs, making it truly a New Zealand International Campus.

In April, the newly-signed strategic education agreement between New Zealand and China came to life with the signing of a three-way partnership between Wintec and model polytechnics in Tianjin and Qingdao, China. This partnership signals the start of the development of vocational training programmes using New Zealand-style teaching and curriculum practices, adapted to a Chinese context for delivery in the Tianjin Light Industry Vocational and Technical College and Qingdao Technical College. Wintec has the responsibility for New Zealand's involvement in this project which brings together shared skills, experience and knowledge from the Chinese and New Zealand vocational sectors. Already a national research symposium has been held for these colleges featuring leading teaching and learning experts, and researchers from across the ITP and vocational sectors.

In late 2013, together with a reputable Spanish education provider, we made a joint bid in a worldwide tender process to operate three new vocational colleges in the Kingdom of Saudi Arabia. If successful, we will become the first New Zealand educational organisation to secure such a contract in Saudi Arabia.

Our already established off-shore delivery contracts in Saudi Arabia continue to develop. These are the Saudi Electrical Services Polytechnic (SESP) project where Wintec is contracted to deliver the qualification and teaching materials for English language, technical and on-job training; and the Saudi Jubail Technical Institute (JTI) where Wintec provides quality evaluation capabilities.

OUR COUNCIL

Two new Wintec Council members, both experienced Waikato businesswomen, were welcomed on board this year. Pam Roa was appointed by the Tertiary Education, Skills and Employment Minister, the Hon Steven Joyce, to the Council in April, and Ping S'ng was appointed by the Council in July.

The Minister also appointed current member Steve Tucker as deputy chair until April 2014, and re-appointed Maxine Moana-Tuwhangai as a member until 2017.

In April the Council said farewell to long-standing member Dianne Yates who had contributed to the Council for just over five years.

Our Council is committed to seeing the organisation succeed through a forward thinking approach, diligent governance, and strong support for the Chief Executive and his staff. Our Council members attend many events and functions that connect with employers and the community throughout the year.

OUR SINCERE THANKS

2013 was an exciting year in which we made strong progress with our longer term change programme and committed to stepping up our internationalisation business with off-shore initiatives. It was another year to be remembered for achievement, innovation and investment - for the benefit of our students and as our way of contributing to social and economic growth. We intend to maintain the momentum in 2014 and beyond.

All of this has been possible because of the commitment and drive from our staff, our Council members, the management team, the employers we partner with, the input from our students, and support from government entities.

Our sincere thanks for your commitment and contribution to ensuring we remain a modern, forward-thinking organisation, that adds real value to our region and to New Zealand.

Mark Flowers
Chief Executive

Mary Cave-Palmer
Chair

Members of council

Members of Waikato Institute of Technology Council as at 31 December 2013:

MEMBER:		**APPOINTED BY:**
Mary Cave-Palmer	Council Chair	Minister for Tertiary Education
Clint Baddeley	Chair – Building and Assets Committee	Wintec Council
Bryce Cooper		Wintec Council
Maxine Moana-Tuwhangai		Minister for Tertiary Education
Aaron Rink		Wintec Council
Pam Roa		Minister for Tertiary Education
Ping S'ng		Wintec Council
Steve Tucker	Deputy Chair and Chair – Finance and Audit Committee	Minister for Tertiary Education

Members who left Council during the year:

MEMBER:	**APPOINTED BY:**
Dianne Yates	Wintec Council

The Wintec Council.
From left, standing - Aaron Rink, Bryce Cooper, Steve Tucker, Clint Baddeley.
From left, seated - Pam Roa, Mary Cave-Palmer, Maxine Moana-Tuwhangai, Ping S'ng.

Current Term Ends
30/04/2017
30/04/2015
30/04/2015
30/04/2017
30/04/2016
30/04/2017
30/05/2017
30/04/2014

Term Ended
30/04/2013

COMMITTEES OF COUNCIL AND COMMITTEE MEMBERSHIP

EXECUTIVE COMMITTEE OF COUNCIL

Functions include: acting on behalf of the Council on any urgent matters that need addressing in between Council meetings.

This committee, minus the Chief Executive, will also oversee the performance appraisal of the Chief Executive, the negotiation of the Chief Executive's remuneration package, and the re-negotiation of the Chief Executive's contract.

Members are: Mary Cave-Palmer (Chair), Clint Baddeley, Steve Tucker, Mark Flowers (Chief Executive).

BUILDING AND ASSETS COMMITTEE*

Functions include: consideration of matters affecting capital development, maintenance, property acquisition and disposal, property insurance, building, governance of campus development project and asset management plans; as well as monitoring the business plan and budget and asset purchases.

Members are: Clint Baddeley (Chair), Aaron Rink (Deputy Chair), Pam Roa, Mark Flowers (Chief Executive).

FINANCE AND RISK COMMITTEE*

Functions include: ensuring that Wintec adopts sound organisational and financial management practices; providing assurance regarding the quality of financial information, the accounting policies adopted, and the financial statements issued by Wintec; overseeing risk management and monitoring, organisational policies, and reviewing the annual budget and budget implementation.

Members are: Steve Tucker (Chair), Bryce Cooper (Deputy Chair), Maxine Moana-Tuwhangai, Ping S'ng, Mark Flowers (Chief Executive).

**Mary Cave-Palmer, as Council Chair, is an ex-officio member of the Building and Assets Committee and Finance and Risk Committee.*

Highlights

2013 has been an exciting year for Wintec with a number of highlights and successes with research, our programmes, student success, campus developments, awards and graduation honours.

RELEVANT RESEARCH FOR INDUSTRY

Through our research and development, we provided 'real world' research to industry challenges in 2013.

Wintec acquired New Zealand's first ultra-high definition, mass production, liquid resin 3D printer. With it, we are working with companies to radically improve the way they think about and perform industrial design.

Our team at AgResearch's Tokanui Research Farm helped dairy farmers across the country decrease the cost of missing cows on heat with the launch of an android app. The app, free to download from Google Play, gives dairy farm workers a "smart and quick" reminder of what to look for when cows are on heat and ready for artificial insemination.

Further work was progressed in the area of molecularly imprinted polymers (MIPs) by our team of researchers with extensive knowledge in chemistry, biochemistry, food and process engineering. Our researchers were finalists in the NZ Agribusiness Centre Agricultural Science award nominated for the MIPs project in the 2013 Kudos Hamilton Science Excellence Awards.

Other research included analysing school classrooms to determine the optimal environment for learning, and monitoring microclimates on farms to understand nutrient and water requirements.

INTERNATIONAL RECOGNITION

Diabetes education received a boost after Wintec and the Waikato Regional Diabetes Service gained international recognition for our diabetes education programmes.

The programmes were recognised by the International Diabetes Federation for excellence in providing diabetes training to nurses in the Waikato. These programmes address the shortage of specialised diabetes knowledge in the region through educating already-practicing nurses to be skilled in the area.

More than 170 practicing nurses have completed the Diabetes Care and Management programme and around 70 have gone on to complete the Advanced Diabetes Nursing Practice programme.

OUR CHANGING CAMPUSES

We won the Fletcher Construction Judges' Choice award at the Property Council's *We Are Waikato* awards hosted on our city campus in 2013.

Our campus modernisation project, underway since 2003, was recognised for the significant contribution it has made to the local economy over the last 10 years. Included in our modernisation programme is our new, ultra-modern $25m engineering and trades facility at our Rotokauri campus – the majority of which was constructed in 2013.

We completed the refurbishment of our Media Arts complex which included a new roof and large glazed entrances as well as a new student social space.

A new office building – the PwC Centre - along with retail outlets and a walk-through plaza area were constructed on the corner of our city campus. This area further connects Wintec's city campus to the central business district.

The aim of the modernisation programme is to ensure we provide an excellent standard of facilities for our students, staff and the wider community for many years to come.

TECHNOLOGY INNOVATION AWARD

Wintec took out the supreme award at the 2013 Microsoft Tertiary ICT Innovation Awards.

We were chosen for our innovative use of cloud-based technologies such as an online customer relationship management system and a customer service application, to improve the overall experience for students, staff and stakeholders.

Receiving this award for our forward-thinking approach to technology is satisfying. We invest in leading-edge technology in all areas of our organisation and through using cloud-based technologies it has allowed us to be more agile in meeting the needs of our students and stakeholders.

TRADES ACADEMIES BUILD IN POPULARITY

Our Waikato Trades Academies continued to gain popularity. Almost 300 students attended the academies and students finished the year with an average pass rate of 97%. More than 380 trades academy students are enrolled for our 2014 programmes.

Our trades academies, which were a government-led initiative, see us partner with 27 local secondary schools to encourage students to stay at school for longer by engaging them in hands-on learning.

The academy programmes allow year 11-13 students who are interested in a career in trades or technology to combine practical tertiary study with studies towards the National Certificate in Educational Achievement (NCEA).

WINTEC PRESS CLUB

We hosted top media personalities including John Campbell, 3 News' political editor Patrick Gower and Seven Sharp's Jesse Mulligan at our 2013 Wintec Press Club events held on behalf of Wintec journalism students.

The events provide students with the opportunity to mingle with high profile guests including TV presenters, newspaper editors, comedians, MPs and athletes, as well as hear a guest speaker talk about their experience in the media.

To celebrate the Press Club's pending 10th anniversary, our journalism and photography students created a book featuring the Press Club's lavish history and profiles of past speakers and guests.

CONNECTING WITH THE COMMUNITY

We are committed to our community partners and our students enjoyed adding value to these relationships in 2013.

We teamed up with not-for-profit organisation Community Living to create a fit-for-purpose home for people living with intellectual disabilities in the Waikato.

Students studying environmental design, carpentry, electrical engineering and interior design were involved in the creation of the home from pitching ideas through to design and construction.

Community Living staff and Wintec tutors worked alongside the students throughout the project to educate them on the complex support and housing needs of people living with intellectual disabilities.

Meanwhile, Wintec fashion design students took the CanTeen Bandanna Challenge to a new level this year by creating complete outfits made out of the cancer charity's bandannas as part of their studies.

The dresses, designed to the theme "A day at the races", were showcased at a fundraising dinner and silent auction in celebration of CanTeen's annual appeal. During the evening 11 young people living with cancer modelled the dresses, while the students explained the concept of their designs to guests.

FIRST WINTEC STUDENT BALL

We held our first student ball on campus in August.

More than 170 students turned out to The Atrium, Wintec House, dressed in glamorous frocks, sailor outfits and military uniforms to fit with the 1940s theme. Prizes were awarded for best dressed lady and gentleman.

The student ball, the first of its kind held for Wintec students, created a fun event for students and enhanced their experience on campus. It is expected the Wintec Student Ball will now become an annual event.

WORLDSKILLS COMES TO WINTEC

Wintec won the rights to host the 2014 WorldSkills National Competition in July for the first time.

Some of New Zealand's top apprentices will compete to be the best in their field. Skills competitions will take place in the areas of automotive, engineering, plumbing, hairdressing, floristry, cooking, restaurant service, carpentry, joinery, welding, graphic design and web design. The competition gives young New Zealanders involved in trade and technical industries the opportunity to showcase their skills over two days of intense competition.

MĀORI SUCCESS

Wintec was a finalist in the 2013 National Māori Language Week awards for our new Māori school and centre names and Māori Capability Framework, which were launched during the celebration of Māori Language Week in July. The Māori Capability Framework gives our staff tools to better engage with Māori and Pasifika communities and assist with educational success for our students.

We introduced five new kaiāwhina/student advisor roles who look after the pastoral needs of students, with a particular focus on Māori, Pasifika and international students.

HIGH PROFILE SCHOLARSHIPS

Hare Puke Māori Leadership Scholarship - Wintec's information technology services manager, Nichola Haira, was awarded the 2013 Hare Puke Māori Leadership Scholarship.

Nichola, who is of Te Arawa and Ngati Tūwharetoa descent, was chosen for her outstanding leadership both in her current role at Wintec and with her iwi, Tūwharetoa.

Wintec has gone through many technology changes and Nichola and her team play a key part in enabling information technology improvement throughout the organisation.

Nichola is also a trustee for her hapū, Ngāti Te Kohera Kakaho where she takes a lead role in strategic planning and developing new policies for whānau to build partnerships and new business.

Wintec established the scholarship in 2008 for staff to recognise and honour its late kaumātua, Dr Hare Puke. Its goal is to enable Māori staff to gain further leadership and management skills.

Gordon Chesterman Scholarship – Aspiring entrepreneur and Bachelor of Media Arts student, Hayley Simmonds, was awarded Wintec's Gordon Chesterman Scholarship.

The scholarship was offered for the first time this year in recognition of the significant contribution made for former Wintec Chair Gordon Chesterman.

Hayley, 21, was chosen ahead of 31 scholarships applicants for her leadership qualities at Wintec and within the community. She is a Bachelor of Media Arts (Visual Arts) student.

Hayley has run her own graphic design business and completed several contract projects while studying. She is a skilled graphic designer and an aspiring business person.

HONOURING OUR GRADUATES

Around 1900 students graduated in 2013. The graduates, from all of our schools and centres, earned qualifications in fields such as the creative industries, health, information technology, languages, primary industries, education, business, sport and exercise science, hospitality and trades.

Graduation Week 2013 started with 100 students graduating on our marae Te Kōpū Mānia o Kirikiriroa, followed by five further graduation ceremonies. The week is held in conjunction with Special Awards events which honour our top-performing students. The celebratory events are attended by students, their family, friends, staff, employer partnership group members, industry and community representatives.

Our 2013 honorary awards were also conferred upon:

Gordon Chesterman – former Wintec Council chair, Waikato public relations practitioner and deputy mayor of Hamilton City – was awarded an honorary fellowship. This was awarded for his contribution to Wintec as a Council member and Chair for more than a decade, his advocacy for our School of Media Arts and for services to public relations in the Waikato region. Gordon's honorary fellowship was conferred upon him during the School of Media Arts graduation ceremony.

Richard O'Brien – author and star of the cult musical, The Rocky Horror Show, was awarded an honorary Master of Arts for his contribution to the arts and the Waikato arts community. A special event was held for his conferment at Wintec House in May attended by representatives from the Waikato arts community, Wintec honorary recipients, mayors and Wintec council members and staff.

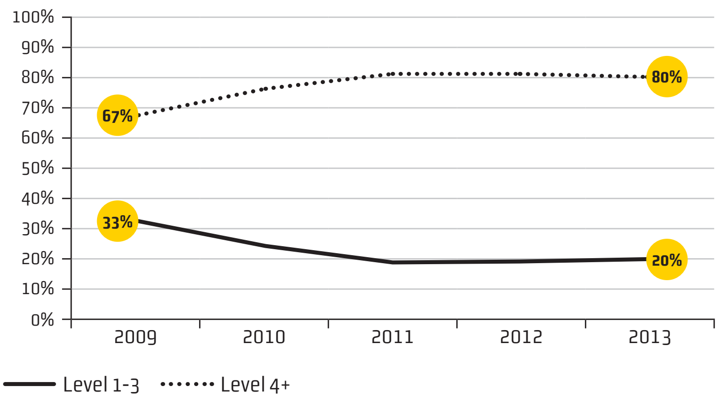
Student Statistics

In 2013 Wintec's total headcount of students (not EFTS) was 20,699 students, with 19,517 domestic students and 1,182 international students.

TOTAL EQUIVALENT FULL TIME STUDENTS (EFTS) BY SOURCE OF FUNDING

	2009	2010	2011	2012	2013
Adult and Community Education	182	203	105	104	108
Student Achievement Component	4,818	4,918	4,945	5,009	4,819
Youth Guarantee & Trades Academy	-	59	112	116	229
Total TEC Funded	**5,000**	**5,181**	**5,162**	**5,229**	**5,155**
International	546	555	608	661	707
Industry Training Organisation	904	860	781	586	764
Other	192	206	235	226	246
Total non TEC Funded	**1,642**	**621**	**1,623**	**1,473**	**1,717**
TOTAL EFTS	**6,643**	**6,802**	**6,786**	**6,702**	**6,872**

TEC FUNDED* EFTS BY LEVEL OF STUDY



* *Student Achievement Component (including Level 1 and 2 On Plan and Competitive Process Funding), Youth Guarantee & Trades Academy.*

INTERNATIONAL EQUIVALENT FULL TIME STUDENTS (EFTS) BY COUNTRY

	2009	2010	2011	2012	2013
China	312	297	308	321	345
India	154	154	125	133	178
Saudi Arabia	7	8	64	75	58
South Korea	15	18	19	28	31
Fiji	12	18	24	20	18
Philippines	5	8	8	12	13
Nepal	1	3	5	11	8
Malaysia	2	4	5	6	1
Taiwan	4	9	8	5	2
Other	34	36	42	50	52
Total	**546**	**555**	**608**	**661**	**707**

TEC FUNDED** EQUIVALENT FULL TIME STUDENTS (EFTS) BY ETHNICITY

	2009	2010	2011	2012	2013
European	2,888 (60%)	2,914 (59%)	2,941 (58%)	2,925 (57%)	2,829 (56%)
Māori	1,172 (24%)	1,184 (24%)	1,216 (24%)	1,193 (23%)	1,235 (24%)
Asian	311 (6%)	381 (8%)	378 (7%)	407 (8%)	401 (8%)
Pasifika	148 (3%)	199 (4%)	214 (4%)	240 (5%)	221 (4%)
Other	299 (6%)	300 (6%)	308 (6%)	359 (7%)	362 (7%)
Total	**4,818**	**4,978**	**5,057**	**5,125**	**5,047**

** *Student Achievement Component (including Level 1 and 2 On Plan and Competitive Process Funding), Youth Guarantee, Trades Academy. Percentage figures have been rounded, therefore some columns may not add up to 100%.*

TEC FUNDED* EQUIVALENT FULL TIME STUDENTS (EFTS) BY AGE GROUP

	2009	2010	2011	2012	2013
17 Years & Under	385	358	333	320	394
18 - 19 Years	978	1,265	1,302	1,283	1,194
20 - 24 Years	1,202	1,420	1,561	1,612	1,559
25 - 29 Years	485	557	568	593	574
30 - 34 Years	335	316	340	367	367
35 - 39 Years	344	314	312	274	276
40 - 44 Years	317	266	248	277	255
45 - 49 Years	287	217	192	195	218
50 - 54 Years	191	124	119	119	120
55 - 59 Years	128	78	53	53	57
60 - 64 Years	73	31	21	25	29
65 Years & Over	94	33	8	8	3
Total	**4,818**	**4,978**	**5,057**	**5,125**	**5,047**

TEC FUNDED* EQUIVALENT FULL TIME STUDENTS (EFTS) FOR YOUTH** (UNDER 25) AND OLDER STUDENTS

	2009	2010	2011	2012	2013
Youth (Under 25)	2,565 (53%)	3,042 (61%)	3,197 (63%)	3,214 (63%)	3,147 (62%)
25 and older	2,253 (47%)	1,935 (39%)	1,861 (37%)	1,911 (37%)	1,900 (38%)
Total	**4,818**	**4,978**	**5,057**	**5,125**	**5,047**

* *Student Achievement Component (including Level 1 and 2 On Plan and Competitive Process Funding), Youth Guarantee, Trades Academy.*

** *TEC have identified youth (students under the age of 25) as a priority group.*

COMPULSORY STUDENT SERVICES FEES

Under the Ministerial Direction on Compulsory Student Services Fees for 2013, Wintec is required to disclose the services funded out of the compulsory student services fee and provide a statement of the fee income and expenditure for each type of student service. A breakdown of 2013 actual costs and income by service category is shown below.

Service Category	Advocacy and legal advice	Careers Information advice and guidance	Health Service, Counselling pastoral and care	Employment information	Financial support and advice	Media	Childcare service	Clubs and Societies	Sports recreation and cultural services	Total $
Compulsory Student Service Fees	-	203,364	467,310	-	-	-	-	-	-	670,674
Other	-	-	179,394	-	-	-	-	-	-	179,394
Total Revenue	-	203,364	646,704	-	-	-	-	-	-	850,068
Expenses	**-**	**1,047,371**	**591,772**	**-**	**-**	**-**	**-**	**-**	**-**	**1,639,143**
Total Expenses	**-**	**1,047,371**	**591,772**	**-**	**-**	**-**	**-**	**-**	**-**	**1,639,143**
Surplus/(deficit)	**-**	**-844,007**	**-124,462**	**-**	**-**	**-**	**-**	**-**	**-**	**-968,469**

CAREERS INFORMATION ADVICE AND GUIDANCE

Wintec provides support to students to assist their transition into employment. Support includes CV workshops, interview practice and career guidance.

HEALTH SERVICE, COUNSELLING AND PASTORAL CARE

Wintec has two doctors and nurses available for students to access as needed. They provide a number of services to support students to stay well, obtain advice and gain medical assistance when needed.

Wintec has two counsellors and international advisors available for one-on-one appointments to provide students with pastoral care. A chaplain is also available to provide pastoral care, spiritual guidance and counselling.

Wintec have kaiawhina and student advisors who act as a direct link between students and our support services. They are embedded within 'at risk' programmes to aid in completion and retention.

TE KETE KŌNAE

Te Kete Kōnae is the Māori and Pasifika Learning Support Centre on campus. It practices and promotes manaakitanga and whanaungatanga to all students at Wintec. Its aim is to empower tauira Māori and Pasifika to get the best out of their time studying at Wintec.

Wintec's marae is multi-purpose, where students and staff can conduct and experience teaching, learning and pastoral support in a uniquely Māori environment.

STUDENT LEARNING SERVICES

We provide academic learning support, through workshops, in-class tutoring, groups, drop-ins and on-line sessions. We also support people with disabilities, providing academic and equipment support.

KIDZ@WINTEC

Offers convenient and affordable childcare facilities for students. Bookings are tailored to meet student needs and can be made on an hourly basis offering more flexibility for students than traditional sessional bookings in the community.


NGAATI

Equal Opportunities

Wintec continues to maintain a focus on the review and improvement of our Equal Employment Opportunities (EEO) and Equal Education Opportunities (EEDO) activities and performance.

Wintec's Equal Employment Opportunity policy states our commitment to giving all potential employees equal opportunities in relation to working at Wintec.

Our EEO programme supports our commitment to redressing underrepresentation and issues of particular groups; in particular women, Māori, Pasifika, other ethnic minorities, people with disabilities and older age groups.

IN 2013 OUR EEO VISION WAS PROGRESSED THROUGH:

- Continuing our participation in the Mainstream Employment programme, whereby we work with community agencies to facilitate employment at Wintec for people with significant disabilities.

- Being a member of the Equal Employment Opportunities (EEO) Trust — a not-for-profit organisation that provides EEO information to employers and raises awareness of diversity issues in New Zealand workplaces. As a member of the EEO Trust we aim to recruit, reward and develop employees on the basis of merit, recognising that effectively managing New Zealand's diverse population can lead to increased creativity, engagement and productivity.

- The introduction of Te Ngawha Whakatupu, Wintec's Māori Capability Framework. The framework articulates the core knowledge, skills and behaviours that Wintec staff need to develop in order to achieve our goals for Māori student achievement, and Māori staff engagement. It outlines five key areas of capability – Ako (Māori Teaching and Learning Theory and Practice), Te Tiriti (The Treaty of Waitangi), Ahurea (Māori Culture and Society), Tikanga (Māori Cultural Practices and Etiquette), Te Reo (Māori Language and Pronunciation).

OUR VALUES

Our values define our professional relationships, attitude and the way we do things at Wintec.

Our staff try to the live the values every day and we formally recognise staff who demonstrate these values at our annual staff awards.

Our values are Working Together, Challenge and Innovation, Valuing People, Customer Focus, Taking Ownership and Improvement and Opportunity.

ETHNICITY OF EMPLOYEES – 2013

Ethnicity	%	Number	Female	Male
NZ European/Pakeha	46.9%	404	247	157
Other European	11.1%	96	54	42
NZ Maori	8.9%	77	53	24
Other	3.0%	26	14	12
Indian	2.4%	21	9	12
South African	2.4%	21	9	12
Chinese	2.2%	19	7	12
Other Asian	1.6%	14	6	8
Pasifika	0.5%	4	2	2
No data provided	20.8%	179	112	67

EQUAL EDUCATION OPPORTUNITIES

Wintec's Student Learning Services delivers quality student-centred disability support and general academic learning services.

In 2013, Student Learning Services continued to offer a high-level of advocacy, information and support to students who disclosed impairments. Seventy-one staff provided 7,314 hours of note-taker, reader-writer and peer tutor services to help improve participation, retention, completion and progression of 166 students who required these services.

Student Learning Services has shifted the emphasis of general learning support towards the provision of proactive student capability-building services. This is to assist students to become independent learners throughout the course of their studies and in the workplace. The implementation of this approach is designed to reach greater numbers of students across Wintec.

This shift has resulted in Student Learning Services providing learning support and proactive academic capability-building services to 2,712 individual students in 2013. This represented a 25% increase in reach of students compared with the previous year. Increased levels of student satisfaction and completion rates equalling those of the wider student body were also recorded. Services included writing and study skills courses, workshops, peer tutoring, one-on-one learning support, and the embedding of academic support services within programmes of study across faculty.

Targeted support was offered to Māori and Pasifika students, as well as many international and New Zealand resident students for whom English is not their first language.


EXIT

Financial Performance

Our aim is to be recognised as a financially well-performing modern organisation which delivers financial, social and environmental benefits for customers and the wider community.

In 2013 we achieved:

- a group surplus of $3.2million or $5.4million including property revaluations.
- an operating surplus of $2.7million (3%) in line with the threshold set by TEC.
- total assets of $171million (group) and $170million (parent).
- total equity of $128million (group and parent).

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Auditor's Report

To the readers of Waikato 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 Waikato Institute of Technology (the Institute) and Group. The Auditor General has appointed me, Clarence Susan, 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 36 to 73, 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 cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non financial performance information of the Institute and Group that comprises the statement of service performance on pages 75 to 87.

OPINION

In our opinion:

- the financial statements of the Institute and Group on pages 36 to 73:
  - 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 75 to 87 fairly reflects the Institute and Group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2013.

Our audit was completed on 30 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 appropriateness of the reported service performance within the Institute's framework for reporting performance;
- 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 cash flows.

The Council is also responsible for preparing non financial performance information that fairly reflects the Institute and Group's service performance achievements measured 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.

Clarence Susan
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand

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.

Other than the audit, and the audit of the Performance Based Research Fund, we have no relationship with or interests in the Institute or any of its subsidiaries.

Statement of Comprehensive Income

For the year ended 31 December 2013.

	Notes	CONSOLIDATED Actual 2013 $'000	CONSOLIDATED Budget 2013 $'000	CONSOLIDATED Actual 2012 $'000	PARENT Actual 2013 $'000	PARENT Budget 2013 $'000	PARENT Actual 2012 $'000
Income							
Government grants	3(a)	47,200	47,245	46,931	47,200	47,245	46,931
Student tuition fees	3(b)	29,803	31,519	29,677	29,845	31,519	29,677
Other income	3(c)	12,960	13,552	10,772	9,366	7,831	8,966
Finance income	3(d)	827	534	338	807	523	272
Total Income		**90,790**	**92,849**	**87,717**	**87,218**	**87,117**	**85,846**
Expenditure							
Personnel costs	3(e)	(51,682)	(51,081)	(48,467)	(48,678)	(48,757)	(46,330)
Depreciation and amortisation expense	8, 9	(6,384)	(7,469)	(6,416)	(6,358)	(7,432)	(6,393)
Other expenses	3(f)	(28,771)	(30,425)	(28,522)	(28,775)	(27,858)	(28,226)
Finance costs	3(d)	(757)	(879)	(695)	(683)	(794)	(691)
Total Expenditure		**(87,594)**	**(89,853)**	**(84,101)**	**(84,494)**	**(84,840)**	**(81,640)**
Share of associates surplus/(deficit)		-	-	-	-	-	-
Surplus/(Deficit)		**3,196**	**2,995**	**3,616**	**2,724**	**2,277**	**4,206**
Total surplus attributable to:							
The Waikato Institute of Technology		3,241	2,995	3,631	2,724	2,277	4,206
Non-controlling interest		(45)	-	(15)	-	-	-
Other Comprehensive Income							
Property revaluations		2,205	-		2,205	-	
Impairment of assets		-	-	(1,111)		-	(1,111)
Total Other Comprehensive Income/ (Expense)		**2,205**	**-**	**(1,111)**	**2,205**	**-**	**(1,111)**
Total Comprehensive Income/ (Expense)		**5,401**	**2,995**	**2,505**	**4,929**	**2,277**	**3,095**
Total comprehensive income attributable to:							
The Waikato Institute of Technology		5,446	2,995	2,520	4,929	2,277	3,095
Non-controlling interest		(45)	-	(15)	-	-	-

Explanation of major variances against budget are provided in note 22.

The accompanying notes form part of these financial statements.

STATEMENT OF RESPONSIBILITY

The Council and management are responsible for the preparation of the Waikato 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 Waikato 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.

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

Signed by:

M E Cave-Palmer

Mary Cave-Palmer
Chair

Paul Holloway

Paul Holloway
Chief Financial Officer

M Flowers

Mark Flowers
Chief Executive

Statement of Financial Position

For the year ended 31 December 2013.

	Notes	CONSOLIDATED Actual 2013 $'000	CONSOLIDATED Budget 2013 $'000	CONSOLIDATED Actual 2012 $'000	PARENT Actual 2013 $'000	PARENT Budget 2013 $'000	PARENT Actual 2012 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	4	1,648	5,373	1,339	17	3,550	7
Debtors and other receivables	5	12,830	14,406	12,248	13,308	13,768	13,887
Inventories	6	284	356	354	284	356	353
Prepayments		125	43	-	104	43	-
Assets held for sale	10	-	-	2,393	-	-	2,393
Total Current Assets		**14,888**	**20,178**	**16,334**	**13,713**	**17,717**	**16,640**
Non-Current Assets							
Financial assets	7	188	1,064	188	188	184	188
Property, plant and equipment	8	147,864	155,744	135,180	147,746	155,586	135,039
Related Party Loans	17	-	-	-	1,250	-	-
Intangible assets	9	8,079	-	6,448	7,232	-	5,601
Total Non-Current Assets		**156,131**	**156,808**	**141,817**	**156,416**	**155,770**	**140,828**
TOTAL ASSETS		**171,019**	**176,985**	**158,150**	**170,130**	**173,487**	**157,469**
LIABILITIES							
Current Liabilities							
Creditors and other payables	11	8,952	7,271	7,717	8,047	5,335	6,656
Employee entitlements	12	3,409	6,172	4,770	3,214	6,068	4,587
Provisions		-	-	-	-	-	-
Revenue in advance	13	16,803	14,915	15,545	16,744	14,838	15,293
Interest-bearing loans and borrowings	14	2,561	-	80	2,561	-	152
Total Current Liabilities		**31,725**	**28,358**	**28,112**	**30,566**	**26,241**	**26,688**

		CONSOLIDATED			PARENT		
	Notes	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
Non-Current Liabilities							
Interest-bearing loans and borrowings	14	11,080	19,352	7,160	11,080	18,014	7,160
Employee entitlements	12	288	-	354	288	-	354
Total Non-Current Liabilities		**11,368**	**19,352**	**7,514**	**11,368**	**18,014**	**7,514**
TOTAL LIABILITIES		**43,093**	**47,710**	**35,626**	**41,934**	**44,255**	**34,202**
NET ASSETS		**127,926**	**129,275**	**122,525**	**128,196**	**129,232**	**123,267**
EQUITY							
General funds		107,002	109,313	103,761	107,148	109,270	104,424
Restricted reserves		137	145	137	137	145	137
Property revaluation reserve		20,911	19,817	18,706	20,911	19,817	18,706
Total equity attributable to the institute		*128,050*	*129,275*	*122,604*	*128,196*	*129,232*	*123,267*
Non-controlling interest		(124)	-	(79)	-	-	-
TOTAL EQUITY	**15**	**127,926**	**129,275**	**122,525**	**128,196**	**129,232**	**123,267**

Explanation of major variances against budget are provided in note 22.

The accompanying notes form part of these financial statements

These financial statements were approved for signing by the Council on 30/04/2014.

Mark Flowers
Chief Executive

Paul Holloway
Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December 2013.

	CONSOLIDATED			PARENT		
	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
Balance at 1 January	**122,525**	**126,280**	**119,975**	**123,267**	**126,955**	**120,180**
Comprehensive income						
Surplus/(deficit)	3,196	2,995	3,616	2,724	2,277	4,206
Other comprehensive income	2,205	-	(1,111)	2,205	-	(1,111)
Total comprehensive income	**5,401**	**2,995**	**2,505**	**4,929**	**2,277**	**3,095**
Balance before non-comprehensive income at 31 December	**127,926**	**129,275**	**122,480**	**128,196**	**129,232**	**123,275**
Non-comprehensive income items						
Restricted reserves transfers	-	-	(8)	-	-	(8)
Capital contributions from owners	-	-	53	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Total non-comprehensive income items	**-**	**-**	**45**	**-**	**-**	**(8)**
Balance at 31 December	**127,926**	**129,275**	**122,525**	**128,196**	**129,232**	**123,267**
Total comprehensive income for year	**5,401**	**2,995**	**2,505**	**4,929**	**2,277**	**3,095**
Total comprehensive income attributable to:						
The Waikato Institute of Technology	5,446	2,995	2,520	4,929	2,277	3,095
Non-controlling interest	(45)	-	(15)	-	-	-

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2013.

	CONSOLIDATED			PARENT		
	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
Cash flows from operating activities						
Receipt of government grants	47,955	47,245	47,037	47,955	47,245	47,037
Receipt of student tuition fees	28,500	30,927	28,630	29,528	30,927	28,630
Interest income received	827	534	338	807	523	272
Receipt from research income	316	-	233	316	-	233
Dividend income	-	-	-	-	-	-
Receipt of other income	13,756	14,741	12,075	9,282	9,020	10,361
Payments to employees	(53,109)	(51,081)	(48,799)	(50,117)	(48,757)	(46,774)
Payments to suppliers	(29,259)	(30,425)	(26,788)	(28,726)	(28,632)	(27,130)
Interest paid	(757)	-	(695)	(683)	-	(691)
Goods and services tax (net)	762	-	(370)	400	-	(368)
Net cash flows from operating activities	**8,991**	**11,941**	**11,661**	**8,762**	**10,326**	**11,570**
Cash flows from investing activities						
Purchase of property, plant and equipment	(16,837)	(20,583)	(9,005)	(16,819)	(20,583)	(8,983)
Purchase of intangible assets	(2,950)	-	(1,828)	(2,950)	-	(1,281)
Acquisition of investments	-	-	-	-	-	-
Receipts from sale of investments	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment	4,704	-	4,426	4,688	-	4,426
Net cash flows used in investing activities	**(15,083)**	**(20,583)**	**(6,407)**	**(15,081)**	**(20,583)**	**(5,838)**
Cash flows from financing activities						
Capital contributions received from the Crown	-	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Proceeds from borrowings	4,000	9,971	-	4,000	9,971	-
Repayment of borrowings	(80)	-	(804)	(80)	-	(804)
Payment of finance leases	-	-	-	-	-	-
Net cash flows from financing activities	**3,920**	**9,971**	**(804)**	**3,920**	**9,971**	**(804)**
Net increase / (decrease) in cash and cash equivalents	(2,172)	1,329	4,450	(2,399)	(286)	4,927
Cash and cash equivalents at the beginning of the period	1,339	4,044	(3,111)	(65)	3,836	(4,992)
Cash and cash equivalents at the end of the period	**(833)**	**5,373**	**1,339**	**(2,464)**	**3,550**	**(65)**

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

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. This also maintains consistency with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2013.

RECONCILIATION OF NET SURPLUS/(DEFICIT) TO THE NET CASH FLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
NET SURPLUS / (DEFICIT)	**3,196**	**3,616**	**2,724**	**4,206**
Add/(less) non-cash items				
Share of associates surplus/(deficit)	-	-	-	-
Depreciation and amortisation expense	6,384	6,416	6,358	6,393
Intangible asset write-off	-	-	-	-
(Gains)/losses on fair value of investment property	-	-	-	-
Increase/(decrease) in non-current employee entitlements	(66)	(133)	(66)	(133)
Bad debts	-	209	-	184
Impairment of fixed assets	-	-	-	-
Fair value impairment	-	-	-	-
Total non-cash items	**6,319**	**6,493**	**6,293**	**6,445**
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	(112)	(333)	(112)	(333)
(Gains)/losses on disposal of investments classified as fair value through other comprehensive income	-	-	-	-
Total items classified as investing or financing activities	**(112)**	**(333)**	**(112)**	**(333)**
Add/(less) movements in working capital items				
(Increase) / decrease in inventories	70	2	69	2
(Increase) / decrease in debtors and other receivables	(582)	469	580	752
(Increase) / decrease in prepayments	(125)	155	(104)	155
Increase / (decrease) in creditors and other payables	329	1,058	484	469
Increase / (decrease) in revenue received in advance	1,258	404	1,451	182
Increase / (decrease) in provisions	-	-	-	-
Increase / (decrease) in current employee entitlements	(1,361)	(203)	(1,373)	(308)
Increase / (decrease) related party loans	-	-	(1,250)	-
Net movements in working capital items	**(412)**	**1,885**	**(142)**	**1,252**
Net cash flow from operating activities	**8,991**	**11,661**	**8,762**	**11,570**

Notes to the Financial Statements

For the year ended 31 December 2013.

1 REPORTING ENTITY

The Waikato Institute of Technology (the Institute) is a Tertiary Education Institution (TEI) domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989. Its primary purpose is to provide full-time and part-time tertiary education in New Zealand.

The consolidated financial statements include the following subsidiaries: SODA Inc. Limited, the Wintec Foundation Trust, Wintec International Saudi Arabia Ltd and Wintec International Middle East Ltd. These entities are all incorporated in New Zealand. Refer to note 24 for further details of all entities included in the Group.

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 (NZIFRS).

The financial statements of the Institute for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Councillors on 30 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 include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP and comply with NZ IFRS, as appropriate for public benefit entities.

Measurement basis
The financial statements have been prepared on a historical cost basis, except for investment properties, assets classified as held for sale and land and buildings that have been measured at fair value.

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 Group is New Zealand dollars (NZ $).

Changes in accounting policies
There have been no changes in accounting policies during the financial year.

Standards, amendments, and interpretations that are not yet 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 have been 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 for reporting periods on or after 1 July 2014. This means the Institute will transition to the new standards in preparing its 31 December 2015 financial statements. The Institute has not assessed 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 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 Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The Group financial statements are prepared by adding together items of assets, liabilities, equity, income and expenses on a line by line basis. All significant intergroup balances, transactions, income and expenses are eliminated on consolidation. The Institute's investments in its subsidiaries are carried at cost in the parent's financial statements.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Institute as at balance date and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has power to govern the financial and operating policies of the entity, generally a company with a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Notes to the Financial Statements

For the year ended 31 December 2013.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Institute's investments in associates are carried at fair value in the Institute's parent financial statements and accounted for on an equity basis in the consolidated accounts. An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition.

The Group's share of the surplus or deficit of the associate is recognised in the Group surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment in the Group financial statements.

Where the Group transacts with an associate, surplus or deficits are eliminated to the extent of the Group's interest in the relevant associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

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

Government grants
Government grants are recognised as revenue upon entitlement.

Student tuition fees
Student tuition fees are recognised as revenue on a stage of completion basis once the student has completed 10% of the course. Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Research income
Funding received for research which will provide reciprocal benefits to the research funding provider is recognised as revenue on a percentage completion basis. The percentage of completion is measured by reference to the research expenditure incurred as a proportion to total 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.

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

Interest and dividends
Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Borrowing costs
The Institute and Group have 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
Operating leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Cash and equivalents
Cash in the balance sheet comprises cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Student fees and other receivables
Student fees and other receivables are recognised and carried at original receivable amount less an allowance for any uncollectible amounts.

Bad debts are written off when identified.

Investments and 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.

Recognition and de-recognition
Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institute and Group have 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 it is 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 as part of a portfolio classified as held for trading are classified as a current asset. After initial recognition financial assets in this category are measured at their fair values with gains or losses on re-measurement 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 a current asset because repayment of the receivable is 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 de-recognised 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 designate 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 de-recognition 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 assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in surplus or deficit.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)
Impairment of a loan or a receivable is established when there is objective evidence that the Institute and Group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive income
For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories
Inventories are valued at the lower of cost and net realisable value. 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.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Inventories held for resale-purchase cost on a first-in, first-out basis;

Materials and consumables to be utilised for rendering of services-purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the year ended 31 December 2013.

Property, plant and equipment
Property, plant and equipment consists of the following asset classes:

- land
- buildings
- computer hardware
- furniture and equipment
- library collection
- motor vehicles

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

Land is measured at fair value. Buildings and infrastructure are measured at fair value less accumulated depreciation and accumulated impairment losses.

All other assets 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 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.

Revaluation of property, plant and equipment is carried out 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 off-sets 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.

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, the amounts included in the property revaluation reserves, in respect of those assets, are transferred to general funds.

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

Class of assets	Rate (pa)
Land	0%
Furniture and equipment	5%-33.33%
Motor vehicles	20%
Library	20%
Computer hardware	20%-33.33%
Buildings	
Structure	1-84 years
Fit out	1-19 years
Services	1-22 years
Infrastructure	10-50 years

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements.

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

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

Intangible assets and goodwill
Computer software
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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 and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Course development costs
Course development costs are recognised as an expense in the Statement of Comprehensive Income in the year in which they are incurred.

Intellectual Property Development
Research costs are recognised as an expense in the surplus or deficit in the year in which they are 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.

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

Computer Software	Method
Useful lives	Finite 2 - 10 years
Method used	Straight line method
Internally generated / Acquired	Separately acquired

Capitalised intellectual property development costs are still work in progress. The useful life of completed projects will be established at project completion.

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less accumulated impairment losses.

An impairment loss recognised for goodwill is not reversed.

Impairment
The carrying values of plant and equipment other than those whose future economic benefits are not directly related to their ability to generate net cash are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 where the Institute and Group would, if deprived of the asset, replace its remaining future economic benefits or service potential.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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.

Assets held for educational and related matters and related activities are assessed for impairment by considering the assets for obsolescence, changes in useful life assessments, optimisation and other related matters.

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

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

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 or if the borrowings are expected to be settled within 12 months of 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 but not yet taken at balance date, and sick leave. A liability for sick leave 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 are recognised for bonuses and at risk components 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 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.

Notes to the Financial Statements

For the year ended 31 December 2013.

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
Defined contribution schemes
Obligations for contributions to KiwiSaver, the government superannuation fund, and other defined contribution superannuation schemes 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 an outflow of future economic benefits 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 a number of components. The components of equity are:

- general funds;
- property revaluation reserve; and
- restricted reserves.

Property revaluation reserves
This reserve relates to the revaluation of property, plant and equipment to fair value.

Restricted reserves
Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Institute. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Goods and services tax
All items in the financial statements are stated exclusive of goods and services tax (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 the Wintec Foundation is exempt from income tax, all other entities in the Group are liable for tax.

Budget figures
The budget figures are those approved by the Council on 4 December 2012. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

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

Key judgements, estimates and assumptions
In preparing these financial statements, the Institute and Group have 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:

Impairment of non-financial assets
The Institute and Group assess impairment of all assets at each reporting date by evaluating conditions specific to the Institute and Group and to the particular asset that may lead to impairment. These include programme performance, technology, economic and political environments and future programme expectations. If an impairment trigger exists the recoverable amount of the asset is determined. The Institute does not consider that the triggers for impairment testing have been significant enough, other than goodwill where a provision has been made, and therefore no other provisions have been made during the financial year.

Classification of assets and liabilities as held for sale
The Institute and Group classify assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Institute must be committed to selling the asset either through entering into a contractual sale agreement or the activation of and commitment to a programme to locate a buyer and dispose of the assets and liabilities.

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Property revaluations
Note 8 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings and infrastructure.

Capital management
The Institute and Group's capital is its equity, which comprises general funds, property revaluation and restricted reserves. 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 and Group manage 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 and Group's equity are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

Comparatives
Some of the 2012 comparatives have been changed for comparability. The overall effect on the Statement of Comprehensive Income and the Statement of Financial Position is nil.

3 REVENUE AND EXPENSES

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(a) Government grants				
Student Achievement Component (SAC) Funding	41,614	42,548	41,614	42,548
Tertiary Education Organisational Capability (TEOC) funding	-	-	-	-
Other grants	5,586	4,382	5,586	4,382
Total	**47,200**	**46,931**	**47,200**	**46,931**
(b) Student tuition fees				
Fees from domestic students	19,691	20,687	19,691	20,687
Fees from international students	10,112	8,990	10,154	8,990
Total	**29,803**	**29,677**	**29,845**	**29,677**
(c) Other Income				
Revenue from childcare operations	835	864	835	864
Revenue from other operating activities	12,013	9,575	8,419	7,769
Sub total	**12,848**	**10,439**	**9,254**	**8,633**
Gain on disposal of property, plant and equipment	112	333	112	333
Total	**12,960**	**10,772**	**9,366**	**8,966**

Notes to the Financial Statements

For the year ended 31 December 2013.

Included in revenue from other operating activities of $12.013m (group) and $8.419m (parent) is $0.049m which relates to operating lease receivables (2012: $0.112m).

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(d) Finance (costs)/income				
Bank loans and overdrafts	(751)	(692)	(682)	(688)
Debt collection fees	-	-	-	(3)
Other finance costs	(6)	(3)	(1)	-
Total finance costs	**(757)**	**(695)**	**(683)**	**(691)**
Interest earned	827	338	807	272
Total finance income	**827**	**338**	**807**	**272**
(e) Employee benefits expense				
Wages and salaries	(52,023)	(47,943)	(49,085)	(45,945)
Defined contribution plan employer contributions	(1,085)	(735)	(1,032)	(693)
(Increase)/decrease in employee entitlements	1,427	203	1,439	308
Total	**(51,682)**	**(48,475)**	**(48,678)**	**(46,330)**

Employer contributions to defined contribution plans include contributions to Kiwisaver, the Defined Benefit Plan Contribution Scheme, and the Government Superannuation Fund.

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000	PARENT 2013 $'000	PARENT 2012 $'000
(f) Other Expenses				
Loss on disposal of property, plant and equipment	-	-	-	-
Donations and koha	(11)	(113)	(9)	(11)
Impairment of receivables	(398)	(209)	(381)	(184)
Aggregate research and development costs	(755)	(432)	(755)	(430)
Operating lease payments	(1,506)	(1,519)	(1,456)	(1,454)
Occupancy costs	(3,243)	(3,446)	(3,225)	(3,352)
Administration costs	(9,727)	(9,691)	(9,383)	(9,709)
Other costs	(13,131)	(13,112)	(13,566)	(13,085)
Total	**(28,771)**	**(28,522)**	**(28,775)**	**(28,226)**

4 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at bank and in hand	1,648	1,339	17	7
Short-term deposits	-	-	-	-
Total	**1,648**	**1,339**	**17**	**7**

Cash at bank and on 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 three months depending on the immediate cash requirements of the institute, and earn interest at the respective short-term deposit rates.

The carrying value of cash and cash equivalents recorded in the financial statements approximates their fair value.

Reconciliation of cash for the purpose of the cash flow statement
For the purpose of the cash flow statement, cash and cash equivalents compromise the following as at 31 December.

		CONSOLIDATED		PARENT	
	Notes	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at bank and on hand		1,648	1,339	17	7
Short-term deposits		-	-	-	-
Bank overdrafts	14	(2,481)	-	(2,481)	(72)
Total		**(833)**	**1,339**	**(2,464)**	**(65)**

Notes to the Financial Statements

For the year ended 31 December 2013.

5 DEBTORS AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Student fees receivables	12,025	10,362	11,039	10,362
Related party receivables	-	-	1,437	2,657
Other receivables	1,185	2,596	1,212	1,578
Less provision for impairment	(380)	(710)	(380)	(710)
Total	**12,830**	**12,248**	**13,308**	**13,887**

Fair Value

Student fees are due before a course commences or are due upon enrolment if the course has already begun. 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.

The ageing profile of receivables as at 31 December 2013 and 2012 are detailed below:

	2013			2012		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	7,562	-	7,562	6,373	-	6,373
Past due 1-30 days	3,692	-	3,692	3,102	-	3,102
Past due 31-60 days	952	-	952	1,655	-	1,655
Past due 61-90 days	350	-	350	255	-	255
Past due over 90 days	1,132	380	752	3,212	710	2,502
Total	**13,688**	**380**	**13,308**	**14,597**	**710**	**13,887**

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

There are provisions for impairment on receivables with overdue amounts.

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.

Movements in the provision for impairment of receivables are as follows:

	PARENT & CONSOLIDATED	
	2013 $'000	2012 $'000
At 1 January	**710**	**800**
Additional provisions made during year	380	184
Provisions reversed during the year	-	(274)
Receivables written-off during the year	(710)	-
Total	**380**	**710**

6 INVENTORIES

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Held for resale	284	354	284	353
Total	**284**	**354**	**284**	**353**

7 OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current portion				
(i) Unlisted shares:- Shares in PINZ (at cost)	38	38	38	38
(ii) Special funds investments (term deposits)	150	150	150	150
Total	**188**	**188**	**188**	**188**

Fair Value

Unlisted Shares

Unlisted shares are held in non-commercial entities and are carried at cost less impairment because the fair value of the investment cannot be reliably determined using a standardised valuation technique or due to cost not being materially different to value.

Special Trust Funds

Special Trust Funds are restricted equity reserves held specifically in trust for the purpose of generating interest for students to access, upon application and meeting specified conditions.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Notes to the Financial Statements

For the year ended 31 December 2013.

8 PROPERTY, PLANT AND EQUIPMENT

	Cost 1/1/2013 $'000	Accumulated Depreciation 1/1/2013 $'000	Carrying Amount 1/1/2013 $'000	Additions $'000	Disposals at cost $'000	Depreciation on disposal $'000	Impairment/ Depreciation Charge $'000	Revaluation Surplus $'000	Cost 31/12/2013 $'000	Accumulated Depreciation 31/12/2013 $'000	Carrying Amount 31/12/2013 $'000
2013											
Consolidated											
Land	17,292	-	17,292	2,394	(4,576)	-	-	2,205	17,315	-	17,315
Buildings	106,255	(2,740)	103,515	1,811	-	-	(2,820)	-	108,066	(5,560)	102,506
Computer hardware	6,654	(2,978)	3,676	1,112	(1,015)	1,015	(1,009)	-	6,751	(2,972)	3,777
Furniture & equipment	8,623	(5,416)	3,207	477	(58)	42	(641)	-	9,042	(6,015)	3,027
Motor vehicles	326	(278)	48	6	(15)	15	(28)	-	317	(291)	26
Library collection	4,101	(2,485)	1,616	332	-	-	(565)	-	4,433	(3,050)	1,383
Work in progress	5,826	-	5,826	14,004	-	-	-	-	19,830	-	19,830
Total Consolidated	**149,077**	**(13,897)**	**135,180**	**20,136**	**(5,664)**	**1,072**	**(5,063)**	**2,205**	**165,754**	**(17,888)**	**147,864**
Parent											
Land	17,292	-	17,292	2,394	(4,576)	-	-	2,205	17,315	-	17,315
Buildings	106,255	(2,740)	103,515	1,811	-	-	(2,820)	-	108,066	(5,560)	102,506
Computer hardware	6,654	(2,978)	3,676	1,112	(1,015)	1,015	(1,009)	-	6,751	(2,972)	3,779
Furniture & equipment	8,396	(5,330)	3,066	459	(42)	42	(618)	-	8,813	(5,906)	2,907
Motor vehicles	326	(278)	48	6	(15)	15	(28)	-	317	(291)	26
Library collection	4,101	(2,485)	1,616	332	-	-	(565)	-	4,433	(3,050)	1,383
Work in progress	5,826	-	5,826	14,004	-	-	-	-	19,830	-	19,830
Total Parent	**148,850**	**(13,811)**	**135,039**	**20,118**	**(5,648)**	**1,072**	**(5,040)**	**2,205**	**165,525**	**(17,779)**	**147,746**

	Cost 1/1/2012 $'000	Accumulated Depreciation 1/1/2012 $'000	Carrying Amount 1/1/2012 $'000	Additions $'000	Disposals at cost $'000	Depreciation on disposal $'000	Impairment/ Depreciation Charge $'000	Revaluation Surplus $'000	Cost 31/12/2012 $'000	Accumulated Depreciation 31/12/2012 $'000	Carrying Amount 31/12/2012 $'000
2012											
Consolidated											
Land	16,460	-	16,460	3,230	(2,398)	-	-	-	17,292	-	17,292
Buildings	109,083	(300)	108,783	5,971	(1,559)	(1,111)	(2,959)	-	111,866	(2,740)	109,126
Computer hardware	5,163	(2,121)	3,042	1,490	-	-	(857)	-	6,654	(2,978)	3,676
Furniture & equipment	7,800	(4,483)	3,317	1,038	-	-	(933)	-	8,838	(5,416)	3,422
Motor vehicles	326	(243)	83	-	-	-	(35)	-	326	(278)	48
Library collection	3,415	(1,901)	1,514	686	-	-	(584)	-	4,101	(2,485)	1,616
Total Consolidated	**142,247**	**(9,048)**	**133,199**	**12,415**	**(3,957)**	**(1,111)**	**(5,368)**	**-**	**149,077**	**(13,897)**	**135,180**
Parent											
Land	16,460	-	16,460	3,230	(2,398)	-	-	-	17,292	-	17,292
Buildings	109,083	(300)	108,783	5,971	(1,559)	(1,111)	(2,959)	-	111,866	(2,740)	109,126
Computer hardware	5,163	(2,121)	3,042	1,490	-	-	(857)	-	6,654	(2,978)	3,676
Furniture & equipment	7,591	(4,420)	3,171	1,020	-	-	(910)	-	8,611	(5,330)	3,281
Motor vehicles	326	(243)	83	-	-	-	(35)	-	326	(278)	48
Library collection	3,415	(1,901)	1,514	686	-	-	(584)	-	4,101	(2,485)	1,616
Total Parent	**142,038**	**(8,985)**	**133,053**	**12,397**	**(3,957)**	**(1,111)**	**(5,345)**	**-**	**148,850**	**(13,811)**	**135,039**

Valuation
The most recent valuation of buildings and infrastructure were performed by an independent registered valuer, Telfer Young (Waikato) Limited. The valuation is effective as at 31 December 2011.

The most recent valuation of land was performed by an independent registered valuer, Telfer Young (Waikato) Limited. The valuation is effective as at 31 December 2013.

Land
Land is valued at fair value using market-based evidence based on its highest and best use with comparable land values. Adjustments have been made to the "unencumbered" land value for campus land where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the Institute and Group's ability to sell land would normally not impair the value of the land because the Institute and Group has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings
Specialised buildings (e.g. campuses) are valued at fair value using depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For the Institute's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and associated lost rental during the time to undertake the strengthening work.

Infrastructure
Infrastructure assets such as roads, car parks, footpaths, underground utilities (for example, water supply and sewerage treatment systems), and site drainage have been independently valued at depreciated replacement cost. The valuations have been performed in accordance with the New Zealand Asset Valuation and Depreciation Guidelines issued by NAMS Group. The significant assumptions applied in the determining the depreciated replacement cost of infrastructure assets are similar to those described above for specialised buildings.

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 of property where the value of the property exceeds an amount determined by the Minister.

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

Work in progress
The total amount of property, plant, and equipment in the course of construction is $19.830 million (2012 $5.826 million).

Work in progress relates to the following asset classes:

	2013 $'000	2012 $'000
Buildings	19,727	5,611
Furniture and equipment	37	215
Library collection	66	0
	19,830	**5,826**

Notes to the Financial Statements

For the year ended 31 December 2013.

9 INTANGIBLE ASSETS

	CONSOLIDATED			PARENT	
	Purchased Goodwill $'000	Computer Software $'000	Total $'000	Computer Software $'000	Total $'000
Year ended 31 December 2013					
At 1 January 2013, net of accumulated amortisation	847	5,601	6,448	5,601	5,601
Additions		2,950	2,950	2,950	2,950
Disposals	-	-	-	-	-
Amortisation	-	(1,319)	(1,319)	(1,319)	(1,319)
At 31 December 2013, net of accumulated amortisation	**847**	**7,232**	**8,079**	**7,232**	**7,232**
At 1 January 2013					
Cost (gross carrying amount)	847	10,764	11,611	10,764	10,764
Accumulated amortisation	-	(5,163)	(5,163)	(5,163)	(5,163)
Impairment	-	-	-	-	-
Net carrying amount	**847**	**5,601**	**6,448**	**5,601**	**5,601**
At 31 December 2013					
Cost (gross carrying amount)	847	13,714	14,561	13,714	13,714
Accumulated amortisation	-	(6,482)	(6,482)	(6,482)	(6,482)
Net carrying amount	**847**	**7,232**	**8,079**	**7,232**	**7,232**
Year ended 31 December 2012					
At 1 January 2012, net of accumulated amortisation		5,275	5,275	5,275	5,275
Additions	847	1,374	2,221	1,374	1,374
Disposals	-	-	-	-	-
Amortisation	-	(1,048)	(1,048)	(1,048)	(1,048)
At 31 December 2012, net of accumulated amortisation	**847**	**5,601**	**6,448**	**5,601**	**5,601**
At 1 January 2012					
Cost (gross carrying amount)		9,390	9,390	9,390	9,390
Accumulated amortisation	-	(4,115)	(4,115)	(4,115)	(4,115)
Net carrying amount	**-**	**5,275**	**5,275**	**5,275**	**5,275**
At 31 December 2012					
Cost (gross carrying amount)	847	10,764	11,611	10,764	10,764
Accumulated amortisation	-	(5,163)	(5,163)	(5,163)	(5,163)
Net carrying amount	**847**	**5,601**	**6,448**	**5,601**	**5,601**

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

The total amount of intangible assets under development is nil (2012: $nil).

10 ASSETS HELD FOR SALE

The comparative figure for assets held for sale under non-current assets included 9.27ha of the Rotokauri campus which the Council had identified as surplus and available for sale. This included the compulsory purchase of the land by New Zealand Transport Agency for the new road. The land was sold in 2013.

	2013 $'000	2012 $'000
Assets held for sale		
Current assets	-	2,393
Non-current assets	-	-
Total Assets held for sale	**-**	**2,393**

11 CREDITORS AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables	829	2,489	799	2,413
Other payables	8,123	5,228	7,248	4,243
Total	**8,952**	**7,717**	**8,047**	**6,656**

Notes to the Financial Statements

For the year ended 31 December 2013.

12 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current portion				
Accrued pay	2,133	1,978	2,020	1,901
Annual leave	1,276	2,792	1,194	2,686
Total current portion	**3,409**	**4,770**	**3,214**	**4,587**
Non-current portion				
Long service leave	62	60	62	60
Retirement gratuities	226	294	226	294
Total non-current portion	**288**	**354**	**288**	**354**
Total employee entitlements	**3,697**	**5,124**	**3,502**	**4,941**

The present value of the gratuities depends on factors that are determined on an actual basis. Two key assumptions used in calculating the retirement liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand Government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining independent advice.

If the salary inflation factor were to increase or decrease by 1% from that used, with all other factors held constant, the carrying amount of the retirement gratuity liability would be an estimated $3,099 higher/lower (2012 $29,283).

If the discount rates used were to increase or decrease by 1% from that used, with all other factors held constant, the carrying amount of the retirement gratuity liability would be an estimated $120 higher/lower (2012 $100).

13 REVENUE IN ADVANCE

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Student fees	15,746	15,083	15,746	15,083
Other revenue in advance	1,057	462	998	209
Total	**16,803**	**15,545**	**16,744**	**15,293**
Current portion	16,803	15,545	16,744	15,293
Non-current portion	-	-	-	-
Total	**16,803**	**15,545**	**16,744**	**15,293**

14 BORROWINGS

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current				
Bank overdraft	2,481	-	2,481	72
Secured loans	80	80	80	80
Total current portion	**2,561**	**80**	**2,561**	**152**
Non-current				
Secured loans	11,080	7,160	11,080	7,160
Finance leases	-	-	-	-
Total non-current portion	**11,080**	**7,160**	**11,080**	**7,160**
Total borrowings	**13,641**	**7,240**	**13,641**	**7,312**

Secured loans
Secured loans are issued using a customised average rate loan (CARL) facility which has portions of its principal drawn down at floating, capped, range, and/or fixed rates of interest. Interest rates are weighted and reset monthly, based according to the principal outstanding for each portion.

The Institute's current borrowings including the bank overdraft is $2,561,000 as at 31 December 2013 (2012 $152,000).

Security
The overdraft and secured loans are secured by a negative pledge agreement between the Bank of New Zealand and the Institute. The maximum amount that can be drawn down against the overdraft facility is $5,000,000.

Secured loan covenants
The Institute is required to ensure that the following financial covenant ratios for secured loans are achieved during the year:

- net surplus ratio of 3.0%.
- cash ratio of at least 111%.
- interest cover ratio of no less than 3 times.
- debt cover ratio of no more than 1.8 times.
- maintain access to $9.3m of liquidity for at least 275 days in any continuous 365 day period.
- maintain a liquidity ratio of 12%.

Secured loans become repayable on demand in the event these covenants are breached or if the Institute fails to make interest and principal payments when they fall due. The Institute has complied with all covenants and loan repayment obligations during 2013.

The Institute and Group have no finance leases.

Notes to the Financial Statements

For the year ended 31 December 2013.

15 EQUITY

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
General funds				
Balance at 1 January	**103,761**	**100,127**	**104,424**	**100,218**
Impairment				
Property revaluation reserve transfer on disposal	-	-	-	-
Surplus / (deficit) for the year	3,241	3,631	2,724	4,206
Capital contributions from owners		3		-
Capital contributions from the Crown	-	-	-	-
Suspensory loans from the Crown	-	-	-	-
Transfers to restricted reserves	-	-	-	-
Balance at 31 December	**107,002**	**103,761**	**107,148**	**104,424**
Property revaluation reserves				
Balance at 1 January	**18,706**	**19,817**	**18,706**	**19,817**
Land net revaluation gains/(losses)	2,205	-	2,205	-
Buildings net revaluation gains/(losses)	-	(1,111)	-	(1,111)
Infrastructure net revaluation gains/(losses)	-	-	-	-
Balance at 31 December	**20,911**	**18,706**	**20,911**	**18,706**
Restricted reserves				
Balance at 1 January	**137**	**145**	**137**	**145**
Appropriation of net surplus	6	-	6	-
Application of trusts and bequests	(6)	(8)	(6)	(8)
Balance at 31 December	**137**	**137**	**137**	**137**
Non-controlling interest				
Balance at 1 January	**(79)**	**(114)**	**-**	**-**
Capital contributions from owners		50	-	-
Surplus / (deficit) for the year	(45)	(15)	-	-
Balance at 31 December	**(124)**	**(79)**	**-**	**-**
TOTAL EQUITY	**127,926**	**122,525**	**128,196**	**123,267**
Property revaluation reserves consists of:				
Land	19,308	17,103	19,308	17,103
Buildings	1,603	1,603	1,603	1,603
Total property revaluation reserves	**20,911**	**18,706**	**20,911**	**18,706**

16 COMMITMENTS

Operating Lease Commitments

The Institute has entered into commercial leases on campus leases. The Institute is able to exit leases with a right of renewal at renewal date, and the disclosure has been made with the assumption that all rights of renewal will be exercised - as such, the commitment has been disclosed for the entire term of the lease.

The Institute has entered into commercial leases on certain motor vehicles and items of small machinery where it is not in the best interest of the Institute to purchase these assets.

These leases have an average life of between four and 10 years with renewal terms included in the contracts.

Renewals are at the option of the specific entity that holds the lease.

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

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

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within one year	1,406	1,467	1,322	1,402
After one year but not more than five years	4,332	6,388	3,928	4,711
More than five years	14,781	18,046	14,663	17,616
Total non-cancellable operating leases	**20,519**	**25,901**	**19,913**	**23,729**

These commitments include the perpetually renewable lease with Tainui for the city campus land. The term of the lease is 20 years with further rights of renewal of 20 years.

Notes to the Financial Statements

For the year ended 31 December 2013.

Institute and Group as lessors
All leases are operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of two leases that have a non-cancellable term of 72 months. In 2013 the leases were cancelled and new leases are currently under negotiation. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within one year	5	112	5	112
After one year but not more than five years	20	392	20	392
More than five years	13	182	13	182
Total non-cancellable operating leases	**38**	**686**	**38**	**686**

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

Finance lease and hire purchase commitments
The Institute and Group have no finance leases or hire purchase contracts.

Capital commitments
At 31 December 2013 the Institute had commitments of $5.864m for the new trades and engineering building at the Rotokauri campus. The building is due to be completed mid 2014.(2012: $0.472m for the completion of contracted works to Media Arts building).

In April 2013, the Institute renewed an agreement with Sport Waikato whereby it has the right to buy the building that Sport Waikato has built on the Wintec campus. Sport Waikato also has the right to require the Institute to buy the building. These rights are exercisable in April 2018. The purchase price at the time will be the market value of the building with a minimum purchase price of the certified construction cost.

Contingent assets
The Institute and Group have no contingent assets (2012: nil).

Contingent liabilities
The Institute and Group have no contingent liabilities (2012: nil).

17 RELATED PARTY DISCLOSURE

The Institute is the parent of the Group and controls twelve entities and has significant influence over one other (refer note 24).

The Institute and Group enter into transactions with government departments, state-owned enterprises and Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Institute and Group would have adopted if dealing with that entity at arm's-length in the same circumstances have not been disclosed.

Related party transactions with subsidiaries:

	2013 $'000	2012 $'000
Wintec Foundation Trust		
Donations to the Institute	-	-
Debtor for services provided by the Institute	-	-
Loans and working capital owed to Wintec	-	1
Soda Inc Limited		
Debtor for services provided by the Institute	-	-
Loans and working capital owed to Wintec	444	455
LearningWorks Limited		
Services provided to the Institute	2,247	1,007
Services provided by the Institute	136	110
Debtor for services provided by the Institute	16	1
Creditor for services provided to the Institute	-	377
Working capital owed to Wintec	1,000	2,250
Loans owed to Wintec	1,250	-
Prima Innovation Limited		
No related party transactions were entered into during the year	-	-
Learning Works International Limited		
Services provided to the Institute	-	50
No related party transactions were entered into during the year	-	-
Wintec Education and Training Associates Limited		
No related party transactions were entered into during the year	-	-
Waikato International Limited		
No related party transactions were entered into during the year	-	-
BR Training Limited		
Services provided to the Institute	120	-
Services provided by the Institute	3	-
Debtor for services provided by the Institute	1	-
Creditor for services provided to the Institute	-	-
Ligar Polymer Limited		
Services provided by the Institute	63	-
Debtor for services provided by the Institute	136	-
Prima Group Limited		
No related party transactions were entered into during the year	-	-
Wintec International Middle East Limited		
No related party transactions were entered into during the year	-	-
Wintec International Saudi Arabia Limited		
No related party transactions were entered into during the year	-	-

Notes to the Financial Statements

For the year ended 31 December 2013.

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 (TEC) totalling $47.200m (2012 $46.931m) to provide education and research services for the year ending 31 December 2013.

The Institute also leases at a nil rental amount buildings legally owned by the Crown.

Wintec had significant transactions with the University of Waikato during the year. These transactions relate to the CUP collaboration agreement $1,160,214 (2012 $835,177) and staff development of $30,113 excluding GST. At the end of the year $1,155,633 (GST inclusive) was payable to the University.

Collectively but not individually significant transactions with government related entities
In conducting its activities the Institute and Group are 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 are small when compared to the Institute's total expenditure and revenue and have been conducted on an arm's-length basis. The purchase of goods and services included the purchase of electricity from Genesis, 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.

Maxine Moana-Tuwhangai is a member of the Waikato Tainui Parliament (Waikato Tainui Te Kauhanganui Inc.) who are the 100% shareholder of Tainui Group Holdings Limited. During the year Wintec paid rent of $847,465 (2012 $1,395,611) to Tainui Group Holdings Limited.

In 2012 the Institute sponsored Netball Waikato. Lynnette Flowers, wife of Chief Executive Mark Flowers, is the Chair of Netball Waikato.

Steve Tucker is Chair of the Wintec Finance and Risk Committee and Deputy CEO of Gallagher Group Ltd. During the year Wintec paid $5,250 for professional services to the Gallagher Group Ltd.

Mark Flowers is a director of Polytechnics International (NZ) Ltd. In 2013 Polytechnics International (NZ) Ltd owe Wintec $1,878 (including GST) (2012: $4,779) for directors fees and travel from Hamilton to Wellington for directors meetings. There was an amount payable to PINZ by Wintec of $5,002 (including GST) for professional services.

Clint Baddeley is a Wintec Council member and a Councillor for Waikato District Council. During the year Wintec received $1,904 (2012: $604) from Waikato District Council for student fees.

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

Outstanding balances at 31 December 2013 and 2012 are unsecured and settlement occurs in cash.

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

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Key management personnel compensation				
Short term benefits (salary)	2,361	2,038	2,041	2,023
Post-employment benefits	59	28	51	23
Total	**2,420**	**2,066**	**2,092**	**2,046**

Key management personnel includes all members of the senior executive and Councillors. A breakdown of Councillor remuneration has been separately disclosed in note 23.

18 CHILDCARE SUMMARY

	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
Income			
Government grants (children under two)	204	196	217
Government grants (children over two)	116	78	75
Government grants (free Early Childhood Education)	239	253	290
Government grants (provisionally registered teachers)	-	-	-
Government grants (free subsidy)	37	34	43
Incentive grant	-	-	-
Fees Work and Income New Zealand (WINZ)	132	152	132
Other fees	107	109	106
Other Trading Income	**835**	**822**	**864**
Expenses			
Staffing	645	679	621
Other Costs	65	51	67
Other Trading Expenses	**710**	**730**	**689**
Trading Surplus	**125**	**92**	**176**

Provisionally registered teachers (PRT) support grant
There were no PRT grants received in 2013 (2012 nil).

19 EVENTS AFTER THE BALANCE SHEET DATE

New colleges in Saudi Arabia
The Waikato Institute of Technology (Wintec) has won a contract to jointly operate a cluster of three new vocational training colleges in the Kingdom of Saudi Arabia starting in 2014.

Wintec is the first New Zealand educational organisation to secure such a contract in Saudi Arabia, and has since signed a contract in April 2014 to set up a joint venture entity with a reputable Spanish education institution, Mondragon Educacion Internacional (MEI) to operate these new colleges, based in western Saudi Arabia.

Our choice to be involved in these bids was not just driven out of financial considerations, but equally out of expanding our activities to make the most of emerging opportunities in the Middle East with education in line with our internationalisation strategy and our modern approach.

The joint venture deal will see a substantial financial benefit over the term of the five-year contract.

Polytechnics International New Zealand
In 2014 Wintec made a proposal to the shareholders of the Polytechnics International New Zealand to purchase the business. All shareholders have subsequently agreed to sell the business to Wintec and we are in the process of getting the contract signed by all parties, once all the conditions for the sale to Wintec have been met.

Notes to the Financial Statements

For the year ended 31 December 2013.

20 FINANCIAL INSTRUMENT CATEGORIES

The accounting policies for financial instruments have been applied to the line items below.

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	1,648	1,339	17	7
Debtors and other receivables	12,830	12,248	13,308	13,887
Other financial assets				
- Term deposits	-	-	-	-
- Loans to related parties	-	-	1,250	-
- Special funds investments	150	150	150	150
Total	**14,628**	**13,737**	**14,725**	**14,044**
Fair value through other comprehensive income				
Other financial assets				
- Government bonds	-	-	-	-
- Unlisted shares	38	38	38	38
- Listed shares	-	-	-	-
Total	**38**	**38**	**38**	**38**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Bank overdraft	2,481	-	2,481	72
Creditors and other payables	7,894	7,279	7,356	6,365
Secured loans	11,258	7,240	11,160	7,240
Total	**21,633**	**14,519**	**20,997**	**13,677**

The Institute and Group do not have government bonds, derivatives or managed funds.

FINANCIAL INSTRUMENT RISKS

The Institute and Group have a series of policies to manage the risks associated with financial instruments. They are risk averse and seek to minimise exposure from their treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Institute and Group do not hold any financial instruments which are exposed to price risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates create exposure to cash flow interest rate risk. The Institute does not generally enter into borrowing or investments with variable interest rates.

Credit Risk
Credit risk is the risk that a third party will default on its obligation to the Institute and Group, causing them 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.

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Institute and Group are not exposed to any significant currency risk.

Fair value interest rate risk
Fair value interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest create exposure to fair value interest rate risk. The Institute and Group do not actively manage their exposure to fair value interest rate risk.

The Institute and Group limit the amount of credit risk exposure to any one financial institution for term deposits to no more than 40% of total investments held. The Group invests funds only with registered banks that have a Standard and Poor's credit rating of at least AA for short term and AA - for long-term investments.

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

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA	-	-	-	-
AA-	(833)	1,339	(2,464)	(65)
Total cash at bank and term deposits	**(833)**	**1,339**	**(2,464)**	**(65)**
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	-	-	1,250	-
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	**-**	**-**	**1,250**	**-**
Debtors and other receivables				
Existing counterparty with no defaults in the past	12,830	12,248	13,308	13,887
Existing counterparty with defaults in the past	-	-	-	-
Total debtors and other receivables	**12,830**	**12,248**	**13,308**	**13,887**

Notes to the Financial Statements

For the year ended 31 December 2013.

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 have a maximum amount that can be drawn down against their overdraft facility of $5m (2012 $5m). This facility can be used for a maximum period of 90 days in any twelve month period. The Institute and Group manage liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities for 2013.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) 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.

	Carrying amount $'000	Contractual cashflows $'000	<6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	>3 years $'000
Institute 2013							
Bank overdraft	2,481	2,481	2,481	-	-	-	-
Creditors and other payables	7,356	7,356	7,356	-	-	-	-
Accrued pay	2,020	2,020	2,020	-	-	-	-
Secured loans	11,160	11,160	-	80	-	-	11,080
Total	**23,017**	**23,017**	**11,857**	**80**	**-**	**-**	**11,080**
Group 2013							
Bank overdraft	2,481	2,481	2,481	-	-	-	-
Creditors and other payables	7,894	7,894	7,894	-	-	-	-
Accrued pay	2,133	2,133	2,133	-	-	-	-
Secured loans	11,160	11,160	-	80	-	-	11,080
Total	**23,668**	**23,668**	**12,508**	**80**	**-**	**-**	**11,080**
Institute 2012							
Bank overdraft	72	72	72	-	-	-	-
Creditors and other payables	6,365	6,365	6,365	-	-	-	-
Accrued pay	1,901	1,901	1,901	-	-	-	-
Secured loans	7,240	7,240	-	80	-	-	7,160
Total	**15,578**	**15,578**	**8,338**	**80**	**-**	**-**	**7,160**
Group 2012							
Bank overdraft	-	-	-	-	-	-	-
Creditors and other payables	7,279	7,279	7,279	-	-	-	-
Accrued pay	1,978	1,978	1,978	-	-	-	-
Secured loans	7,240	7,240	-	80	-	-	7,160
Total	**16,497**	**16,497**	**9,257**	**80**	**-**	**-**	**7,160**

Contractual maturity analysis of derivative financial liabilities

The Institute and Group do not have derivative financial 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:

	Carrying amount $'000	Contractual cashflows $'000	<6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	>3 years $'000
Institute 2013							
Cash and cash equivalents	17	17	17	-	-	-	-
Debtors and other receivables	13,308	13,688	13,688	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**13,325**	**13,705**	**13,705**	**-**	**-**	**-**	**-**
Group 2013							
Cash and cash equivalents	1,648	1,648	1,648	-	-	-	-
Debtors and other receivables	12,830	13,210	13,210	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**14,478**	**14,858**	**14,858**	**-**	**-**	**-**	**-**
Institute 2012							
Cash and cash equivalents	7	7	7	-	-	-	-
Debtors and other receivables	13,887	13,887	13,887	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**13,894**	**13,894**	**13,894**	**-**	**-**	**-**	**-**
Group 2012							
Cash and cash equivalents	1,339	1,339	1,339	-	-	-	-
Debtors and other receivables	12,248	12,248	12,248	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**13,587**	**13,587**	**13,587**	**-**	**-**	**-**	**-**

Notes to the Financial Statements

For the year ended 31 December 2013.

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.

	2013 $'000				2012 $'000			
	-50bps		+50pbs		-50bps		+50bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
INTEREST RATE RISK								
Institute								
Financial Assets								
Cash and cash equivalents	13		(13)		1		(1)	
Financial Liabilities								
Secured loans	55		(55)		36		(36)	
Total sensitivity	**68**		**(68)**		**37**		**(37)**	
INTEREST RATE RISK								
Group								
Financial Assets								
Cash and cash equivalents	4		(4)		7		(7)	
Financial Liabilities								
Secured loans	55		(55)		36		(36)	
Total sensitivity	**59**		**(59)**		**43**		**(43)**	

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 of 50bps is equivalent to a decrease in interest rates of 0.5%.

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

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

21 AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Audit of financial statements	161	157	138	117
Prior year audit costs	49			
Internal audit services not provided by Audit NZ	57	22	57	22
Total	**267**	**179**	**195**	**139**

22 PERFORMANCE AGAINST BUDGET

Revenue
Revenue for the year was $87.2m, which is $0.1m favourable to budget. Movement to budget is not material.

Operating Costs
Total operating costs for the period ending 31 December were $84.5m which is $0.346m favourable to budget. Main operating expenditure variances are as follows:

- Depreciation and amortisation expense was less than budget due to the delay in the Trades and Engineering project, and other capital projects.
- Finance costs were less than budget due to lower than planned borrowings caused by the delay in some capital projects.

Current Assets
Current assets amount to $13.7m against a budget of $17.7m.

The main budget variance relates to cash and cash equivalents where we had expected to have borrowed more and therefore have a higher bank balance.

Non-Current Assets
Non-current assets amount to $156.4 against a budget of $155.7m.

The main variance relates to the change in presentation of the related party loan which was included in the current assets budget.

Current Liabilities
Current liabilities amount to $30.6m against a budget of $26.2m.

The increase in creditors and other payables against budget of $2.7m mainly relates to the increase in the provision of capital creditors for the new trades building and other projects.

The reduction in employee entitlements against budget of $2.8m is due to better leave management processes.

The increase in interest bearing loans and borrowings against budget mainly relates to the bank overdraft. When the budget was set Wintec had anticipated using long term debt rather than current.

The increase in revenue in advance of $1.9m is due to an increase in student enrolments for the 2014 year.

Non-Current Liabilities
Non - current liabilities amount to $11.368m against a budget of $18.014m.

The main reason for the variance relates to the timing of the drawdown of the loans as the Trades project has been delayed.

Statement of Cash Flows
Cash balances as at 31 December are negative $2.464m against a budget of $3.550m. The unfavourable variance can be explained as follows:

- Operating cashflows increased by $1.564m due to higher employee payment costs
- Cash flows from investing activities $5.502m less than budget due to the delayed Trades project.
- Cash flows from financing activities were $6.051m less than budget due to the timing of the drawdown of the loan facility for the delayed Trades project.

Notes to the Financial Statements

For the year ended 31 December 2013.

23 COUNCILLORS FEES

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

	ACTUAL 2013 $	ACTUAL 2012 $
Council Member Income		
Baddeley, Clint	16,000	16,000
Cave-Palmer, Mary (Chair)*	32,000	28,000
Chesterman, Gordon (former Chair)**	-	10,667
Cooper, Bryce	16,000	16,000
Moana-Tuwhangai, Maxine	16,000	16,000
Roa, Pam	12,000	-
Rink, Aaron	16,000	16,000
Tucker, Steve***	20,000	17,487
Yates, Dianne****	5,333	16,000
S'ng, Ping	9,333	-
Total Councillors' Fees	**142,666**	**136,154**

* *appointed Council Chair effective 1 May 2012*
** *resigned from Council effective 30 April 2012*
*** *appointed Council (acting) Deputy chair effective 18 August 2012 and appointed Deputy Chair effective 26 March 2013*
**** *resigned from Council effective 30 April 2013*

24 DETAILS OF HOLDINGS IN SUBSIDIARIES AND ASSOCIATES

	Percentage Ownership	Balance Date	Business Activity
Wintec			
Soda Inc Ltd	60%	31/12	Creative industries business incubator
Wintec International Middle East Ltd	100%	31/12	International education
Wintec International Saudi Arabia Ltd	100%	31/12	International education
Motortrain Limited	25%	31/12	Developing training materials for motor industry training
Wintec Foundation			
Wintec Foundation	100%	31/12	Charitable Trust
Prima Group Ltd***	100%	31/12	Investment Holding Company
LearningWorks Ltd*	100%	31/12	Developing and delivering training to industry
Prima Innovation Ltd*	100%	31/12	Identifying and commercialising intellectual property
Ligar Polymers Ltd**	55%	31-Dec	Research and commercialisation
Learning Works International Ltd*	100%	31/12	Developing and delivering training to industry
Wintec Education and Training Associates Ltd*	100%	31/12	Investment Holding Company
Waikato International Ltd*	100%	31/12	Investment Holding Company
BR Training Ltd*	100%	31/12	Delivering training to industry

* *100% owned by Prima Group Ltd*
** *55% owned by Prima Innovation Ltd*
*** *100% owned by Wintec Foundation*

In 2013 the following name changes occurred:

- Prima Learning Ltd became LearningWorks Ltd
- LearningWorks Ltd became LearningWorks International Ltd


RESERVE BANK OF
NEW ZEALAND
RESERVE BANK OF
NEW ZEALAND
10
TEN
DOLLARS
RESERVE BANK OF
NEW ZEALAND
NOT FOR INDIVIDUAL SALE

Statement of Service Performance

The Investment Plan is Wintec's funding agreement with the Tertiary Education Commission (TEC).

It contains key performance indicators (KPIs) designed to measure overall organisational performance and specific performance commitments agreed between Wintec and TEC for the period of the Investment Plan (2013 - 2015). The KPIs demonstrate Wintec's progress towards success in: delivering quality provision which is relevant to the needs of the region's learners, communities, and employers; driving improved educational outcomes, improving infrastructure and facilities to enable quality teaching and learning, enhance work and social environments; increasing financial sustainability; and securing greater organisational efficiency. The Plan KPIs include the Educational Performance Indicators (EPIs) introduced by TEC in 2009 and released annually.

This is the first year of Wintec's third Investment Plan. Base targets f or the KPIs were established in 2012 for the period of the Plan. In some cases stretch targets beyond the levels agreed with TEC were set to ensure alignment with our strategic direction. In addition to the Investment Plan, Wintec has a strategic plan which summarises how we intend to design and steer our organisation to navigate our future environment and bring the best possible benefit to our region and New Zealand. While the audience for the Investment Plan is government, the strategic plan is written to engage staff, students, employers, community organisations, international partners and other stakeholders with Wintec's strategic vision and our strategies for achieving success. Through our annual business plan process, additional KPIs are developed to complement those from the Investment Plan to ensure that we have a complete set of indicators against which to measure the achievement of our strategic goals.

In 2013, the Wintec Council determined to simplify and condense the existing content in the strategic plan to improve its readability for stakeholders. This resulted in the collapsing of the eight strategic priorities into five strategic goals, providing a sharper focus for our operational planning.

MAPPING OF THE EIGHT STRATEGIC PRIORITIES TO FIVE STRATEGIC GOALS

Strategic goals	Strategic priorities*
Our graduates are highly sought after by employers	Employer engagement Student outcomes, youth and Māori achievement Quality, academic relevance
We help build the economy and strengthen communities	Community engagement Tertiary sector collaboration
We are a modern organisation	Organisational capability and modernisation Flexible learning Innovation
We are a leader in international education, on and off-shore	Internationalisation
Our research and commercialisation delivers real-world solutions	Research, development, transfer and commercialisation

* The eight strategic priorities were: Employer and community engagement; Flexible learning; Internationalisation; Organisational capability and modernisation; Quality, academic relevance, and innovation; Research, development, transfer and commercialisation; student participation, outcomes and Maori achievement; and tertiary sector collaboration.

STRATEGIC GOAL: OUR GRADUATES ARE HIGHLY SOUGHT AFTER BY EMPLOYERS

Our students are successful because they learn industry-relevant skills in innovative ways, in educational settings that reflect "the real world".

Our portfolio of relevant, high quality programmes underpins our contribution to the economic and social wellbeing of our region, our national profile for specialist education and training, and our reputation as an internationally-recognised education provider. Our teaching and learning practices, advanced facilities and leading-edge technologies are complemented by exceptional student support to optimise student choice and success.

PARTICIPATION AND PROVISION

Enrolments in 2013 reflected our focus on provision at level 4 and above (level 4+) and on foundation programmes that provide pathways to higher qualifications. Student Achievement Component (SAC) funded enrolments decreased slightly from 2012, largely due to a decline in the overall number of new students, which reflects a sector trend.

Our strategy to shift the majority of provision from levels 1-3 towards higher levels of the framework has resulted in a balance of provision that we are confident meets TEC's requirements for more graduates at degree and postgraduate level. There has been a decline in under 25s SAC provision, which may be attributed in part to the decline in the number of school leavers in the Hamilton region. However, this has been partially offset by an increase in Trades Academy and Youth Guarantee. We have also seen a significant increase in our provision in ITO delivery to 180 EFTS, of which 133 comprised students who were under 25.

It was pleasing to see increased enrolments in priority vocational areas nationally as well as in areas that address regional economic and social needs. 2013 has seen a continuation of the increases reported in 2012 in engineering, computing, and health-related degree and postgraduate qualifications such as nursing, midwifery and counselling. Work continues to build enrolments in engineering, the priority trades and business qualifications at level 7 and above.

Agritechnology is one of Wintec's seven focus sectors, reflecting the significant contribution agriculture makes to the national economy as well as its position as the largest employer in the Waikato. In 2013, Wintec, in collaboration with partners the Primary ITO, DairyNZ and Dairy Training Ltd, undertook a project to increase the proportion of owners and managers in the dairy farming industry with formal qualifications in farm business management. The pilot resulted in the delivery of 42 EFTS, which is a positive step towards delivering against our focus in this sector, as signalled in our Investment Plan.

Postgraduate student numbers were maintained against 2012 levels in the areas of health, sport and exercise, and media arts. Our strategy to build postgraduate volumes and outcomes, and the addition of new postgraduate programmes in 2014 will further enable our growth in this area.

Overall, participation rates were positive, and we achieved our target in priority level 4+ where there was a 1% increase on 2012. SAC funded participation by under 25s declined marginally against target, however this has been offset by significant increases in youth guarantee, ITO and Waikato Trades Academy funded provision. Including these groups of students, we maintain our level of participation by under 25s at 64%. This percentage is above the 2012 ITP sector average for under 25s participation (51%).

Māori participation rates reached our target of 24%, which is consistent with participation levels for the last five years. Participation at level 4+ increased on 2012 levels, which aligns with Wintec's Māori Achievement strategy. To improve our performance in this area five new kaiāwhina or student advisor roles were established in 2013 to assist with earlier intervention in student learning. Our marae, Te Kōpū Mānia o Kirikiroa, which celebrated its first birthday in 2013, is recognised as an academic and social reference point for our Māori students. With an emphasis on matauranga Māori (learning) and tikanga (customs and traditions, our marae is a multipurpose facility, where students and staff can conduct and experience teaching, learning and pastoral support in a uniquely Māori environment. It is also used by our Māori employers and community members to discuss aspirations for our Māori graduates.

An overall increase in the number of Pasifika students, particularly at level 4 and above, is pleasing. Although this is a relatively small cohort (6% of our student population), this is above the regional demographic (4%) and continues an upward trend.

PARTICIPATION AND PROVISION

Indicator(s)		Audited 2012 Outcome	2013 Target	2013 Outcome	Comment
Proportion of SAC eligible EFTS delivered at level 4+	Total	83%	≥84%	84%	Target achieved.
Proportion of SAC eligible EFTS enrolled who are aged under 25	Level 1-3	11%	≥12%	10%	Target was not achieved due to an unanticipated reduction in the demand for some foundation programmes, and reduced programme offerings.
	Level 4 & above	51%	≥52%	51%	Performance in this area has levelled, with 2013 results reflecting 2012, and was just below our 2013 target.
Proportion of SAC eligible EFTS enrolled who are Māori	Level 1-3	5%	≥5%	5%	A pleasing result with an EFTS increase achieved through a focus on marae based delivery.
	Level 4 & above	18%	≥19%	19%	Increase seen through growth achieved in degree level provision.
Proportion of SAC eligible EFTS enrolled who are Pasifika	Level 1-3	1%	≥1%	1%	Target achieved.
	Level 4 & above	4%	≥4%	5%	Target achieved.
Percentage of SAC funded TEC students in employment or further study 6 months after completion		88%	≥90%	89%	While slightly below target, outcomes for this indicator have increased by 1% since 2012, possibly reflecting an improving employment market.
Percentage of region's school leavers from preceding year attending Wintec in preceding or current year		17%	≥16%	17%	Target achieved.
Percentage of region's outlying school leavers from previous year attending Wintec in preceding or current year		10%	≥12%	12%	A good result with an increase of 2% above the previous year. The increase is material as the number of school leavers in this region has remained constant.
Delivery of provision targeted to meet Youth Guarantee priorities		237 places delivered	100% of Youth Guarantee and Waikato Trades Academy allocated places achieved.	Waikato Trades Academy (98%). Youth Guarantee (106%)	On the back of strong 2012 results, additional allocations were granted to both of these funds in 2013. Youth Guarantee delivered 118 places (6 above allocation) and Waikato Trades Academy delivered 284 places (6 below allocation).

EDUCATIONAL OUTCOMES

The last publicly released educational performance indicators (2012) showed that Wintec is at or above the sector median in all four indicators (one of only five ITPs to do so) despite sector performance improving overall. We retained our ranking of first in the sector for progressing our students to higher levels of study, our completion of qualifications result improved, and our student retention initiatives continue to make a positive impact.

Our internal calculations against the Statement of Service Performance indicators show that our educational performance remained strong in 2013. We note an increase in the total number of qualifications completed in 2013, particularly at level 4 and above. This is reflected across all student cohorts.

In 2013 we maintained a high retention rate, in the region of 70%. This result reinforces that we have 'locked in' the improvements around our student experience, student support and retention focus.

It is disappointing to see a slight reduction in the overall successful course completion (SCC) rates in 2013. However, the slight increase in level 1-3 completion (2% up on 2012 results) is largely due to an increase in SCC for adult learners in a range of programmes (trades, English for speakers of other languages, and computing). We expect these results to improve, as we fully embed our new initiatives in teaching and learning.

Māori course completion rates have remained relatively static since 2009 (69% in 2009, and 70% in 2013). During this period, we have seen an increase in course completions for level 4 and above (67% in 2009 to 72% in 2013), and for degree level courses (77% in 2009 to 79% in 2013). This reflects the creation of both a central and devolved model of Māori student support. While these results represent a positive shift for Māori, the results are still lower than those achieved by the student population as a whole.

We recognise there is still considerable work to be done to achieve parity between Māori and non-Māori outcomes. It is this disparity, coupled with our high Māori participation, that impacts our overall completions rates. Some ambitious targets for lifting Māori outcomes have been set in this investment plan period and we continue to focus on them. The introduction of the Māori Capability Framework in 2013, with its focus on building staff capability and engagement with Māori, will support activity in this area.

While we have participation indicators for Pasifika students, we do not set separate outcomes indicators for them at the level of the Investment Plan. This is due to the relatively small numbers involved, (Pasifika comprise less than 4% of our region's population) which make the resulting indicators extremely prone to fluctuations. We have a range of partnerships and support mechanisms in place at Wintec to support and improve Pasifika outcomes, which, like the Māori outcomes mentioned earlier also lag outcomes in general. We remain committed to achieve parity, as we do for our Māori learners.

EDUCATIONAL OUTCOMES

Indicator(s)		Audited 2012 Outcome	Target	2013 Outcome	Comment
Successful course completion rate for all students (SAC eligible EFTS)	Total	79%	≥80%	78%	Semester 1 results were lower across the institution compared to the previous year. The improvement shown in the second semester was not significant enough to achieve target.
	Level 1-3	68%	≥72%	70%	Although we did not achieve our target, the increase on 2012 results is due to an increase in successful course completions for adult learners across a range of programmes.
	Level 4 & above	81%	≥82%	79%	A minor decrease in completion rates across the majority of degree level programmes.
Successful course completion for students (SAC eligible EFTS) aged under 25	Level 1-3	69%	≥71%	67%	Semester 1 results were lower than 2012 results, affecting the overall outcome for this group. However, intervention initiatives improved results for the second semester.
	Level 4 & above	78%	≥80%	77%	Result has narrowly missed target due to a decrease in performance across the majority of Bachelor Degrees.
Successful course completion for Māori students (SAC eligible EFTS)	Level 1-3	59%	≥64%	63%	A significant improvement on 2012 with target narrowly missed. It is encouraging to see learning support, literacy and numeracy embedding initiatives implemented and aimed at Māori are producing positive results.
	Level 4 & above	73%	≥76%	72%	Although there was a decline in completion of Level 4-6 Diplomas, it is pleasing to see an increase in degree level completions for this group.

Indicator(s)		Audited 2012 Outcome	Target	2013 Outcome	Comment
Successful course completion for Pasifika students (SAC eligible EFTS)	Level 1-3	n/a	71%	71%	Target achieved.
	Level 4 & above	n/a	78%	70%	The 2012 outcome was not required to be reported last year but was measured. Performance is comparable to previous year.
Student retention rate for all students (SAC eligible EFTS)		70%	≥68%	70%	Target achieved. This is a pleasing result for the 2nd consecutive year, and indicates an increase in the number of qualification completions, and students remaining in study.
Qualification completion rate for all students (SAC eligible EFTS)	Total	63%	≥63%	78%	Target Achieved. Qualification completion rates have, in the most part, increased significantly. This is due to an actual increase in completions combined with a drop in provision due to a decline in intakes during 2013. Over 100 more qualifications were completed in 2013, compared to the previous year. This increase was predominantly seen at Level 4+. The limitations in this measure are recognised by TEC and the sector alike.
	Level 1-3	44%	≥58%	58%	Target Achieved.
	Level 4 & above	67%	≥64%	82%	Target Achieved.
Qualification completion for students (SAC eligible EFTS) aged under 25	Level 1-3	45%	≥56%	53%	A significant increase on 2012 levels, indicating additional qualifications have been completed across multiple disciplines.
	Level 4 & above	57%	≥59%	72%	Target Achieved.
Qualification completion for Māori students (SAC eligible EFTS)	Level 1-3	32%	≥54%	51%	There was a significant increase in the number of completions at Level 3 on 2012 levels.
	Level 4 & above	53%	≥57%	63%	Target Achieved.
Qualification completion for Pasifika students (SAC eligible EFTS)	Level 1-3	n/a	57%	62%	Target Achieved.
	Level 4 & above	n/a	58%	60%	Target Achieved.
Student progression for all students (SAC eligible student count) at levels 1-3		45%	≥50%	53%	Target Achieved. This result, for the 2012 cohort progressing into 2013, is based on draft EPI outcome data and while subject to final confirmation by TEC it is unlikely to change.

STUDENT AND EMPLOYERS SATISFACTION

Effective engagement with employers, industry and our community enables our provision of education to be driven by the needs of the region, and ensures our graduates are work-ready with relevant professional and vocational skills. Annual surveys are used to gauge customer satisfaction and engagement with key stakeholder groups.

Student Satisfaction: Students in all Wintec programmes that lead to a formal qualification are surveyed on an annual basis. Both online and paper versions of the survey are available. Students are asked questions regarding their satisfaction with various elements of their programme of study (e.g. programme content, quality of teaching, programme organisation and management, facilities and resources, and overall satisfaction). A total of 7707 students were surveyed and 4516 responses received. The margin of error for the survey is +/- 0.9%.

Graduate Destination Survey: Wintec graduates are surveyed approximately six months after completion. All graduates who have successfully completed a Wintec programme that leads to a formal qualification the previous year are included in the survey, which includes questions regarding employment, further study and the programme recently completed. Those with valid email addresses receive the online survey while the remainder are sent the postal version (excluding international graduates who historically have had low return rates from the postal version). In 2013 a total of 2466 graduates were surveyed and 1039 responses were received. The margin of error of the survey is+/- 2.3%.

Employer and Industry Satisfaction and Employer Partnership Group Satisfaction: These are measured through an annual online survey of Wintec Employer Partnership Group members as well as employers identified through the graduate survey. A total of 337 were surveyed and 122 responses received. The margin of error for the survey is +/- 7.1%.

Our student satisfaction levels increased in 2013 for all programme elements surveyed. It was pleasing to see gains in student satisfaction with programme content. Students commented favourably on the industry-relevant and practical nature of Wintec programmes. There was a significant increase in satisfaction with programme organisation and management. Students appreciated the availability of programme content on Moodle enabling them to access information and participate in discussions outside of class time. Graduate satisfaction increased slightly in 2013 with graduates indicating higher levels of satisfaction with programme content, programme resources and facilities, and value for money.

Graduates also expressed satisfaction with the extent to which programmes helped develop skills and knowledge remaining the area of highest satisfaction. Encouragingly graduate employment rates improved nearly four percent on the previous year.

While employer satisfaction was below target this cannot be regarded as significant as it is within the margin of error for the survey. Favourable feedback was received from employers about the work-readiness of the Wintec graduates they had employed.

STUDENT AND EMPLOYERS SATISFACTION

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Student satisfaction	91%	≥90%	91%	Target achieved.
Graduate satisfaction	93%	≥80%	90%	Target achieved.
Employer and industry satisfaction	n/a	≥90%	88%	While the results are lower than the target, the difference cannot be regarded as significant as it is within the margin of error for the survey.
Employer Partnership Group (EPG) satisfaction	n/a	≥90%	88%	
Engagement with employers to gain feedback on provision and programme delivery	100% meetings completed and reporting done.	95% of required EPG meetings are held and all EPGs complete Annual Reports summarising activities and outcomes	95% of the required meetings were held and 54% of annual reports completed	In addition to the 25 existing EPGs, the Tourism, Hospitality and Events EPG was not established until the latter half of 2013 and has not been included in these figures. One meeting was held and the annual report submitted. The completion of annual reports was put on hold as the Dean re-assessed our EPG structure and purpose.

STRATEGIC GOAL: WE HELP BUILD THE ECONOMY AND STRENGTHEN COMMUNITIES

Our profile and influence enable us to work strategically with industry, local government, community, and other tertiary education providers to improve the economic and social wellbeing of our region. We ensure that the organisations and businesses in our region, and nationally, benefit from the best possible graduates, and from educational services and applied research that make a positive difference. We take leadership roles in a variety of settings, developing relationships that improve outcomes, create efficiencies, and enhance performance.

COMMUNITY ENGAGEMENT

The importance of creating community connections and the benefits they bring to our students, staff and community are shown in our strategic alliances with four not-for-profit community organisations: Habitat for Humanity Central North Island, Community Living, Child Matters and Sport Waikato. Numerous opportunities for teaching and research projects, involving people across the organisations and Wintec, have taken place. Examples includes the design, build and landscaping of client houses, development of customised software, short courses, staff exchanges and visiting expert programmes. Continued participation in the Hamilton City Council-facilitated Leadership Groups for Social Wellbeing and Active Communities Strategies are also providing regular alignment opportunities with the community.

In 2013 the secondary-tertiary partnership space strengthened with the development of vocational pathways and an increased number of Trades Academy places allocated to the Waikato region. The Waikato Trades Academy provided coherent programmes of study in the fields of construction and infrastructure, manufacturing and technology and the service industries sector to over 280 students from 27 partner secondary schools. These students spent up to 30% of their senior secondary school year with the Academy studying towards a National Trade qualification with Wintec. A regional hub was created in Kopu, Thames where the Academy catered for 36 students from five local secondary schools. Our relationship with the Ministry of Education through the Hamilton Youth Guarantee Network was strengthened, with Wintec representatives playing a key role in shaping the secondary tertiary partnership space in Hamilton City with a group of tertiary providers and secondary schools.

Youth guarantee and trades academy programmes have been extended to include qualifications in agriculture, hairdressing and hospitality.

Engagement with community groups further strengthened in 2013 with a series of events held to celebrate partnerships and collaborations. The signing of a Memorandum of Understanding (MOU) with Waikato Tainui in 2012 led to the redevelopment of a National Certificate in Horticulture for marae-based delivery. In 2013 the first 6 month level 2 programme was conducted, at Ngaruawahia, Morrinsville, Tauwhare and Huntly. We expect students to move into higher studies, and these programmes to grow, as Waikato Tainui marae respond to the river and environmental clean-up and sustainability as a major tribal strategy.

COMMUNITY ENGAGEMENT

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Engagement activities with community groups to inform activities and provision	23 events held	At least 3 significant events held with community groups to guide provision and gain feedback on Wintec activities	23 events held	These events included the Waikato Labour Market Forum, multiple Māori stakeholder consultation hui in relation to Māori trades training, three mayoral forum strategy group workshops, Hamilton City Council social well-being and active communities groups, 2-day national best practice conference 'Te Toi Tauira o te Matariki'. All these activities create links between community groups and our strategic direction.
Formal engagement with Waikato Tainui	2 formal meetings and a number of informal hui held in 2012.	At least 2 formal meetings with Waikato Tainui to drive enhanced collaboration and increased provision directed towards Māori	3 formal meetings and a number of informal hui held in 2013.	Waikato Tainui is a key partner of the Māori and Pasifika trades training consortium led by Wintec that was successful in applying for the new government initiative, enhancing Māori and Pasifika trades training to be delivered in 2014. Three meetings were held October – December 2013 to set up a consortium partnership of whom Waikato Tainui has a key role.
Engagement with secondary schools	91%	85% secondary schools involved in STAR, Gateway, Youth Guarantee (YG) or Trades Academies	89%	Target Achieved.

COMMUNITY ENGAGEMENT (CONT.)

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Education and training delivered collaboratively with other tertiary providers within a network of provision	467 EFTS	Minimum of 400 EFTS delivered through collaborative arrangements with other tertiary providers	549 EFTS	These EFTS were delivered collaboratively in 2013, through arrangements with the University of Waikato, Te Wānanga o Aotearoa, Nelson Marlborough Institute of Technology, Western Institute of Technology at Taranaki, North Tec, Manukau Institute of Technology & Otago Polytechnic.
Increased collaboration with regional ITP partners	Opportunities assessed but not yet implemented.	Collaborative opportunities with Bay of Plenty Polytechnic and Waiariki Institute of Technology assessed and any agreed actions identified (via Collaborative Assessment Report) and implemented as per agreed timeline	Opportunities assessed but not yet implemented.	Discussions continue at CE and Council level regarding opportunities for collaboration. At a school to school level discussions have been occurring with Bay of Plenty Polytechnic with a view to both institutions supporting out of region delivery where demand warrants and exploring potential joint delivery opportunities in areas such as interior design, health, aquaculture and trades.
Engagement with Private Training Establishments (PTEs)	94%	100% of PTEs identified in PTE engagement plan meet at least once annually	100%. All 31 PTEs were involved in engagement discussions. Included individual engagements and group engagements through ITENZ roadshow and Wintec initiatives.	29 of 31 regional PTEs in Wintec's engagement plan were involved in engagement discussions during 2012. Additionally, a collaboration agreement was signed with a major Auckland-based PTE to deliver a Wintec building qualification in South Auckland.
Increased PTE pathway agreements	5 additional pathways formalised	At least five 5 additional pathways formalised	5 additional pathways formalised. 4PTEs signed off on formal MoU with Wintec to effectively confirm relationship and work already occurring – WIE, K'aute Pasifika, Fairview Educational Services, Responsive Education.	Pathways with five additional PTEs were formalised during the year as part of Wintec's on-going PTE engagement strategy. These clarify pathways for students from the PTEs to relevant study options at Wintec.
Delivery of provision targeting refugee, migrant, and English as an Additional Language communities	317 places delivered	100% of FFTO Refugee English fund and ILN allocated places are achieved	139%	Learners were oversubscribed to align with the way these funds are allocated. Some of the learners do not remain for the full period due to changes in circumstance (i.e. job opportunities). Additional expenses were minimal in supporting these learners.
Delivery of community education targeting foundation, literacy and numeracy development	104 EFTS	100% delivered under ACE	100% (108 EFTS)	Adult and Community Education (ACE) EFTS have been used to deliver foundation, and literacy and numeracy skills to a range of community groups within Hamilton and the wider region -including our local Pasifika community, and our regional sites in Otorohanga, Te Kuiti, Waihi and Thames.

STRATEGIC GOAL: WE ARE A LEADER IN INTERNATIONAL EDUCATION, ON- AND OFF-SHORE.

Our expertise in export education and our local and global alliances enable us to deliver internationally relevant, quality education services wherever they are needed in the world. Our capability extends beyond the delivery of internationally quality assured programmes, here and abroad, to the successful management of major off-shore consultancy and joint venture activities.

Internationalisation is the process through which we ensure we are a key part of New Zealand's diverse, internationally-connected education system, and further strengthens our capability in, and capacity for, export education. We intend to be actively engaged with the global environment with which tertiary providers, employers and our graduates increasingly interact, and we will provide education and training that effectively addresses the needs of our customers regardless of their country of origin or their geographical location.

INTERNATIONAL STUDENT OUTCOMES

In 2013, International enrolments continued to grow against sector trends. As with previous years, we set an ambitious growth target which, while not met, delivered an 8% increase on 2012 numbers. Our international enrolments have improved year-on-year since 2008. Our international student retention rate and course completions are at or above target. This is largely due to the introduction of a range of student support initiatives in 2013, aligned to our distributed model for student support. An increase in student course completion (SCC) rates in engineering and health, and maintaining SCC rates in management and information technology is indicative of the success of this model. As we diversify our international markets further, we continue to explore the teaching, learning and support approaches that are best suited to our various international cohorts.

INTERNATIONAL PARTNERSHIPS

Wintec aims to be a leader in on-shore and offshore education delivery. International education is a major export industry, and an important enabler in strengthening economic, cultural and social links with the world. Businesses and employers are increasingly operating in this global market and seek skilled, internationalised work-forces. Our reputation and profile as a globally connected and internationally-respected tertiary provider is essential to our future within New Zealand and around the world. Internationalisation provides our staff and students with the experiences, attributes and skills to be successful in a global context. It also provides us with alternative revenue options to ensure our financial viability and enable us to pursue opportunities for improvement and innovation.

Wintec has been focused on developing export education capability for the last 10 years. In 2013, we further strengthened our international position, extending international partnerships for student pathway opportunities, student exchange agreements and "train the trainer" opportunities. We also focused on developing capability to become an international operator of offshore campuses in international education markets; like China and Saudi Arabia. The management of offshore campuses and the delivery of education services benefits Wintec; supporting existing on-shore activity, reducing future risk from changing markets, and providing long-term opportunities.

INTERNATIONAL STUDENT OUTCOMES AND PARTNERSHIPS

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
International fees revenue ($m)	9.0	8.8	10.0	Target Achieved. Higher student volumes.
Student retention rate – International students	91%	85%	89%	Target achieved
Successful course completion rate - International students	84%	85%	85%	Target achieved.
Number of international EFTS	662	≥720	713	A pleasing result despite not quite meeting the stretch target. The outcome reflects an 8% improvement on 2012 and is the sixth consecutive year we have grown international numbers.
Increase the number of international strategic partners	12 agreements signed	At least four new strategic partnership MOU agreements signed by December 2012	12 agreements signed	Nine new agreements were signed in China, two in India, and one in Korea. These agreements represent positive progress on our strategy to increase and diversify our international partnerships.

STRATEGIC GOAL: WE ARE A MODERN ORGANISATION

We are recognised as a financially well-performing, modern organisation, which delivers financial, social and environmental benefits for customers and the wider community. Our high-performing workforce is passionate about education and the business of education. New learning technologies and environments complement our innovative teaching and learning practices to build our students' understanding of the work skills and workplaces of today and the future. We are continually improving our teaching and learning practices, infrastructure, and products and services for the benefit of our customers.

TEACHING AND LEARNING AND CAPABILITY DEVELOPMENT

Having relevant, high quality programmes underpins our contribution to the economic and social wellbeing of our region, and it is important we continually refresh these. We aim to deliver our programmes and courses in ways that complement our students' lifestyles and support workplace learning.

Through TEC data, our own analysis, and engagement with employers, we build up a picture of the types of skills and attributes our region or country needs from our graduates.

In 2013 we formalised processes for assessing programme performance and alignment with our strategy. Focus was placed on strengthening products and pathways in the TEC priority areas for science, technology, engineering and maths (STEM) and priority trades. This has resulted in the redevelopment of pathways to engineering qualifications, and the alignment of our level 2 foundation programmes with the Ministry of Education's vocational pathways to support students' career choices.

Our involvement with the New Zealand Qualifications Authority (NZQA) Targeted Review of Qualifications continues, particularly in the areas of trades, agriculture and horticulture to ensure that these programmes will meet the current and future demands of industry and our regional economy.

In 2013 our product plan was developed, aimed at ensuring we have the right mix of products and services to deliver work-ready graduates sought after by our employers.

Building our capability and capacity in blended learning continues to be a key focus. During 2013 we achieved an ambitious goal of 100% of our courses having an interactive, online component. We are introducing new standards for blended learning course design, and have upgraded our learning management system to Moodle 2.3 to deliver greater functionality for staff and students alike. This is a significant step change in our approach to teaching and learning.

Employee engagement in 2013 was extremely positive with the best ever outcome for staff attendance at our Inspire forum. Uptake of technology by staff was good, and feedback suggests that staff are more confident in using learning technologies both existing and emerging.

TEACHING AND LEARNING AND CAPABILITY DEVELOPMENT

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Improve technology capability of our workforce	Maintained at 2011 levels	Improve academic staff confidence with learning technologies by 20% over 2012	Target achieved	As a result of the focussed effort on 100% blended learning, staff confidence with learning technologies increased by 35% to 85% by the end of 2013
Support increased mobility of staff through migration to staff laptops (Staff Laptop Scheme)	90 staff owned laptops	150 staff owned laptops	110 staff owned laptops	Overall mobility has significantly improved, firstly as a result of this scheme, but also around our adoption of technologies that enable Wintec staff to work from anywhere on any device. The focus for 2014 will be to better promote this scheme as well as examine feedback from staff on the limitations of the scheme (eg: certain software which is owned or leased by Wintec is not suitable for deployment on staff devices, such as AutoCad and Vectorworks)
EFTS: Academic staff FTE ratio (excluding online EFTS)	19.0:1	19:1	17.14:1	This has been declining due to smaller class sizes.
Employee engagement	Action plan developed in 2012 with implementation commencing 2013.	Action plan developed and implemented by December 2013	In progress	Action plan is developed, and implementation continues into 2014.

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Employee engagement	Action plan developed in 2012 with implementation commencing 2013.	Action plan developed and implemented by December 2013	In progress	Action plan is developed, and implementation continues into 2014.
Review programme relevance, quality and outcomes	PSA completed by August 2012 and recommendations for improvement made by October 2012	Review complete and recommendations for improvement submitted to Executive by June 2013	Report submitted as agreed to Academic Board and reported to Council	Process has now changed to bi-annual reports to Academic Board as they address Academic Quality issues
Development of new product concepts	17	A minimum of 10 new product concepts are developed through the commercialisation framework by December 2013	Target achieved	10 new product concepts were approved in 2013.
The proportion of level 1 – 3 courses offered that contain embedded literacy and numeracy	94%	100% of modules at level 1-3 contain embedded literacy and numeracy	99%	This outcome has improved on the 2012 result. One programme was not embedded and will not be offered in 2014.
Implement use of Literacy Assessment Tool	87%	100% of Level 1-3 students are assessed	85%	A decrease on what was achieved in 2012. Issues related to this measure are: 1 Students studying level 1-3 modules in level 5+ programmes. These students already have advanced skills in mathematics or language. 2 The tool is low stakes for students and implementing a penalty is not seen as productive 3 Some students may suffer from test fatigue: Some have been assessed more than 10 times in the period 2011-2013.
Increase the volume of provision containing blended and flexible learning content	100% of the Blended Learning Module Development plan implemented by Blended Learning champions in 2012. 56% of all modules have a minimum 20% blended content in December 2012	80% of initiatives in Blended Learning Module Development Plan implemented by December 2012. 30% of all modules have a minimum of 20% blended content by December 2012	Target achieved in 2012	Whilst the target remains the same as in 2012, there has been a shift in focus for blended learning. The 2013 outcomes provided a solid platform for the step change in the quality of blended learning we are seeking to build on in 2014.

FINANCE, CAPITAL ASSETS AND PERFORMANCE

The following indicators represent the financial performance of the Wintec Parent. We intend to achieve a position of financial viability and on-going sustainability to support our reputation as an efficient, effective and modern organisation. We have set ourselves on a path of continuous modernisation and the targets set out below represent our expected revenue streams, expenditure, and debt facility.

The improved revenue streams are predominately driven by higher international tuition fees and other revenue streams, and this has resulted in meeting our target operating surplus. There has been some increase in costs associated with obtaining the increased revenue.

As part of our modernisation programme and commitment to providing quality technology services to our students, staff and community we have commenced building our $25m Trades and Engineering facility.

Our 2013 performance shows that we have operated within the guidelines set by our monitoring agencies.

FINANCE, CAPITAL ASSETS AND PERFORMANCE

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Operating surplus before revaluations, land sales and asset disposals/write downs (%)	4.5%	3.0% +	3.0%	Target met though increased revenue stream from international student fees (volume growth) and contained delivery costs.
TEO risk rating against the Financial Monitoring Framework	Low	Medium	Low	Current rating by TEC for 2012 is Low. We have forecast our 2013 position as low due to the improved access to liquidity.
Capital Asset Management	n/a	Complete independent CAMS audit. Develop action plan for 2013-15	On going	New asset management system implemented including asset location and condition information. TEC benchmark report in progress.
Percentage of agreed TEC SAC funding	100%	100%	98.9%	Low enrolments in semester one and two.
Domestic fees revenue ($m)	20.7	21.9	19.7	Change in mix of provision and low enrolments.
ITO revenue ($m)	2.5	2.8	2.6	Combination of lower numbers and reduced class occurrences.
Net cashflow from operations	115%	111% +	111%	On target due to positive cashflow.
Liquid assets	15.6%	12%	14.3%	Access to higher liquid assets bank loans and overdraft facilities.
Debt cover	0.7x	1.8x or less	1.3x	Lower term debt and reduction in overdraft facility.
Interest cover	6.2x	3x or more	3.5x	On target.

STRATEGIC GOAL: OUR RESEARCH AND COMMERCIALISATION DELIVER REAL-WORLD SOLUTIONS.

Our research and commercialisation activity drives productivity in our region. Wintec has a history of reputable research and was one of only two ITPs to enter the first Performance Based Research Funding (PBRF) round in 2006. We are not funded by the government to do the same sort of research as universities. In keeping with Government's expectations for ITPs to engage in applied research, we have established a reputation for providing practical solutions to industry-identified problems and for leading knowledge and technology transfer between ourselves and industry. Our research facilities attract commercial and industry partners and the applied nature of our research strengthens our reputation for quality research-informed vocational teaching.

RESEARCH

Over the last few years, we have been differentiating our approach to research to ensure we are creating value from our investment, with regard to reputation, employer engagement, technology transfer and PBRF outputs. For Wintec, research is not only required for academic delivery of programmes at Level 7 and above, but is also a way for our staff to remain current and relevant in their teaching, so we deliver "work-ready", innovative graduates. Research is another way to link us with industry through providing solutions to real-world problems.

Building institutional research capacity and capability within this context has been a focus for Wintec over the last three years. Emphasis has been placed on increasing staff engagement in research across a range of disciplines, and on encouraging emerging researchers from areas that have not traditionally undertaken formal research projects, such as the School of Trades and the Centre for Languages. Another area of focus has been to improve our reporting systems so that all research undertaken at Wintec, regardless of the size or the source of funding, is recorded. As our research strategy matures we will see the outputs for multi-year projects increasing and the number of smaller outputs, that can generally be undertaken within the calendar year, decline.

In essence the latter two points suggest our research strategy of building capability, and driving more, longer-term, and higher-value research activity is being effective. This is supported by positive outcomes for the indicators for externally funded research and research in conjunction with industry, which represents a significant improvement on the 2012 results. This improvement can be attributed to the research voucher scheme which is still growing, and the development of research facilities during 2013. These facilities enable greater engagement with industry and provide opportunities to attract commercial and industry partners, expand postgraduate provision and research opportunities for students.

The nature of completed voucher projects has changed over the last year, from predominately evaluation, market research and knowledge transfer type research, to a more balanced mix including technical / applied projects, where we are helping organisations develop new products or increase productivity.

Some examples of research voucher focus areas include:

- Measuring classroom environments for energy use, temperature, air quality, noise levels and comparing them to National standards.
- Helping a Waikato exporter to design a new type of fencing post standard that reduces tangles.
- Designing innovations for sports equipment.
- Collaborating with local government, community and not for profit groups on various projects.

The research facilities worked on contract research for companies in agriculture and manufacturing, with a new dimension added by the high end 3D Printer Wintec acquired in 2013.

RESEARCH

Indicator(s)	Audited 2012 Outcome	Target	2013 Outcome	Comment
Number of research outputs	483	424	421	In combination these indicators show that, overall, the number of research outputs generated for the time investment in research is slightly lower for 2013 than it was for 2012. This is due to more accurate reporting rather than an actual decrease.
Output Value Indicator	n/a	.73	.72	
Percentage of Research, Development and Transfer activity undertaken in collaboration with industry/community	49%	50%	57%	Industry related research activity continues to build at a steady rate. Projects undertaken by our research facilities are included in this measure.
PBRF research revenue	$709,555	$610,000	$521,107	Our target was set at $610,000 which includes both planned and a margin for unplanned. All planned PBRF income from TEC has been received.
Value of external (non-PBRF) research contracts gained	$243,000	$200,000	$655,201	External revenue from our research and development activities continues to grow. We received $655,201 from external sources, excluding TEC, including $198,000 which can be reported to TEC in 2014 and is eligible to be included for PBRF external research income as defined by TEC.
Research vouchers undertaken with industry	47	n/a	29	69 requests for research were initiated in 2013. Of these, 29 were completed, and the remainder are either still active, or under negotiation.

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Wintec
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Te Kuratini o Waikato