Wintec
WAIKATO INSTITUTE OF TECHNOLOGY
Te Kuratini o Waikato

ANNUAL REPORT 2014

Contents

Access this report online at www.wintec.ac.nz

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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.


pod03

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 educating more than 20,000 students each year.

90 YEARS OF INNOVATION & GROWTH

1924

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

1968

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

1985

Horticulture teaching begins at Hamilton Gardens.

1987

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

1990s

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.

1990

Satellite campuses open in Te Kuiti and Thames.

1992

First degree (Bachelor of Business) is offered.

1994

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

1995

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

2000

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

2001

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

2007

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

2009

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 receives government funding to develop an agritechnology educational centre in the Waikato.

2010

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.

2011

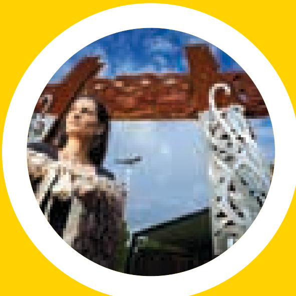
Wintec Alumni Circle formed.

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.

2012

Wintec opens Te Kōpū Mānia o Kirikiriroa marae on its city campus.

Wintec receives the New Zealand Business Achievement Award from the New Zealand Business Excellence Foundation.



2013

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.

2014

Wintec celebrates 90 years since the first classes were taught at our heritage building Wintec House.

Our state-of-the-art $25m Engineering and Trades building opens at the Rotokauri campus.

Wintec opens three colleges in Saudi Arabia in a joint venture with Spanish partner Mondragon Educacion Internacional.

Strategic Direction

Wintec's strategic goals 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 commercial and industry partners and our applied research strengthens our reputation for quality research-informed vocational teaching.

CONNECT

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 the 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 coordination in place.

Chair's & Chief Executive's Reports

Chair's Report

Our 90th year brought us many reasons to celebrate. We were reminded of our heritage and the decades of work by people who, as tutors, students, managers, governors and community leaders, fought for excellence in applied tertiary education in our region. Our successes today would not be possible without the achievements of those people, and we owe it to both past and current stakeholders to ensure that Wintec is fit for the next 90 years.

We are doing that by ensuring Wintec is meeting the needs of students and employers with quality teaching of relevant courses so as to produce work-ready graduates. This requires not only skilled and dedicated staff, a mix of technologically appropriate teaching methods and modern, learner-centric facilities, but also active engagement with employers - for curricula development and for students to have opportunities to apply their learning in a live work environment. In doing so, we are building our community and our economy.

There were many highlights this year. They have all helped to enhance our regional, national and international reputation as a leading provider of quality vocational and professional education. I'd like to mention two in particular.

During the year the Prime Minister, the Right Honourable John Key, officially opened a new Engineering and Trades building at our Rotokauri campus in the presence of many of our regional employers, business and community leaders and other important stakeholders. This building, with its flexible open-plan design, combined with the latest technology and equipment, enables best practice teaching in a world class environment. It is the ideal venue for hosting the WorldSkills New Zealand competition and similar events. It, along with the other recently developed campus buildings, will be a major asset to the region for decades to come.

The second event worthy of special mention is the awarding of a contract to Wintec and joint venture Spanish partner Mondragon Educacion to provide tertiary education at three vocational colleges in Saudi Arabia. This was a first for New Zealand and it is a tribute to the quality of Wintec's executive and teaching teams.

We are mindful that Wintec is increasingly competing in a world market and, furthermore, that our graduates require skills that will equip them for employment opportunities internationally as well as in New Zealand. Indeed, the Government's goals for international education are part of a national strategy and priority to strengthen New Zealand's place in the world as a trading nation and to improve our long term economic growth rate.

Wintec strongly supports these goals and is pleased to have achieved continued growth of international student numbers in 2014. There are clear benefits of international education provision in building our capabilities as an education provider, in developing the international knowledge and skills of our staff and students, in strengthening our wider communities and in contributing to regional and national economic growth.

While the construction of new buildings and the development of new markets are consistent with our strategy of ensuring future sustainability, of course over the short-term they can impact on our financial liquidity and profitability.

Due to careful financial management, the Wintec Group achieved a core surplus (excluding property and building revaluations and profits on the purchase of subsidiaries) of $0.6 million, and continued to easily meet all of its banking covenants.

During the year I was pleased to be reappointed as Chair by the Tertiary Education, Skills and Employment Minister, the Honourable Steven Joyce. My sincere thanks to Steve Tucker, my Deputy Chair and long-standing council member, who left the council after 10 years of service. Steve played an integral part on our council with his astute business and governance skills. We welcomed Waikato businessman, Steve Howse, to the Council as the new Deputy Chair.

As Council members we demonstrate support for the work of Wintec's Chief Executive, staff and students by attending community and Wintec events, including graduations. A particularly memorable event this year was the 90th anniversary council dinner with the former Chairs of the Wintec Council and their partners at Wintec House, our heritage building. Many stories of our past were shared and some of the people who have played a key part in Wintec's history were able to reflect on its progress.

The Wintec Council is committed to seeing Wintec succeed through sound governance and support for the Chief Executive, senior leadership team and all staff. Our sincere thanks to Mark Flowers, his capable and dedicated teams, and the many business and community people who champion Wintec and help to keep it grounded, relevant and fit for the future.

M E Cave-Palmer

Mary Cave-Palmer
Chair

Chief Executive's Report

This year we celebrated a significant milestone; it's been 90 years since classes were first taught from our heritage building Wintec House, and this special year has brought the opportunity to celebrate our progress as well as to highlight the many changes our organisation has made over the years. We are confident this progress can be maintained.

2014 was a year in which we broke new ground. We opened our new state-of-the-art Engineering and Trades facility; secured the contracts to jointly operate three educational colleges off-shore in Saudi Arabia; experienced yet another year-on-year increase in the numbers of international students studying with us; and hosted for the first time the national competition of WorldSkills New Zealand.

Locally, nationally and internationally our reputation as a lead provider of quality vocational and professional education grew. We managed all this while still making a financial surplus.

Moving from the early days of teaching a handful of students in night classes to delivering education to more than 21,000 domestic and 1300 international students in a range of subjects from certificate to post-graduate level is a clear demonstration of a progressive organisation.

OUR FINANCIAL PERFORMANCE

As well as our many strategic achievements, we attained a Group surplus of $0.6 million excluding property and building revaluations.

The parent operating surplus[1] was $1.9m (2.1% of revenue). While this is below the target set by our monitoring agency, the Tertiary Education Commission (TEC), it is a good result given the constrained domestic funding environment, our continued investment in modernisation and substantial organisational change, which has included major capital re-investment, internal change and off-shore development initiatives.

Although there has been no increase in TEC funding or year-on-year Consumer Price Index adjustment, year-on-year revenue has increased as we continue to seek new opportunities, especially with our internationalisation activities. This has in part enabled us to fund the impact of inflation and funding changes. The solid financial result was also achieved from our continued drive for further efficiencies.

OUR STUDENTS

In 2014 we had 7,073 Equivalent Full Time Students (EFTS), comprising 21,326 domestic students and 1,353 international students. In total we have 22,679 full and part-time students. This represents an increase of just over 200 EFTS from the previous year. It was pleasing to see growth in the Waikato Trades Academy and Youth Guarantee student numbers, as well as another good increase in international students.

One of our goals is to increase the number of people studying at higher levels of qualifications, which benefits both our regional and national economy. We continue to

[1] Excluding subsidiary companies, surplus on asset sales, property revaluations and asset impairment and restructuring.

be a major provider of higher qualifications, delivering more than 30 degree or postgraduate level programmes. Overall we had 84% of our domestic students studying at these higher levels.

With a quarter of our students being Māori, it is particularly pleasing to see a growth in Māori participation rates at level 4 and above, and at the same time increased performance of our Māori students at these levels. This has resulted in the overall successful course completion rate for Māori increasing by 2% this year. (For further information refer to Statement of Service Performance section).

We had strong growth in our Waikato Trades Academy, which directly aligns with our initiatives to attract and retain young people, and brings improved pathways for secondary students into tertiary education. In 2014 we had another significant increase in places for secondary students in our trades academies, with 450 students from 30 schools taking part, increasing from 284 students in 2013. We have been approved to enrol 550 students in 2015, which will make us the biggest trades academy in the New Zealand tertiary education sector.

For the first time we took part in the government's expanded Māori and Pasifika trades training initiative as an education provider; working with iwi and the Pasifika community to find students who would benefit from this scheme, and with regional employers to take on the students once they graduate. The scheme, which saw more than 60 students take part, focussed on work-readiness and employment support. Further expansion is planned for this initiative in 2015.

Along with our growing number of international students, it is pleasing to see the retention and successful course completion rates for these students continue to improve, with retention increasing by 2% to 91% in 2014, and successful course completion by 3% to 88%. We have a range of support initiatives for all of our students, and we continue to explore teaching and learning approaches that best suit their needs.

QUALITY

Towards the end of 2014 we took part in a scheduled External Evaluation Review (EER) conducted by the New Zealand Qualifications Authority. Held every four years, this review focussed on our progress in continuous improvement and compliance with statutory policies and criteria. I'd like to thank all staff, students, council members and our senior leadership team who took part in the process.
The full EER report, with our positive rankings, was published in May 2015.

The review process was supported by improved monitoring and dashboard data developed in-house; part of our development of better data gathering and analysis which enables us to better understand our business and respond to the needs of our stakeholders.

Chief Executive's Report

Quality improvements in terms of health and safety for all students, staff and visitors got underway through the Health and Safety Reform Project, which consists of 36 best practice tasks to be implemented across the organisation. This is to ensure we are aligned with the new national Health and Safety reforms to be introduced in 2015.

PERFORMANCE

We continued our strong performance as assessed by the government's Educational Performance Indicators (EPIs). The 2013 figures once again saw us ranked first in the sector for our progression rates for students to higher study. This is one of the Government's key goals for the sector, and we are doing well here, with 58% of our students progressing to higher study, up 3% on the previous year, and well above the sector median of 37%.

Student retention was maintained at a high level of 70%, which is a good achievement given the high proportion of our students engaged in multi-year programmes, particularly degree provision.

Our sector ranking for successful course completions dipped slightly, but at 78% our result remains within 1% of the previous year.

We have consistently achieved good results with our EPIs; and the outcomes we are achieving, and the annual improvement, is pleasing. This is very much a credit to all staff and their focus on programmes, student support and teaching.

OUR STAFF

This year saw the introduction of new tools to support stronger alignment with our strategic intent. Our "Success Profile" was developed, defining a set of core skills, knowledge and attributes essential to staff achieving the goals and relevant for every role across the organisation. To support this, a new performance structure, "My Plan", was introduced which aligns with the Profile by setting clear goals and outcomes.

We employ just over 700 full and part-time staff. This year 43% of staff participated in our biennial employee engagement focus Groups. The results were very positive in terms of staff being "strongly engaged" with the organisation and at higher rates than previous years. This process has been undertaken every two years since 2008, and we are now seeing improved trends against consistent themes. The results enable us to address, in an informed way, areas where we can improve, or offer more support, for staff.

Other improvements this year included an end-to-end electronic solution for workforce planning, job approvals and recruitment; and a more streamlined system for the academic promotion process.

Towards the end of the year, some changes were made to our executive leadership team, with alterations to a number of executive portfolios further strengthening the focus on organisational capability, embedding technology, and our responsiveness to the needs of students and employers.

A number of our staff were recognised with community and industry awards this year including David Sidwell from our School of Media Arts, who was given the prestigious Freedom of the City Award at the Hamilton City Council's civic awards for his services to arts and culture spanning more than 30 years. The reputation of the organisation is enhanced by the high levels of community involvement from many of our staff. (For more information refer to the Highlights section).

A MODERN ORGANISATION

Since 2003 we have spent more than $83m on our campus modernisation programme to provide students and staff with modern facilities and technologies and the best possible working and learning environment.

A major highlight was the opening of our new Engineering and Trades facility, which was one of our biggest campus development projects to date. What it stands for is of national significance regarding the emphasis on producing more engineering and technology graduates. The initial response to this facility in its first year has been positive with employers taking a good interest. This building also hosted the national competition for WorldSkills New Zealand in July. It was the first of three major WorldSkills events we are hosting over the coming years.

The Engineering and Trades building is now a flagship facility on our northern Hamilton Rotokauri campus, and a central element of the rejuvenation of that campus.

Another development this year resulted in an older teaching block in the city campus being refurbished to become student apartments, in conjunction with the Wintec Student Residents Trust.

We regularly work with global, national and regional information technology providers to maintain our proactive, leading-edge use of technology, as well as actively using cloud-based technologies. This included trials of new equipment in the Engineering and Trades facility; and revamping our student portal to improve our students' on-line experience with our courses and services. Our wireless network upgrades this year have brought improvements in speed and reliability.

INTERNATIONALISATION

2014 was an important year as we expanded our operations in international education, both in New Zealand and off-shore, and as internationalisation became increasingly integral to the organisation. We successfully bid to operate three colleges in the Kingdom of Saudi Arabia with Spanish partner Mondragon; these are now up and running, and a number of our own staff

Chief Executive's Report

have now experienced teaching and managing in these colleges, further increasing our capability in off-shore delivery of programmes.

We are also working on several projects in off-shore delivery in China, and expect to realise one of more of these in the next year or so. Our aim is to expand our range of international activities and further demonstrate our ability to be a global provider of education.

The number of international students coming to Wintec increased in 2014 to 821 EFTS, 15% more than in 2013. We have been experiencing increases since 2006, and have more than doubled the numbers since then. This represents about $11.5m in revenue, and contributes, at a high level, to the strengthening of New Zealand education exports, and our international standing. China, India and Saudi Arabia remain our top countries for in-bound international students, and we will continue to grow relationships in these established markets.

We are also keen to develop services in South America, and as we diversify our international markets we are continuing to adapt the teaching, learning and support that we offer. Our campuses boast a great mix of international and domestic students, giving both sets of students the opportunity to study and learn beside each other. Internationalisation increases global connections for all our students, staff and employers, bringing benefits to our economy and increasing our multi-cultural awareness through the student body and workforce.

BUILDING MORE BUSINESS LINKS

Through our Employer Partnership Groups and other initiatives we work alongside hundreds of local businesses and organisations who employ our graduates. Our interaction with industry and employers ensures we bring their perspective into our planning around programmes, that we remain responsive and relevant to the needs of employers, and identify employment opportunities for our graduates across many sectors.

In 2014 we became the 100% shareholder of Waikato's only business incubator, SODA Inc.[2] This arrangement sees us developing even closer links between Wintec and SODA Inc to boost and encourage business and economic growth in the region. We championed the need for SODA many years ago and it continues to grow from strength to strength. Highlights this year for SODA included securing a significant three-year funding contract from Callaghan Group, and the growth and popularity of Innes48, New Zealand's largest annual business start-up competition which runs over 48 hours at Wintec.

This year Learning Works, another Wintec subsidiary, strengthened its performance. It is building its position in the development and delivery of learning and training solutions for a number of businesses in the education and health sectors, government departments and commercial organisations in New Zealand and overseas.

A highlight for Learning Works was in the area of commercialisation of research and development.

[2] Previously we held a 60:40 shareholding with the Hamilton City Council.

Ligar, a spin-off company based on a partnership between LearningWorks and the University of Waikato's WaikatoLink Limited, secured significant investment funding from Wallace Corporation for its molecularly imprinted polymers technology.

Wintec's researcher Miruna Petcu came up with the science behind this technology, supported by her team at Wintec. This was a clear demonstration of the potential around research and commercialisation within our organisation and its relevance to industry.

Strategically, we have put a lot of effort into developing applied research at Wintec, and increasingly we are building on our good reputation for providing practical solutions to industry-identified problems. We now have specific industry research clusters, set up as research facilities, doing contracted research work for companies in the agriculture and manufacturing sectors, and we continue to expand our research voucher scheme, with a more applied research focus.

OUR ROLE IN THE SECTOR

We are an active member of the Metro Group of Institutes of Technology and Polytechnics (ITPs), which comprises the country's six largest ITPs. This year the Group worked together to find solutions to address perception issues that our major ITPs face from the public and other education and tertiary organisations, many of which have important implications for the choices made by students.

Work has started on a campaign to address these issues.

The Metro Group is also centrally involved in major national campaigns involving employers and ITPs around the engineering and health sectors, as well as continuing to co-operate closely on off-shore international education initiatives. Of note is the Engineering Education to Employment government initiative, which was launched in 2014 with the aim of increasing the number of engineers and technicians in New Zealand, and to increase enrolments in engineering qualifications at ITPs.

OUR SINCERE THANKS

Our 90th anniversary year was well-received by all our community. Our commitment to connecting with employers and building people's careers hasn't changed.

I'd like to thank all of our staff, our council members, the employers we partner with, our students and the many government entities for helping us to become the progressive, modern organisation we are today.

We look forward to being around for another 90 years, making a positive impact on our community through education, research and career development.

Mark Flowers
Chief Executive

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

Members of the Council

Members of the Waikato Institute of Technology Council as at 31 December 2014:

MEMBER:		APPOINTED BY:	Current Term Ends
Mary Cave-Palmer	Council Chair	Minister for Tertiary Education	30/04/2017
Clint Baddeley	Chair – Building and Assets Committee	Wintec Council	30/04/2015
Bryce Cooper		Wintec Council	30/04/2015
Steve Howse	Deputy Chair	Minister for Tertiary Education	30/04/2018
Maxine Moana-Tuwhangai		Minister for Tertiary Education	30/04/2017
Aaron Rink		Wintec Council	30/04/2016
Pam Roa		Minister for Tertiary Education	30/05/2017
Ping S'ng	Chair – Finance and Risk Committee	Wintec Council	30/04/2017
Members who left the Council during the year:			
Steve Tucker		Minister for Tertiary Education	30/04/2014

COMMITTEES OF THE COUNCIL

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, also oversees the performance appraisal of the Chief Executive, and the negotiation of the Chief Executive's remuneration package and contract.

Members are: Mary Cave-Palmer (Chair), Clint Baddeley, Steve Howse, Ping S'ng, 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, asset management plans, information technology strategy and 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: Ping S'ng (Chair), Bryce Cooper (Deputy Chair), Steve Howse, Maxine Moana-Tuwhangai, Mark Flowers (Chief Executive).

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

Highlights

Highlights

NEW ENGINEERING AND TRADES FACILITY DELIVERS INNOVATIVE LEARNING

Students studying engineering and trades at our Rotokauri campus not only benefit from a newly built $25m facility, but also a new learning style.

The building was opened by Prime Minister John Key in September 2014 and is now home to more than 1000 engineering and trades students and 100 Wintec staff.

The building's unique design and function make it New Zealand's most modern engineering and trades education facility, with an open plan layout, flexible teaching spaces and the latest technologies.

With this comes a new way of learning, and students are benefiting from a teaching style which includes an increase in project-based Group work, student presentations, input into learning plans, and increased use of technology.

New technologies in the facility include simulation equipment and software, particularly in electrical, automotive, welding and engineering fields, as well as increased wireless and 'bring your own device' facilities.

WORLDSKILLS AT WINTEC

Around 100 of New Zealand's top apprentices competed to be the best in the country during the national WorldSkills competition at our Rotokauri campus last year.

In July, Wintec hosted the two-day competition in the Engineering and Trades facility for the first time in the Waikato.

Apprentices competed in a range of categories including automotive, engineering, hairdressing, carpentry, hospitality and floristry. During the competition, they tested their skills against peers in project-based scenarios where they replicated problems and tasks that they would encounter in their daily jobs.

Some of the national winners will go onto compete at the international WorldSkills competition in Brazil in 2015.

INTERNATIONAL STUDENT NUMBERS CONTINUE TO CLIMB

The Waikato region had 7% more international student enrolments in 2014 compared with 2013, and Wintec accounted for one of the biggest increases.
Our international student numbers went up 15% in 2014, representing 1353 students (821 EFTS).

Internationalisation is not just something we think about as an add-on to our business-as-usual activities; it is an integral part of our identity as an institution, how we operate, and how we are setting up global connections for our students, staff and employers.

The students come from more than 50 countries, including China, India, Saudia Arabia, Korea, France, Germany, Fiji, Hong Kong, Jamaica, South Africa, United States and Zimbabwe.

We also ensure we celebrate our multicultural student body by holding significant events for international celebrations such as the Eid Festival, the Chinese Moon Festival and Diwali.

WINTEC HOUSE MARKS 90 YEARS OF SERVICE

Wintec held a number of events to celebrate its 90th anniversary. The Wintec staff awards and the Wintec student ball were themed in the 1920s style; the Wintec Council invited former Council chairs to a formal dinner; and journalism students developed a book celebrating the history of Wintec.

The book *"The Wintec Journey,"* provides a look at the organisation from when it was the Hamilton Technical College in 1924, through to what it has become today. It was put together with the help of 21 Wintec students who each contributed a profile of someone who has had a significant connection to the organisation over the years. These include well-known alumni such as TV3 journalist Carly Flynn, celebrity chef Josh Emett and musician Dave Baxter. Also profiled were a student from the 1940s, a former Wintec chief executive, Education New Zealand's International Student of the Year and long-time faculty members.

WINTEC OPENS COLLEGES IN SAUDI ARABIA

Wintec opened three new vocational training colleges in the Kingdom of Saudi Arabia.

The Colleges of Excellence are a joint venture between Wintec and Spanish partner, Mondragon Educacion Internacional (MEI). There is one female college and two male colleges, in the coastal towns of Al Wajh and Umluj in the western province of Tabuk, a developing province earmarked for economic and industrial development by the Saudi Arabian government.

Wintec is the first New Zealand educational organisation to operate such colleges in the country. It won the joint contract to operate the colleges along with Mondragon in April 2014, and the colleges opened in September.

RESEARCH AND DEVELOPMENT MILESTONE REACHED

We celebrated a significant milestone for research and development at Wintec.

Ligar, a spin-off company based on a partnership between our subsidiary LearningWorks and the University of Waikato's WaikatoLink Limited, developed a process using molecularly imprinted polymers that filter and clean liquids. This revolutionary technology caught the eye of the Wallace Corporation who contributed a significant cash investment to enable further development. This allowed Ligar to start industrial trials with the aim of going to market with the product in 2015.

It was Wintec's researcher, Miruna Petcu, who came up with the science behind this, supported by her team at Wintec. Tertiary institutions like Wintec play an imprortant role in research and innovation which is vital to our economic future.

Highlights

WAIKATO CULINARY FARE CELEBRATES 10TH ANNIVERSARY
More than 300 students took part in a range of cooking and hospitality challenges at Wintec's 10th Annual Waikato Culinary Fare.

The Waikato Culinary Fare, held in our Centre for Hospitality at our Rotokauri campus, is the Waikato's largest cooking competition for secondary school, tertiary education students, and junior hospitality people.

The two day event featured a range of culinary competitions where participants showed off their flair for food while experiencing the intensity of a professional kitchen.

Competitors from all over the Waikato entered the competition, which was judged by hospitality industry representatives.

MĀORI AND PASIFIKA TRADES TRAINING INTRODUCED
Wintec introduced free Māori and Pasifika trades training in 2014, with the aim of enabling more Māori and Pasifika, aged between 18-34, to obtain trades apprenticeships and qualifications.

With a nationwide shortage of skilled tradespeople, Wintec joined a Group of iwi and Pasifika community Groups, employers and Industry Training Organisations to develop programmes that bring together the best support, experience and learning.

Students gain the skills and experiences that our community and employers need in small hands-on classes and in work environments, with dedicated support available. When they complete their training, Wintec then helps them find a job, and provides a tool allowance.

TRADES ACADEMY BUILDS IN POPULARITY
Our Waikato Trades Academies continued to gain popularity in 2014 with 450 students, a 30% increase from the previous year, and the students finished the year with an average pass rate of 97%.

Our trades academies, which are a government-led initiative, involve partnering with 30 local secondary schools to encourage students to stay at school for longer by engaging them in hands-on learning.

The academy programmes enable 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).

More than 550 trades academy students are enrolled for our 2015 programmes, making us the country's largest academy.

MARAE PARTNERSHIPS SEE ENVIRONMENTAL OUTCOMES
Over the last 18 months we've delivered 15 horticulture and arboriculture courses in partnership with 11 marae sites across the Waikato.

As part of the programme, participants learn about the local environment and spend time on restoration projects around the region.

Through the delivery of these courses we're supporting Waikato-Tainui in their efforts to restore the Waikato environment including the Waikato River, as well as engage Māori in tertiary education.

PILOT PARTNERSHIP PROJECT A SUCCESS FOR AGRIBUSINESS

2014 saw the completion of a pilot partnership project for the National Diploma in Agribusiness Management (Level 5) involving Wintec, DairyNZ, Dairy Training Limited, Scarlatti and the Primary ITO.

Wintec had not previously delivered this qualification, so the pilot was a unique opportunity to work closely with key strategic partners in the development and implementation of this new model of delivering programmes for Dairy Farm Managers.

The pilot, which ran from mid-2012 to December 2014, successfully transformed the completion rates for 80 students from 27% to over 70%, across 18 teaching sites in the Waikato, Bay of Plenty and Taranaki regions. This has led to the model being extended nationally to other regions and being adapted for other primary industry sectors.

THE LANGUAGE OF EDUCATION

Our Centre for Languages staff delivered an impressive 15,000 face-to-face student hours in 2014, to both domestic and international students in a wide range of programmes.

Part of this was the delivery of over 1000 hours of teaching and language support to our international short courses and visiting scholars. Visiting Groups varied from financial managers from Chinese tertiary institutions and Japanese university medical students, to young Chinese high school students visiting for a cultural and language experience.

Our Centre for Languages staff have also been involved in supporting our off-shore ventures, including writing English language curriculum for the three Colleges of Excellence in the Kingdom of Saudi Arabia and interviewing potential teaching staff. Three staff members also spent time in there where they were involved in teaching, working with other staff, and getting to know the students and local communities.

RECORD YEAR FOR WINTEC VENUES

Wintec Venues recorded its greatest level of activity in 2014, with over 1600 events.

Our city campus venues, which include the flagship space The Atrium, hosted eight school balls, the Wintec staff awards, the Wintec student ball, and other major events included Ebbett Holden's 100 year birthday dinner, the Waikato Rugby Union Awards, Swimming Waikato Awards, Child Matters and True Colours fundraising events and The X Factor NZ auditions.

Our newest venue, The Training Space, opened at our Rotokauri campus in 2014. Set inside the Engineering and Trades education facility, these quality training rooms provide the perfect space for off-site staff training.

Highlights

MATARIKI RECOGNISES MĀORI LEADERS
Celebrating Māori achievement is important to us, whether it is acknowledging the success of our students and staff, or looking further afield to Māori in our community.

For the first time, part of our Matariki celebrations focussed on recognising the achievements of Māori people among our community. A Matariki premier event was held at Wintec in The Atrium to honour and celebrate Māori community leaders.

The event involved recognising seven Tainui women, all outstanding leaders in the performing arts of kapa haka and waiata.

CELEBRATING SUCCESS
Around 1900 students graduated in 2014 with 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 2014 started with almost 130 students graduating on our marae Te Kōpu 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, and industry and community representatives.

OUR 2014 HONORARY AWARDS WERE ALSO CONFERRED UPON:

John Cook – founder and managing director of Hamilton-based Stainless Design, received an honorary fellowship from Wintec. This is our highest honour, and was awarded for his 25 years of business excellence in the Waikato region. John's honorary fellowship was conferred during our School of Engineering, Science and Primary Industries graduation ceremony.

HIGH PROFILE SCHOLARSHIPS

Hare Puke Māori Leadership Scholarship. This scholarship recognises Wintec's late kaumātua, Dr Hare Puke. Its goal is to enable Māori staff to gain further leadership and management skills. It has a value of $15,000 per year and an additional week of professional development leave.

Kiri Waitai, Wintec senior academic staff member in the Centre for Foundation Studies, was awarded the 2014 scholarship.

Kiri, who is of Ngāti Porou descent, was chosen for her outstanding leadership in developing a successful pilot focussed on improving educational outcomes for Māori and Pasifika students in the Certificate in Introduction to Study (Health). Kiri redesigned the current course content to deliver classes in a whanau and values-based environment, where pastoral care was an important focus.

She has also been a key contributor to Wintec's Māori Capability Framework which aims to enhance staff capabilities to work towards greater Māori educational success, as part of Wintec's organisational strategy.

Outside of Wintec, Kiri has co-authored and published two teaching resources; 'Powhiri in Action – He kete o te reo pāwhiri', and 'The Treaty in Action – Ngā mahi Tiriti', as well as being an active member of kapa haka for over 16 years.

Gordon Chesterman Scholarship. This scholarship, worth $5,000 per year for a maximum of three years, is in recognition of the significant contribution made by former Wintec chair, Gordon Chesterman. Gordon Chesterman was chair of the Wintec Council for more than 10 years, and is currently Hamilton's Deputy Mayor. He is a strong advocate for Wintec's School of Media Arts as well as for the business and arts community.

Media Arts student, Karen McLeod, was awarded Wintec's 2014 Gordon Chesterman Scholarship.

Karen was chosen from 14 scholarship applicants for her passion in the communications industry and her leadership qualities at Wintec and within the community. While completing a Bachelor of Media Arts (Communications) specialising in public relations and advertising, Karen worked part-time honing her skills in marketing, public relations, advertising, writing and administration. She worked and volunteered for a number of organisations including Concious Consumers, The Social Media Club, The Waikato Environment Centre and Big Brothers, Big Sisters, demonstraing her strong social and environmental ethic.

AWARDS RECOGNISE STAFF ACHIEVEMENTS

Our School of Media Arts team leader David Sidwell, School of Media Arts Head of School, Margi Moore and kaumatua, Tame Pokaia were among the recipients at the 2014 Hamilton City Council Civic Awards.

The awards recognise the lengthy contributions the recipients make across a range of categories.

Margi and Tame received awards for their services to art, culture, people, wellbeing, Māoridom and bi-cultural relationships, while David received the most prestigious accolade – the Freedom of the City Award for his services to arts and culture spanning more than 30 years.

Meanwhile, Wintec Campus Development Director, Graeme Ward, took home the Outstanding Leader Award at the annual Waikato Property Council "We are Waikato" awards.

The award is given to someone who has demonstrated outstanding leadership to drive progress within the Waikato and whose contribution promotes growth and direction in the Waikato property industry. The award recognised Graeme's exceptional leadership of our campus development work and his contribution to the wider industry as a member of the Waikato Property Council Branch Executive and the Mystery Creek Assets and Facilities Committee.

Wintec was also a finalist in the Best Team for a Waikato Project category for the Wintec Siteworx team behind the Engineering and Trades building.

Student Statistics

Student Statistics

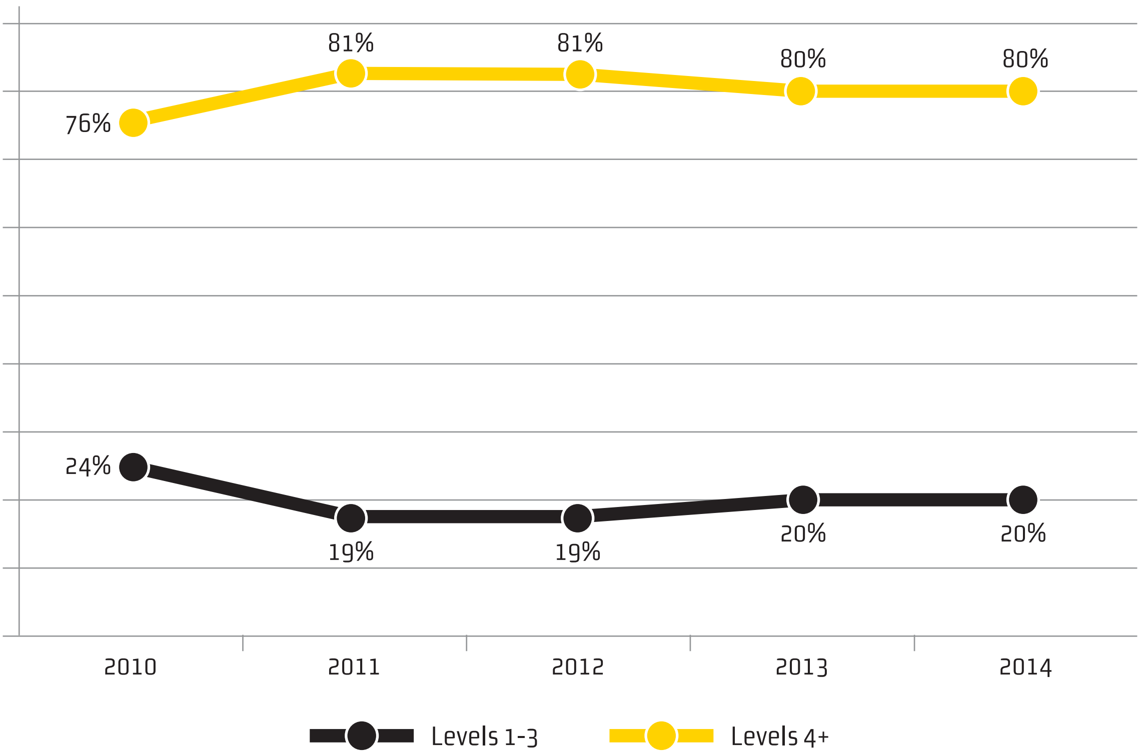
In 2014 Wintec's total headcount of students (not EFTS) was 22,679, with 21,326 domestic students and 1,353 international students.

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

	2010	2011	2012	2013	2014
Adult and Community Education (ACE)	203	105	104	108	111
Student Achievement Component (SAC)	4,918	4,945	5,008	4,819	4,710
Youth Guarantee & Trades Academy	59	112	116	229	303
Total TEC Funded	5,181	5,162	5,229	5,155	5,124
International[1]	555	608	661	707	810
Industry Training Organisation	860	781	586	764	876
Other	206	235	226	246	263
Total non TEC Funded	1,621	1,623	1,473	1,717	1,949
Total	**6,802**	**6,785**	**6,702**	**6,872**	**7,073**

[1]Some international students are SAC funded. In 2014, 11 EFTS were funded this way.

TEC FUNDED* EFTS BY LEVEL OF STUDY



* Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Māori and Pasifika Trades Training L3 and 4, Trades Academy and Youth Guarantee funding only.

Student Statistics

INTERNATIONAL EFTS BY COUNTRY

	2010	2011	2012	2013	2014
China	297	308	321	345	392
India	154	125	133	178	217
Saudi Arabia	8	64	75	58	83
Korea, (South) Republic of	18	19	28	31	17
Fiji	18	24	20	18	13
Philippines	8	8	12	13	13
Nepal	3	5	11	8	13
Cambodia	-	0	1	3	6
Hong Kong	1	1	3	5	5
Other	48	54	57	47	50
Total	**555**	**608**	**662**	**707**	**810**

Top 9 countries ranked by EFTS in 2014.

TEC FUNDED** EFTS BY ETHNICITY

	2010		2011		2012		2013		2014	
European	2,914	59%	2,941	58%	2,925	57%	2,829	56%	2,711	54%
Māori	1,184	24%	1,216	24%	1,193	23%	1,235	24%	1,269	25%
Asian	381	8%	378	7%	407	8%	401	8%	420	8%
Pasifika	199	4%	214	4%	240	5%	221	4%	224	4%
Other	300	6%	308	6%	359	7%	362	7%	388	8%
Total	**4,978**		**5,057**		**5,125**		**5,047**		**5,012**	

Notes:
**Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Māori and Pasifika Trades Training L3 and 4, Trades Academy and Youth Guarantee funding only.
A student may select up to three ethnicities. Their primary ethnicity only has been included in this table.

TEC FUNDED* EFTS BY AGE GROUP

	2010	2011	2012	2013	2014
17 Years and Under	358	333	320	394	412
18 - 19 Years	1,265	1,302	1,283	1,194	1,161
20 - 24 Years	1,420	1,561	1,612	1,559	1,482
25 - 29 Years	557	568	593	574	586
30 - 34 Years	316	340	367	367	394
35 - 39 Years	314	312	274	276	285
40 - 44 Years	266	248	277	255	266
45 - 49 Years	217	192	195	218	203
50 - 54 Years	124	119	119	120	141
55 - 59 Years	78	53	53	57	54
60 - 64 Years	31	21	25	29	21
65 Years and Over	33	8	8	3	7
Total	**4,978**	**5,057**	**5,125**	**5,047**	**5,012**

TEC FUNDED* EFTS FOR YOUTH (UNDER 25s) AND OLDER STUDENTS

	2010		2011		2012		2013		2014	
Youth (Under 25)	3,042	61%	3,197	63%	3,214	63%	3,147	62%	3,055	61%
25 and Older	1,935	39%	1,861	37%	1,911	37%	1,900	38%	1,958	39%
Total	**4,978**		**5,057**		**5,125**		**5,047**		**5,012**	

Notes:
* Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Māori and Pasifika Trades Training L3 and 4, Trades Academy and Youth Guarantee funding only.

Student Statistics

COMPULSORY STUDENT SERVICES LEVY DISCLOSURE

Under the Ministerial Direction on Compulsory Student Services Fees for 2014, 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 2014 actual costs and income by service category is shown below.

	Advocacy & legal advice	Careers information advice & guidance	Health services, counselling & pastoral care	Employment information	Financial support & advice	Media	Childcare service	Clubs & societies	Sports recreation	Total $
Compulsory Student Service Fees	-	233,554	508,497	-	-	-	-	-	-	742,051
Other	-	-	184,098	-	-	-	-	-	-	184,098
Total Revenue	-	233,554	692,595	-	-	-	-	-	-	926,149
Expenses	-	(944,096)	(627,309)	-	-	-	-	-	-	(1,571,405)
Surplus/ (deficit)	**-**	**(710,542)**	**65,286**	**-**	**-**	**-**	**-**	**-**	**-**	**(645,256)**

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. They provide a number of services to support students to stay well, obtain advice and gain medical assistance when needed.

We have two counsellors and international advisors available to provide students with pastoral care. A chaplain is also available to provide pastoral care, spiritual guidance and counselling.

We have kaiāwhina 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.

Our 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 provide academic and equipment support to people with disabilities.

KIDZ@WINTEC
Offers convenient and affordable childcare facilities for students and staff. 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.


TASK
meeting newz

Equal Opportunities

Equal Opportunities

IN 2014 OUR EQUAL EMPLOYMENT OPPORTUNITIES (EEO) VISION WAS PROGRESSED THROUGH:

- Developing an internal EEO Education and Awareness module for our workforce.

- The development and introduction of our "Success Profile," which defines a set of core skills, knowledge and attributes essential to staff to achieve their goals. The Profile is relevant for every role across the organisation. To support this, a new performance structure, "My Plan," was introduced which aligns with the Profile by setting clear goals and outcomes, as well as aligning with our values.

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

- Actively continuing the Mainstream Employment programme, whereby we work with community agencies to facilitate employment at Wintec for people with disabilities.

- Being a member of the Equal Employment Opportunities 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.

OUR VALUES

Our values define our professional relationships, attitude and the way we do things at Wintec. Our staff try to live the values every day and at our annual staff awards we formally recognise those who demonstrate these values.

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

ETHNICITY OF EMPLOYEES – 2014

Ethnicity	%	Number	Female	Male
NZ European/Pakeha	47.9	352	211	141
Other European	14.3	105	61	44
NZ Māori	12.0	88	62	26
Other	3.1	23	11	12
South African	2.7	20	9	11
Chinese	2.3	17	8	9
Pasifika	1.9	14	7	7
Other Asian	1.6	12	5	7
Indian	1.5	11	4	7
No data provided	12.7	93	59	34

EQUAL EDUCATION OPPORTUNITIES

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

In 2014, it continued to offer a high level of advocacy, information and support to students who disclosed impairments. Forty-seven staff provided 2,298 hours of note-taker, reader-writer and peer tutor services to help improve participation, retention, completion and progression of 158 students who required these services.

It has continued the emphasis on 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. Student Learning Services has also worked to embed learning support in targeted programmes, enabling advisors to reach greater numbers of students.

This shift has resulted in learning support and proactive academic capability-building services to 2,797 students in 2014. This continued the upward trend of increased student contacts from the previous year.

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. A series of workshops was also developed for our science staff working with students who have non-English speaking backgrounds.

Financial Performance

Independent Auditor's Report

For the year ended 31 December 2014.

TO THE READERS OF WAIKATO INSTITUTE OF TECHNOLOGY AND GROUP'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2014

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 47 to 95, that comprise the statement of financial position as at 31 December 2014, 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 in the statement of service performance on pages 98 to 121.

OPINION

In our opinion:

- the financial statements of the Institute and Group on pages 47 to 95:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Institute and Group's:
    - financial position as at 31 December 2014; 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 98 to 121 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 2014.

Our audit was completed on 30 April 2015. This is the date at which our opinion is expressed.

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

BASIS OF OPINION

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

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

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

An audit also involves evaluating:

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

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

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

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for preparing financial statements that:

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

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, we have no relationship with or interests in the Institute or any of its subsidiaries.

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

Statement of Responsibility

For the year ended 31 December 2014.

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 2014.

Signed by:

Mary Cave-Palmer
Chair

Mark Flowers
Chief Executive

Paul Holloway
Chief Financial Officer

Statement of Comprehensive Income

For the year ended 31 December 2014.

		CONSOLIDATED			PARENT		
	Notes	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Income							
Government grants	3(a)	47,155	47,285	47,200	47,155	47,285	47,200
Student tuition fees	3(b)	30,103	31,650	29,803	30,413	31,606	29,845
Other income	3(c)	16,521	16,366	12,960	11,691	9,461	9,366
Finance income	3(d)	157	347	827	106	322	807
Total Income		**93,936**	**95,648**	**90,790**	**89,365**	**88,674**	**87,218**
Expenditure							
Personnel costs	3(e)	(54,761)	(51,844)	(51,684)	(51,471)	(49,949)	(48,678)
Depreciation and amortisation expense	8, 9	(6,952)	(6,864)	(6,382)	(6,846)	(6,824)	(6,358)
Other expenses	3(f)	(30,334)	(33,882)	(28,771)	(28,256)	(28,527)	(28,775)
Finance costs	3(d)	(1,289)	(1,042)	(757)	(1,221)	(988)	(683)
Total expenditure before property & building revaluations		**(93,336)**	**(93,632)**	**(87,594)**	**(87,794)**	**(86,288)**	**(84,494)**
Surplus before property & building revaluations		**600**	**2,015**	**3,196**	**1,571**	**2,386**	**2,724**
Property & building revaluations		(2,405)	-	-	(2,405)	-	-
Surplus/(Deficit)		**(1,804)**	**2,015**	**3,196**	**(834)**	**2,386**	**2,724**
Total surplus attributable to:							
The Waikato Institute of Technology		(2,188)	2,015	3,241	(834)	2,386	2,724
Non-controlling interest		384	-	(45)	-	-	-
Other Comprehensive Income							
Property & building revaluations		1,014	-	2,205	1,014	-	2,205
Profit on purchase of subsidiary		472	-	-		-	-
Total Other Comprehensive Income/ (Expense)		**1,486**	**-**	**2,205**	**1,014**	**-**	**2,205**
Total Comprehensive Income/ (Expense)		**(318)**	**2,015**	**5,401**	**180**	**2,386**	**4,929**
Total comprehensive income attributable to:							
The Waikato Institute of Technology		(702)	2,015	5,446	180	2,386	4,929
Non-controlling interest		384	-	(45)	-	-	-

Explanation of major variances against budget are provided in note 22.
The accompanying notes form part of these financial statements

Statement of Financial Position

as at 31 December 2014.

		CONSOLIDATED			PARENT		
	Notes	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	4	1,336	1,227	1,648	152	-	17
Debtors and other receivables	5	16,284	10,741	12,830	16,590	12,752	13,308
Inventories	6	284	353	284	284	353	284
Related party loans	17	-	-	-	1,250	-	-
Prepayments		108	13	125	104	-	104
Non-Current assets held for sale	10	4,667	-	-	4,667	-	-
Total Current Assets		**22,679**	**12,334**	**14,888**	**23,047**	**13,105**	**13,713**
Non-Current Assets							
Financial assets	7	155	1,149	188	655	188	188
Property, plant and equipment	8	153,021	166,631	147,864	152,507	166,372	147,746
Related party loans	17	-	-	-	-	-	1,250
Assets held for sale	10	-	-	-	-	-	-
Intangible assets	9	8,785	627	8,079	8,103	-	7,232
Total Non-Current Assets		**161,961**	**168,406**	**156,131**	**161,265**	**166,560**	**156,416**
TOTAL ASSETS		**184,640**	**180,740**	**171,019**	**184,312**	**179,665**	**170,130**
LIABILITIES							
Current Liabilities							
Creditors and other payables	11	6,066	10,709	8,952	6,003	10,232	8,047
Employee entitlements	12	3,680	5,394	3,409	3,460	5,289	3,214
Provisions		-	-	-	-	-	-
Revenue in advance	13	22,214	15,552	16,803	21,399	15,552	16,744
Interest-bearing loans and borrowings	14	6,292	1,338	2,561	6,292	1,338	2,561
Total Current Liabilities		**38,252**	**32,994**	**31,725**	**37,154**	**32,411**	**30,566**

	Notes	CONSOLIDATED Actual 2014 $'000	CONSOLIDATED Budget 2014 $'000	CONSOLIDATED Actual 2013 $'000	PARENT Actual 2014 $'000	PARENT Budget 2014 $'000	PARENT Actual 2013 $'000
Non-Current Liabilities							
Interest-bearing loans and borrowings	14	18,500	20,176	11,080	18,500	20,000	11,080
Provisions		-	-	-	-	-	-
Employee entitlements	12	280	-	288	280	-	288
Total Non-Current Liabilities		**18,780**	**20,176**	**11,368**	**18,780**	**20,000**	**11,368**
TOTAL LIABILITIES		**57,032**	**53,170**	**43,093**	**55,934**	**52,411**	**41,934**
NET ASSETS		**127,608**	**127,570**	**127,926**	**128,378**	**127,254**	**128,196**
EQUITY							
General funds		105,162	108,727	107,002	106,316	108,411	107,148
Restricted reserves		137	137	137	137	137	137
Property revaluation reserve		21,925	18,706	20,911	21,925	18,706	20,911
Total equity attributable to the institute		**127,224**	**127,570**	**128,050**	**128,378**	**127,254**	**128,196**
Non-controlling interest		384	-	(124)	-	-	-
TOTAL EQUITY	15	**127,608**	**127,570**	**127,926**	**128,378**	**127,254**	**128,196**

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 30/04/2015.

M Flowers
Chief Executive

P Holloway
Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December 2014.

	CONSOLIDATED			PARENT		
	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Balance at 1 January	127,926	125,555	122,525	128,196	124,868	123,268
Comprehensive income						
Surplus/(deficit)	(1,804)	2,015	3,196	(834)	2,386	2,724
Other comprehensive income	1,486	-	2,205	1,014	-	2,205
Total comprehensive income	**(318)**	**2,015**	**5,401**	**180**	**2,386**	**4,929**
Balance before non-comprehensive income at 31 December	**127,608**	**127,570**	**127,926**	**128,378**	**127,254**	**128,196**
Non-comprehensive income items						
Restricted reserves transfers	-	-	-	-	-	-
Capital contributions from owners	-	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Total non-comprehensive income items	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December	**127,608**	**127,570**	**127,926**	**128,378**	**127,254**	**128,196**
Total comprehensive income for the year	**(318)**	**2,015**	**5,401**	**180**	**2,386**	**4,929**
Total comprehensive income attributable to:						
The Waikato Institute of Technology	(702)	2,015	5,446	180	2,386	4,929
Non-controlling interest	384	-	(45)	-	-	-

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2014.

	CONSOLIDATED			PARENT		
	Actual 2014 $'000	**Budget 2014 $'000**	**Actual 2013 $'000**	**Actual 2014 $'000**	**Budget 2014 $'000**	**Actual 2013 $'000**
Cash flows from operating activities						
Receipt of government grants	47,331	48,437	47,955	47,331	48,437	47,955
Receipt of student tuition fees	31,799	31,436	28,500	32,127	31,436	29,528
Interest income received	157	250	827	106	217	807
Receipt from research income	269	-	316	269	-	316
Receipt of other income	16,254	12,527	13,756	10,833	8,479	9,282
Payments to employees	(54,498)	(53,645)	(53,109)	(51,233)	(49,948)	(50,117)
Payments to suppliers	(29,736)	(31,625)	(29,259)	(28,107)	(29,716)	(28,726)
Interest paid	(1,289)	-	(757)	(1,221)	-	(683)
Goods and services tax (net)	124	-	762	304	-	400
Net cash flows from operating activities	**10,411**	**7,380**	**8,991**	**10,409**	**8,905**	**8,762**
Cash flows from investing activities						
Purchase of property plant and equipment	(19,142)	(18,998)	(16,837)	(18,686)	(18,998)	(16,819)
Purchase of intangible assets	(2,358)	-	(2,950)	(2,350)	-	(2,950)
Acquisition of investments	(506)	-	-	(506)	-	-
Receipts from sale of investments	-	-	-	-	-	-
Proceeds from sale of property plant and equipment	132	-	4,704	117	-	4,688
Net cash flows used in investing activities	**(21,874)**	**(18,998)**	**(15,083)**	**(21,425)**	**(18,998)**	**(15,081)**

Statement of Cash Flows

For the year ended 31 December 2014.

	CONSOLIDATED			PARENT		
	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Cash flows from financing activities						
Capital contributions received from the Crown	-	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Proceeds from borrowings	7,500	6,000	4,000	7,500	6,000	4,000
Repayment of borrowings	(80)	-	(80)	(80)	-	(80)
Payment of finance leases	-	-	-	-	-	-
Net cash flows from financing activities	7,420	6,000	3,920	7,420	6,000	3,920
Net increase / (decrease) in cash and cash equivalents	(4,043)	(5,618)	(2,172)	(3,596)	(4,093)	(2,399)
Cash and cash equivalents at the beginning of the period	(833)	3,500	1,339	(2,464)	2,755	(65)
Cash and cash equivalents at the end of the period	(4,876)	(2,118)	(833)	(6,060)	(1,338)	(2,464)

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

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

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Net Surplus / (deficit)	(1,804)	3,196	(834)	2,724
Add/(less) non-cash items				
Non-controlling interest surplus/(deficit)	384	-	-	-
Depreciation and amortisation expense	6,922	6,384	6,846	6,358
Intangible asset write-off	-	-	-	-
(Gains)/losses on acquisition of subsidiary	472	-	-	-
Increase/(decrease) in non-current employee entitlements	(8)	(66)	(8)	(66)
Bad debts	-	-	-	-
Property & buildings revaluations	2,405	-	2,405	-
Impairment of fixed assets	-	-	-	-
Fair value impairment	-	-	-	-
Total non-cash items	**10,175**	**6,319**	**9,243**	**6,292**
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	(83)	(112)	(83)	(112)
(Gains)/losses on disposal of investments classified as fair value through other comprehensive income	-	-	-	-
Total items classified as investing or financing activities	**(83)**	**(112)**	**(83)**	**(112)**
Add/(less) movements in working capital items				
(Increase) / decrease in inventories	-	70	-	70
(Increase) / decrease in debtors and other receivables	(3,454)	(580)	(3,279)	580
(Increase) / decrease in prepayments	-	(125)	-	(104)
Increase / (decrease) in creditors and other payables	(112)	329	453	484
Increase / (decrease) in revenue received in advance	5,418	1,258	4,663	1,451
Increase / (decrease) in provisions	-	-	-	-
Increase / (decrease) in current employee entitlements	271	(1,361)	246	(1,373)
Increase / (decrease) in related party loans	-	-	-	(1,250)
Net movements in working capital items	**2,123**	**(412)**	**2,083**	**(142)**
Net cash flow from operating activities	**10,411**	**8,991**	**10,409**	**8,762**

Notes to the Financial Statements

For the year ended 31 December 2014.

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, PINZ and the Wintec Foundation Trust. 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 and Group for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Councillors on 30 April, 2015.

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:

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.

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. 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 cost 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 Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Government grants

Government grants are recognised 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 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.

Notes to the Financial Statements

For the year ended 31 December 2014.

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

Notes to the Financial Statements

For the year ended 31 December 2014.

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.

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	10%-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 and Group'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.

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.

Notes to the Financial Statements

For the year ended 31 December 2014.

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 Trust 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 19 December 2013. 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 2013 comparatives have been changed for comparability and there have been minor changes to some of Group numbers. The overall effect on the Statement of Comprehensive Income and the Statement of Financial Position for the parent is nil and immaterial changes for the Group.

Notes to the Financial Statements

For the year ended 31 December 2014.

3 REVENUE AND EXPENSES

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(a) Government grants				
Student Achievement Component (SAC) Funding	40,851	41,614	40,851	41,614
Other grants	6,304	5,586	6,304	5,586
Total	**47,155**	**47,200**	**47,155**	**47,200**
(b) Student tuition fees				
Fees from domestic students	18,667	19,691	18,867	19,691
Fees from international students	11,436	10,112	11,546	10,154
Total	**30,103**	**29,803**	**30,413**	**29,845**
(c) Other Income				
Revenue from childcare operations	789	835	789	835
Revenue from other operating activities	15,649	12,013	10,818	8,419
Sub total	**16,438**	**12,848**	**11,607**	**9,254**
Gain on disposal of property, plant and equipment	83	112	83	112
Total	**16,521**	**12,960**	**11,691**	**9,367**

Included in revenue from other operating activities of $15.6m (Group) and $10.8m (parent) is $0.112m which relates to operating lease receivables (2013: $0.049m).

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(d) Finance (costs)/income				
Bank loans and overdrafts	(1,286)	(751)	(1,221)	(681)
Debt collection fees	-	-	-	-
Other finance costs	(2)	(6)	-	(1)
Total finance costs	**(1,289)**	**(757)**	**(1,221)**	**(683)**
Interest earned on bank deposits	157	827	106	807
Total finance income	**157**	**827**	**106**	**807**
(e) Employee benefits expense				
Wages and salaries	(53,237)	(52,023)	(50,053)	(49,085)
Defined contribution plan employer contributions	(1,253)	(1,085)	(1,172)	(1,032)
(Increase)/decrease in employee entitlements	(271)	1,427	(246)	1,439
Total	**(54,761)**	**(51,684)**	**(51,471)**	**(48,678)**

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

(f) Other Expenses				
Loss on disposal of property, plant and equipment	-	-	-	-
Donations and koha	(10)	(11)	(10)	(9)
Impairment of receivables	(14)	(398)	366	(381)
Aggregate research and development costs	(835)	(755)	(841)	(755)
Operating lease payments	(1,923)	(1,506)	(1,717)	(1,456)
Occupancy costs	(3,145)	(3,243)	(3,106)	(3,225)
Administration costs	(12,008)	(9,727)	(8,635)	(9,383)
Other costs	(12,399)	(13,131)	(14,314)	(13,566)
Total	**(30,334)**	**(28,771)**	**(28,256)**	**(28,775)**

4 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at bank and in hand	1,336	1,648	152	17
Short-term deposits	-	-	-	-
Total	**1,336**	**1,648**	**152**	**18**

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at bank and on hand	1,336	1,648	152	17
Short-term deposits	-	-	-	-
Bank overdrafts	(6,212)	(2,481)	(6,212)	(2,481)
Total	**(4,876)**	**(833)**	**(6,060)**	**(2,464)**

5 DEBTORS AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Student fees receivables	14,671	12,025	13,809	11,040
Related party receivables	-	-	2,082	1,437
Other receivables	1,613	1,185	700	1,212
Less provision for impairment	-	(380)	-	(380)
Total	**16,284**	**12,830**	**16,590**	**13,308**

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 2014 and 2013 are detailed below:

	2014			2013		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	9,347	-	9,347	7,562	-	7,562
Past due 1-30 days	3,865	-	3,865	3,692	-	3,692
Past due 31-60 days	1,939	-	1,939	952	-	952
Past due 61-90 days	788	-	788	350	-	350
Past due over 90 days	651	-	651	1,132	380	752
Total	**16,590**	**-**	**16,590**	**13,688**	**380**	**13,308**

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 AND CONSOLIDATED	
	2014 $'000	**2013 $'000**
At 1 January	**380**	**710**
Additional provisions made during year	-	380
Provisions reversed during the year	(380)	-
Receivables written-off during the year	-	(710)
Total	**-**	**380**

6 INVENTORIES

	PARENT AND CONSOLIDATED	
	2014 $'000	**2013 $'000**
Held for resale	284	284
Total	**284**	**284**

7 OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current portion				
(i) Unlisted shares:- Shares in PINZ (at cost)	-	38	-	38
(ii) Special funds investments (term deposits)	155	150	155	150
(iii) Other investments	-	-	500	-
Total	**155**	**188**	**655**	**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.

	CONSOLIDATED
	2014 $'000
Investment in Subsidiary	
Purchase price	500
Assets	2,311
Liabilities	(1,339)
Net assets	972
Profit on purchase of PINZ	472

8 PROPERTY, PLANT AND EQUIPMENT

	Cost 01/01/2014 $'000	Accumulated Depreciation 01/01/2014 $'000	Carrying Amount 01/01/2014 $'000	Additions $'000	Disposals at cost $'000	Depreciation on disposal $'000	Impairment/ Depreciation Charge $'000	Revaluation Surplus $'000	Cost 31/12/2014 $'000	Accumulated Depreciation 31/12/2014 $'000	Carrying Amount 31/12/2014 $'000
2014											
Consolidated											
Land	17,315	-	17,315	235	(2,730)	-	-	799	15,619	-	15,619
Buildings	108,066	(5,560)	102,506	24,565	(2,135)	164	(3,221)	(2,191)	120,185	(495)	119,690
Computer hardware	6,751	(2,972)	3,777	2,101	-	-	(1,112)	-	8,852	(4,083)	4,769
Furniture & equipment	9,042	(6,015)	3,027	7,152	-	-	(503)	-	16,194	(6,518)	9,676
Motor vehicles	317	(292)	26	35	-	-	(14)	-	353	(306)	47
Library collection	4,433	(3,050)	1,383	570	-	-	(548)	-	5,002	(3,599)	1,403
Work in progress	19,830	-	19,830	(18,013)	-	-	-	-	1,817	-	1,817
Total Consolidated	**165,754**	**(17,888)**	**147,865**	**16,645**	**(4,865)**	**164**	**(5,398)**	**(1,392)**	**168,022**	**(15,001)**	**153,021**
Parent											
Land	17,315	-	17,315	235	(2,730)	-	-	799	15,619	-	15,619
Buildings	108,067	(5,559)	102,507	24,565	(2,135)	164	(3,221)	(2,191)	120,185	(495)	119,690
Computer hardware	6,751	(2,972)	3,779	2,072	-	-	(1,106)	-	8,823	(4,078)	4,745
Furniture & equipment	8,813	(5,906)	2,907	6,904	-	-	(478)	-	15,717	(6,384)	9,333
Motor vehicles	317	(292)	26	35	-	-	(14)	-	353	(306)	47
Library collection	4,431	(3,050)	1,381	570	-	-	(548)	-	5,002	(3,599)	1,403
Not applicable	-	-	-	-	-	-	-	-	-	-	-
Work in progress	19,830	-	19,830	(18,161)	-	-	-	-	1,669	-	1,669
Total Parent	**165,526**	**(17,779)**	**147,746**	**16,220**	**(4,865)**	**164**	**(5,368)**	**(1,392)**	**167,367**	**(14,861)**	**152,507**

	Cost 01/01/2013 $'000	Accumulated Depreciation 01/01/2013 $'000	Carrying Amount 01/01/2013 $'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	(4,578)	-	-	2,205	17,315	-	17,315
Buildings	106,255	(2,740)	103,516	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	(292)	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**	**2,206**	**165,754**	**(17,889)**	**147,865**
Parent											
Land	17,292	-	17,292	2,394	(4,576)	-	-	2,205	17,315	-	17,315
Buildings	106,255	(2,740)	103,516	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	(292)	26
Library collection	4,101	(2,485)	1,616	332	-	-	(565)	-	4,431	(3,050)	1,381
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**	**165,526**	**(17,779)**	**147,746**

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

Valuation

The most recent valuations of land, buildings and infrastructure were performed by an independent registered valuer, Telfer Young (Waikato) Limited and Klu'd Up. The valuation is effective as at 31 December 2014.

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

There are also various restrictions in the form of historic designations, reserve, and endowment encumbrances attached to 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 $1.669 million (2013 $19.830 million).

Work in progress relates to the following asset classes:

	Actual 2014 $'000	**Actual 2013 $'000**
Buildings	1,669	19,727
Furniture and equipment	-	37
Library collection	-	66
	1,669	**19,830**

9 INTANGIBLE ASSETS

	CONSOLIDATED			PARENT	
	Purchased Goodwill $'000	Computer Software $'000	Total $'000	Computer Software $'000	Total $'000
Year ended 31 December 2014					
At 01 January 2014, net of accumulated amortisation	847	7,232	8,079	7,232	7,232
Additions	-	2,798	2,798	2,350	2,350
Disposals	(440)	(98)	(538)	-	-
Amortisation	-	(1,554)	(1,554)	(1,478)	(1,478)
At 31 December 2014, net of accumulated amortisation	**407**	**8,378**	**8,785**	**8,104**	**8,104**
At 01 January 2014					
Cost (gross carrying amount)	847	13,714	14,561	13,714	13,714
Accumulated amortisation	-	(6,482)	(6,482)	(6,482)	(6,482)
Impairment	-	-	-	-	-
Net carrying amount	**847**	**7,232**	**8,079**	**7,232**	**7,232**
At 31 December 2014					
Cost (gross carrying amount)	407	16,414	16,821	16,064	16,064
Accumulated amortisation	-	(8,036)	(8,036)	(7,960)	(7,960)
Impairment	-	-	-	-	-
Net carrying amount	**407**	**8,378**	**8,785**	**8,104**	**8,104**

	CONSOLIDATED RESTATED			PARENT	
	Purchased Goodwill $'000	Computer Software $'000	Total $'000	Computer Software $'000	Total $'000
Year ended 31 December 2013					
At 01 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 01 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)
Impairment	-	-	-	-	-
Net carrying amount	**847**	**7,232**	**8,079**	**7,232**	**7,232**

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 $0.614m for the enrolment upgrade project. (2013: $nil).

Notes to the Financial Statements

For the year ended 31 December 2014.

10 NON CURRENT ASSETS HELD FOR SALE

Non current assets held under current assets includes 4.51ha of the Rotokauri campus which the Council has identified as surplus and available for sale. It is expected that this land will be sold within the next 12 months.

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non Current Assets held for sale				
Current assets	4,667	-	4,667	-
TOTAL ASSETS HELD FOR SALE	**4,667**	**-**	**4,667**	**-**

On the 14th April 2015 Wintec entered into a contract to sell the land and buildings held for sale. The contracted sale and purchase agreement was for $5.8 million, with settlement scheduled for 31 July 2015.

11 CREDITORS AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	1,924	829	1,804	799
Other payables	4,142	8,123	4,199	7,248
TOTAL	**6,066**	**8,952**	**6,003**	**8,047**

12 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current portion				
Accrued pay	2,119	2,133	1,996	2,020
Annual leave	1,561	1,276	1,464	1,194
Total current portion	**3,680**	**3,409**	**3,460**	**3,214**
Non-current portion				
Long service leave	122	62	122	62
Retirement gratuities	158	226	158	226
Total non-current portion	**280**	**288**	**280**	**288**
Total employee entitlements	**3,960**	**3,697**	**3,740**	**3,502**

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 $1,580 higher/lower (2013 $3,099).

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 $100 higher/lower (2013 $120).

13 REVENUE IN ADVANCE

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Student fees	20,140	15,746	20,140	15,746
Other revenue in advance	2,075	1,057	1,259	998
Total	**22,214**	**16,803**	**21,399**	**16,744**
Current portion	22,214	16,803	21,399	16,744
Non-current portion	-	-	-	-
Total	**22,214**	**16,803**	**21,399**	**16,744**

14 BORROWINGS

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current				
Bank overdraft	6,212	2,481	6,212	2,481
Secured loans	80	80	80	80
Total current portion	**6,292**	**2,561**	**6,292**	**2,561**
Non-current				
Secured loans	18,500	11,080	18,500	11,080
Finance leases	-	-	-	-
Total non-current portion	**18,500**	**11,080**	**18,500**	**11,080**
Total borrowings	**24,792**	**13,641**	**24,792**	**13,641**

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.

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 $8,500,000.

Secured loan covenants

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

Bank covenants

As at 30 June and 31 December: Term Debt/ (Term Debt + Equity) <=20%

- As at 30 June and 31 December: EBITA/Gross Interest >= 3.00x
- Non BNZ Debt in excess of $400,000 (EECA)

TEC conditions of consent

- 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%.

Wintec did not meet some of the TEC conditions and in accordance with TEC we have advised the TEC of the breach and confirmed with them that there has been no default or potential default of any terms of the range rate term loan facility or working capital facility. Wintec is currently renegotiating the TEC conditions of consent.

Notes to the Financial Statements

For the year ended 31 December 2014.

15 EQUITY

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
General funds				
Balance at 1 January	**107,002**	**103,761**	**107,150**	**104,424**
Property revaluation reserve transfer on disposal	-	-	-	-
Surplus / (deficit) for the year	(2,188)	3,241	(834)	2,724
Capital contributions from owners	(124)	-	-	-
Capital contributions from the Crown	-	-	-	-
Suspensory loans from the Crown	-	-	-	-
Profit on purchase of PINZ	472	-	-	-
Transfers to restricted reserves	-	-	-	-
Balance at 31 December	105,162	107,002	106,316	107,148
Property revaluation reserves				
Balance at 1 January	**20,911**	**18,706**	**20,911**	**18,706**
Land net revaluation gains/(losses)	800	2,205	800	2,205
Buildings net revaluation gains/(losses)	(1,603)	-	(1,603)	-
Infrastructure net revaluation gains/(losses)	1,817	-	1,817	-
Balance at 31 December	21,925	20,911	21,925	20,911
Restricted reserves				
Balance at 1 January	**137**	**137**	**137**	**137**
Appropriation of net surplus	5	6	5	6
Application of trusts and bequests	(5)	(6)	(5)	(6)
Balance at 31 December	137	137	137	137
Non-controlling interest				
Balance at 1 January	**(124)**	**(79)**	**-**	**-**
Capital contributions from owners	124	-	-	-
Surplus / (deficit) for the year	384	(45)	-	-
Balance at 31 December	384	(124)	-	-
TOTAL EQUITY	**127,608**	**127,926**	**128,378**	**128,196**
Property revaluation reserves consists of:				
Land	20,108	19,308	20,108	19,308
Infrastructure	1,817	-	1,817	-
Buildings	-	1,603	-	1,603
Total property revaluation reserves	**21,925**	**20,911**	**21,925**	**20,911**

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	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Within one year	1,635	1,406	1,552	1,322
After one year but not more than five years	4,676	4,332	4,344	3,928
More than five years	15,473	14,781	15,473	14,663
Total non-cancellable operating leases	**21,784**	**20,519**	**21,369**	**19,913**

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.

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

	CONSOLIDATED		PARENT	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Within one year	275	5	275	5
After one year but not more than five years	281	20	281	20
More than five years	394	13	394	13
Total non-cancellable operating leases	**950**	**38**	**950**	**38**

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

Notes to the Financial Statements

For the year ended 31 December 2014.

Finance lease and hire purchase commitments

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

Capital commitments

At 31 December 2014 the Institute has $0.233m commitments (2013: $5.864m).

Contingent assets

The Institute and Group have no contingent assets (2013: nil).

Contingent liabilities

The Institute and Group are aware of potential payments to a small number of staff with a maximum contingent liability of $80,000 (2013:nil).

17 RELATED PARTY DISCLOSURE

The Institute is the parent of the Group and controls 10 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.

	2014 $'000	2013 $'000
SUBSIDIARIES		
Wintec Foundation Trust		
Donations to the Institute	-	-
Debtor for services provided by the Institute	-	-
Soda Inc. Limited		
Debtor for services provided by the Institute	-	-
Loans and working captical owed to Wintec	300	444
Learningworks Limited		
Services provided to the Institute	1,631	2,247
Services provided by the Institute	162	136
Debtor for services provided by the Institute	-	16
Creditor for services provided to the Institute	-	-
Working capital owed to Wintec	1,000	1,000
Loans owed to Wintec	1,250	1,250
Prima Innovation Limited		
Services provided to the Institute	-	-
Learningworks International Limited		
Services provided to the Institute	-	-
Services provided by the Institute	-	-
Debtor for services provided by the Institute	-	-
Creditor services provided to the Institute	-	-
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	818	120
Services provided by the Institute	-	3
Creditor for services provided by the Institute	194	1
No related party transactions were entered into during the year		
Ligar		
Services provided to the Institute	-	63
Services provided by the Institute	375	136

Notes to the Financial Statements

For the year ended 31 December 2014.

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 $47.155m (2013 $47.200m) to provide education and research services for the year ending 31 December 2014.

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 Certificate of University Preparation (CUP) collaboration agreement $1,288,452 (GST Inclusive) (2013 $1,160,214). At the end of the year $1,045,870 (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 2014 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.

Related party transactions with key personnel

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 $903,789 (2013 $847,465) to Tainui Group Holdings Limited.

Steve Tucker was the Chair of the Wintec Finance and Risk Committee and is Deputy CEO of Gallagher Group Ltd. In 2013 Wintec paid $5,250 for professional services to the Gallagher Group.

Clint Baddeley is a Wintec Council member and a Councillor for Waikato District Council. During the year Wintec received $2,284 (2013:$1,904) from Waikato District Council for student fees.

Terms and conditions of transactions with related parties

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

Outstanding balances at 31 December 2014 and 2013 are unsecured and settlement occurs in cash.

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

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Key management personnel compensation				
Short term benefits (salary)	2,384	2,218	1,946	1,898
Post-employment benefits	65	59	58	51
Councillor remuneration	148	143	148	143
Total	**2,597**	**2,420**	**2,152**	**2,092**

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

Notes to the Financial Statements

For the year ended 31 December 2014.

18 CHILDCARE SUMMARY

	Actual 2014 $'000	Budget 2014 $'000	Actual 2013 $'000
Income			
Government grants (children under two)	193	196	204
Government grants (children over two)	85	115	116
Government grants (free Early Childhood Education)	248	253	239
Government grants (provisionally registered teachers)	-	-	-
Government grants (free subsidy)	40	34	37
Incentive grant	-	-	-
Fees Work and Income New Zealand (WINZ)	132	152	131
Other fees	91	112	107
Other trading income	**789**	**862**	**835**
Expenses			
Staffing	661	694	645
Other costs	54	51	65
Other trading expenses	**715**	**745**	**710**
Trading surplus	**74**	**117**	**125**

Provisionally registered teachers (PRT) support grant

There were no PRT grants received in 2014 (2013 nil).

19 EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after balance date requiring adjustments to any amount recognised in the financial report.

20 FINANCIAL INSTRUMENTS

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

	CONSOLIDATED		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	1,336	1,648	152	17
Debtors and other receivables	16,284	12,830	16,590	13,308
Other financial assets				
- Term deposits	-	-	-	-
- Loans to related parties	-	-	1,250	1,250
- Special funds investments	155	150	155	150
- Other investments	-	-	500	-
Total	**17,775**	**14,628**	**18,647**	**14,725**
Fair value through other comprehensive income				
Other financial assets				
- Government bonds	-	-	-	-
- Unlisted shares	-	38	-	38
- Listed shares	-	-	-	-
Total	**-**	**38**	**-**	**38**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Bank overdraft	6,212	2,481	6,212	2,481
Creditors and other payables	4,884	7,894	6,003	7,356
Secured loans	18,580	11,258	18,580	11,160
Total	**29,676**	**21,633**	**30,795**	**20,997**

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA	-	-	-	-
AA-	1,336	1,648	152	17
Total cash at bank and term deposits	**1,336**	**1,648**	**152**	**17**
COUNTERPARTIES WITH CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	-	-	1,250	1,250
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	**-**	**-**	**1,250**	**1,250**
Debtors and other receivables				
Existing counterparty with no defaults in the past	16,284	12,830	16,590	13,308
Existing counterparty with defaults in the past	-	-	-	-
Total debtors and other receivables	**16,284**	**12,830**	**16,590**	**13,308**

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 $8.5m (2013 $5m). This facility can be used for a maximum period of 90 days in any twelve month period. The Institute and Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities for 2014.

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.

Notes to the Financial Statements

For the year ended 31 December 2014.

	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 2014							
Bank overdraft	6,212	6,212	6,212	-	-	-	-
Creditors and other payables	5,008	5,008	5,008	-	-	-	-
Accrued pay	1,996	1,996	1,996	-	-	-	-
Secured loans	18,580	18,580	-	80	-	-	18,500
Total	**31,796**	**31,796**	**13,216**	**80**	**-**	**-**	**18,500**
Group 2014							
Bank overdraft	6,212	6,212	6,212	-	-	-	-
Creditors and other payables	4,884	4,884	4,884	-	-	-	-
Accrued pay	2,119	2,119	2,119	-	-	-	-
Secured loans	18,500	18,500	-	80	-	-	18,500
Total	**31,715**	**31,715**	**13,215**	**80**	**-**	**-**	**18,500**
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**	**23,016**	**11,856**	**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**

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 roupings 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 2014							
Cash and cash equivalents	152	152	152	-	-	-	-
Debtors and other receivables	16,590	16,590	16,590	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**16,742**	**16,742**	**16,742**	**-**	**-**	**-**	**-**
Group 2014							
Cash and cash equivalents	1,336	1,336	1,336	-	-	-	-
Debtors and other receivables	16,284	16,284	16,284	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**17,620**	**17,620**	**17,620**	**-**	**-**	**-**	**-**
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**	**-**	**-**	**-**	**-**

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.

	2014 $'000		2013 $'000	
	Surplus		Surplus	
INTEREST RATE RISK				
Institute				
Financial assets				
Cash and cash equivalents	1	(1)	13	(13)
Financial liabilities				
Secured loans	124	(124)	55	(55)
Total sensitivity	**125**	**(125)**	**68**	**(68)**
INTEREST RATE RISK				
Group				
Financial assets				
Cash and cash equivalents	9	(9)	4	(4)
Financial liabilities				
Secured loans	124	(124)	55	(55)
Total sensitivity	**133**	**(133)**	**59**	**(59)**

Explanation of interest rate risk sensitivity
The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example a decrease in 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 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Audit of financial statements	184	161	149	138
Prior year audit costs	-	49	-	-
Internal audit services not provided by Audit NZ	50	57	50	57
Other services	-	-	-	-
Total	**234**	**267**	**199**	**195**

22 PERFORMANCE AGAINST BUDGET

Revenue

Revenue for the year was $89.3m, which is $0.6m favourable to budget and $2.1m higher than the prior year. The main contributing factors are:

- TEC revenue was unfavourable to budget by $1.3m and $0.05m when comparing with prior year. This was due to lower than anticipated EFTS in level 3+ provision (Wintec achieved 97.5% of funding in level 3+ provision) and Priority Engineering Funding allocated in the investment plan but not achieved.

- Tuition fees were also unfavourable to budget by $1.2m but favourable when comparing to prior year by $0.6m. This was due to lower EFTS achieved than budgeted and a TEC policy change on charging fees for level 1 and 2 provision (confirmed after the budget was set).

- ITO fees ($0.4m unfavourable) – due to a drop off in volumes, predominantly in automotive and plumbing.

- Other revenue ($3.1m favourable and $2.3m favourable to the prior year) – this is predominately due to increased offshore activity (Colleges of Excellence and Saudi Electrical) and is partially offset against higher salary costs.

Operating Costs

Total operating costs for the period ending 31 December were $87.8m which is $1.6m unfavourable to budget and $3.4m unfavourable to the prior year.

Main operating expenditure variances are as follows:

- Increase in personnel costs associated with offshore projects offset by higher revenue streams, increased casual staff for clinical placements, short course delivery (offset by revenue), increased staff to cover higher numbers of international students and addtional resources for Trades and Engineering building.

Staffing costs

Total staffing costs were $51.8m for the year, $1.8m more than budget, and $3.1m more when compared to prior year. This is due to increased expenditure on international intiatives, short course delivery (offset by revenue), increased staffing required for higher international students, superannuation and staff leave costs.

Current liabilities

Current liabilities amount to $34.5m against budget of $32.4m. The increase relates to an increase in revenue in advance due to increases in volumes and price for international revenue leaving a balance of $1.2m to repay to TEC in March 2015.

23 COUNCILLORS FEES

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

Council Member	ACTUAL 2014 $	ACTUAL 2013 $
Income		
Baddeley, Clint	16,000	16,000
Cave-Palmer, Mary (Chair)	32,000	32,000
Cooper, Bryce	16,000	16,000
Moana-Tuwhangai, Maxine	16,000	16,000
Rink, Aaron	16,000	16,000
Tucker, Steve*	6,667	20,000
S'ng, Ping**	16,000	9,333
Roa, Pam***	16,000	12,000
Howse, Steve****	13,333	
Yates, Dianne*****	-	5,333
Total Councillors' Fees	**148,000**	**142,666**

* resigned 30 April 2014
** commenced 1 June 2013
*** commenced 1 May 2013
**** commenced 1 May 2014
***** resigned 30 April 2013

24 DETAILS OF HOLDINGS IN SUBSIDIARIES AND ASSOCIATES

Subsidiary/Associate	Percentage % Ownership	Balance Date	Business Activity
Wintec			
Soda Inc Ltd	100%	31/12	Creative industries business incubator
Motortrain Limited	25%	31/12	Developing training materials for motor industry training
PINZ	100%	31/12	Offshore consultancy
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**	50%	31/12	Research and commercialisation
LearningWorks 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

**50% owned by LearningWorks Ltd

***100% owned by Wintec Foundation

Statement of Service Performance

Statement of Service Performance

STATEMENT OF SERVICE PERFORMANCE

The Statement of Service Performance (SSP) comprises the set of key performance indicators (KPIs) for 2014, and includes:

- Investment Plan KPIs (including the targets for 2014) approved as part of the Investment Plan process, and
- Business Plan KPIs, which are a subset of the total number of KPIs contained in the annual Business Plan.
- The Investment Plan is Wintec's funding agreement with the Tertiary Education Commission (TEC). It contains the key performance indicators 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.

In addition to the Investment Plan, Wintec also has a Strategic Plan. 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 our strategic vision and strategies for achieving success. Under our Strategic Plan, our annual Business Plan contains additional KPIs 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.

KEY TERMS:

EFTS – Equivalent Full Time students
EPI – Educational Performance Indicators
ITP – Institute of Technology and Polytechnic
PBRF – Performance Based Research Fund
SAC – Student Achievement Component
SCC – Successful Course Completion
SSP – Statement of Service Performance
TEC – Tertiary Education Commission
WTA – Waikato Trades Academy

Note: Where indicators are shown as "discontinued", this relates to audited outcomes that have been reported in 2013, which no longer form part of the 2014 SSP.

STRATEGIC GOAL:

OUR GRADUATES ARE HIGHLY SOUGHT AFTER BY EMPLOYERS

Our students are successful because they learn industry-relevant skills in innovative ways, in innovative 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.

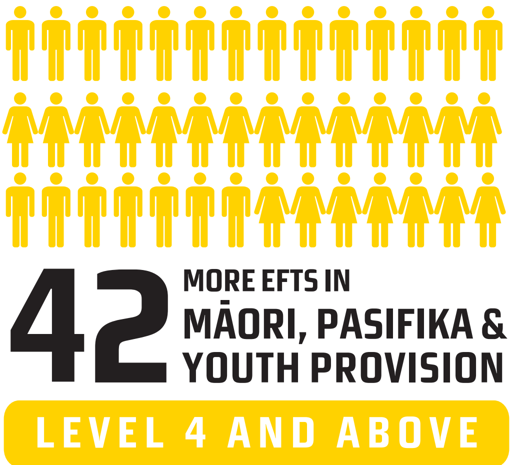
PARTICIPATION AND PROVISION

One of our goals is an increased focus on provision at level 4 and above (Level 4+), with a target to deliver 85% of EFTS at this level. This target was almost achieved despite less provision at levels 1-3, and overall, we remain an institution with significant degree and postgraduate level provision.

Māori, Pasifika and youth (aged under 25) are key strategic priorities for TEC and Wintec. It is pleasing that targets for these groups have largely been met with regard to Māori.

The target of 20% of EFTS provision at level 4+ was met. The targets, of 20% at level 4+, and 5% at level 1-3 were both met, with a further 42 EFTS being delivered overall. This growth was observed in priority vocational areas, primarily trades, science and health, which addresses regional economic and social needs. The targets for Pasifika participation were also met, primarily due to the new Māori and Pasifika Trades Training (MPTT) initiative, which ensures students meet present and future skills shortages in specific industries. Although this is a relatively small cohort (6% of our student population), this is over-representative of the regional population (4%).

There was a slight decrease in the number of domestic students funded by TEC. This meant that we achieved only 98.6% of the funding agreed with TEC. The decreased provision may be reflected by a falling unemployment rate and a decrease in young people, aged 15-24 who are not in employment, education or training (NEETs) within the Waikato region in 2014.



The target of 12% of Wintec's provision for under 25s at levels 1-3 was not met. This reflects ongoing changes to the structure and funding of provision to youth in recent years. There were 40 less SAC funded EFTS at this level compared to 2013, however, there were 80 additional EFTS via Youth Guarantee and Waikato Trades Academy initiatives. The Investment Plan target for under 25s at levels 4+ was not met.

There was also decreased provision for youth, with nearly 90 fewer EFTS at level 4+ compared to 2013, mostly across all National Qualifications Framework (NQF) levels with the exception of level 9 programmes. The greatest reduction in provision (with more than 38 EFTS less compared to 2013) was due to a drop in Bachelor of Teaching (Early Childhood Education) enrolments. This reflects policy changes in the industry where degree-level qualifications are no longer mandatory.

PARTICIPATION AND PROVISION

Indicator(s)		2013 Outcome	2014 Target	2014 Outcome
Proportion of SAC eligible EFTS delivered at level 4+	Total	84%	85%	84%
Proportion of SAC eligible EFTS enrolled who are aged under 25	Level 1-3	10%	12%	9%
	Level 4 & above	51%	53%	50%
Proportion of SAC eligible EFTS enrolled who are Māori	Level 1-3	5%	5%	5%
	Level 4 & above	19%	20%	20%
Proportion of SAC eligible EFTS enrolled who are Pasifika	Level 1-3	1%	1%	1%
	Level 4 & above	5%	4%	5%
Percentage of SAC funded TEC students in employment or further study 6 months after completion		89%	90%	89%
Percentage of region's school leavers from preceding year attending Wintec in preceding or current year		17%	16%	18%
Delivery of provision targeted to meet Youth Guarantee priorities		Waikato Trades Academy (98%). Youth Guarantee (106%)	100% of Youth Guarantee and Waikato Trades Academy allocated places achieved.	100%

EDUCATIONAL OUTCOMES

The Educational Performance Indicators 2013 showed that Wintec is at, or above, the sector median on three of the four indicators. We retained our ranking of first in the sector for progressing our students to higher levels of study; our qualification completion result improved, and our student retention initiatives were maintained.

Course completions remain relatively stable year on year, with a slight increase on 2013 levels at level 4 and above (80% in 2014, and 79% in 2013).

Our provisional 2014 EPI results show that our educational performance remained strong around student progression (59% compared to 58%) and retention (70%). This is positive given the high proportion of our students engaged in multi-year programmes, particularly degree provision.

The qualification completion rate has dropped to 65%. However this tends to increase throughout the following year as qualifications are processed for completion. Provisional results for 2013 were 73%, which then increased to a final figure of 78%. We expect a similar trend for 2014, and forecast a final result closer to 69%. Overall qualification completion rates are predicted to drop slightly for Māori from 60% to 59%. This is traditionally an unreliable indicator, and outcomes are more markedly impacted by changes in enrolment cohort sizes, rather than underlying performance.

Excellent performance in progression of students from programmes at levels 1-4 to higher level programmes has been achieved. Initial results from the TEC rank Wintec as first of the 18 ITPs at 59%, higher than initially forecast. We have held this ranking since 2011 (45%, 55% and 58% for the years 2011, 2012 and 2013 respectively). High progression rates were observed within the Centre for Languages, Centre for Foundation Studies and School of Media Arts. This is pleasing as the roles of the programmes within the former two centres are to transition students into higher levels of study.

Our successful course completions remain static and close to the sector median. We will continue to seek to identify ways to lift this outcome for students, while not compromising academic standards. Further analysis of particular programmes or student cohorts where course completion rates are low will enable us to develop new processes to support those students, as appropriate, and lift performance. Of particular note, Māori successful course completion rates at level 4 and above increased on 2013 levels (72%) to 75% in 2014. This reflects our focus on increased emphasis for provision at levels 4+, while still providing the opportunity for "second chance learners" to achieve and gain entry to higher level programmes.

While these results generally represent a positive shift for Māori, the results are still lower than those achieved

by the overall student population. We recognise there is still work to be done to achieve parity between Māori and non-Māori outcomes. Some ambitious targets for lifting Māori outcomes have been set in the Investment Plan period and we continue to focus on them.

A decrease in course completion and qualification completion rates for Pasifika students is reflective of the small cohort (approximately 4% of Wintec's student population). Small fluctuations in the absolute number result in a significant impact on percentage outcomes for this Group.

Although there are no specific indicators in Wintec's Investment Plan to address Pasifika students' needs, outside of agreed performance commitments, performance is regularly monitored. Wintec remains committed to achieving parity in performance, relative to the total student cohort.

[1] *Note: this indicator did not form part of the Performance Commitments agreed to as part of the Investment Plan process for 2014, and is therefore not included in the table below.*

[2] *Note: progression at levels 1-4 as described here, is the measure used as part of the national Educational Performance Indicator (EPI) data release, and differs from the KPI in the attached table, which requires ITPs to report progression rates for levels 1-3.*

WINTEC RANKED
1ST OF 18 ITPs

FOR STUDENT PROGRESSION TO HIGHER LEVEL STUDY

Statement of Service Performance

EDUCATION OUTCOMES

Indicator(s)		2013 Outcome	2014 Target	2014 Outcome
Course completion				
Successful course completion rate for all students (SAC eligible EFTS)	Total	78%	81%	78%
	Level 1-3	70%	73%	69%
	Level 4 & above	79%	82%	80%
Successful course completion for students (SAC eligible EFTS) aged under 25	Level 1-3	67%	72%	66%
	Level 4 & above	77%	81%	78%
Successful course completion for Māori students (SAC eligible EFTS)	Level 1-3	63%	68%	62%
	Level 4 & above	72%	79%	75%
Successful course completion for Pasifika students (SAC eligible EFTS)	Level 1-3	71%	72%	61%
	Level 4 & above	70%	81%	70%

Indicator(s)		2013 Outcome	2014 Target	2014 Outcome
Qualification completion				
Qualification completion rate for all students (SAC eligible EFTS)	Total	78%	64%	69%
	Level 1-3	58%	61%	57%
	Level 4 & above	82%	67%	72%
Qualification completion for students (SAC eligible EFTS) aged under 25	Level 1-3	53%	58%	49%
	Level 4 & above	72%	60%	63%
Qualification completion for Māori students (SAC eligible EFTS)	Level 1-3	51%	57%	48%
	Level 4 & above	63%	59%	62%
Qualification completion for Pasifika students (SAC eligible EFTS)	Level 1-3	62%	59%	49%
	Level 4 & above	60%	60%	48%
Student Progression and Retention				
Student progression for all students (SAC eligible student count) at levels 1-3		53%	52%	54%
Student retention rate for all students (SAC eligible EFTS)		70%	69%	70%

Statement of Service Performance

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 programmes leading to a formal qualification are surveyed annually. 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, programme facilities and resources, and overall satisfaction). A total of 7959 students were surveyed and 4786 responses received. The margin of error for the survey is +/- 0.9%.

Our student satisfaction levels remained over 90% for quality of teaching, programme content and overall satisfaction. Favourable feedback was received from students regarding the practical, industry-relevant nature of Wintec programmes as well as the knowledgeable and supportive teaching staff. They also appreciated the role of Moodle in complementing in-class delivery.

Graduate Destination Survey: Wintec graduates are surveyed approximately six months after they complete their studies. 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. In 2014 a total of 2725 graduates were surveyed and 985 responses were received. The margin of error for the survey is +/- 2.5%.

Graduate Satisfaction Survey: levels above 90% were recorded for four of the seven indicators measured in the survey: quality of teaching; programme content; development of skills and knowledge; and overall programme satisfaction. The highest level of satisfaction (94.6%) was with the development of skills and knowledge which reflects Wintec's role as a provider of vocational and professional education. Positive feedback was received from graduates regarding the quality of teaching staff, particularly their industry-relevant knowledge and the support they provide to students. Respondents also commented favourably on how the acquisition of practical skills prepared them for the workplace.

Employer and Industry Satisfaction and Employer Partnership Group Satisfaction Survey: These are measured through an annual online survey of our Employer Partnership Group (EPG) members, relevant industry associates and employers identified through the graduate survey. A total of 465 were surveyed and 140 responses received. The margin of error for the survey is +/- 6.9%. A reassessment of our EPG structure and purpose was completed in 2014, and is now being refined and implemented as part of our Employer Engagement Strategy and revised approach to product development and management.

Employer Satisfaction: while employer satisfaction is below target this cannot be regarded as significant as it is within the margin of error for the survey. Employers commented favourably on the work-readiness of Wintec graduates in terms of their practical skills and workplace knowledge.

91%

OVERALL STUDENT SATISFACTION

STUDENT AND EMPLOYERS SATISFACTION

Indicator(s)	2013 Outcome	2014 Target	2014 Outcome
Student satisfaction	91%	90%	91%
Graduate satisfaction	90%	80%	92%
Employer and industry satisfaction	88%	90%	85%
Employer Partnership Group (EPG) satisfaction	88%	90%	83%
Engagement with employers to gain feedback on provision and programme delivery	95% of the required meetings were held and 54% of annual reports completed	95% of required EPG meetings held and all EPGs complete Annual Reports summarising activities and outcomes achieved	95% of required meetings held, and all End of Year Reports completed.

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.

International education is an important enabler in strengthening economic, cultural and social links. Businesses and employers are increasingly operating in this global market and seek skilled, internationalised work-forces. Wintec's reputation and profile as a globally connected and internationally-respected tertiary provider is essential to our future within New Zealand and around the world. We have developed significant capability in successfully delivering programmes to international students, both on-shore and off-shore, and our progress towards our goals in 2014 further strengthened our capacity to compete in the global market.

INTERNATIONAL STUDENT OUTCOMES AND PARTNERSHIPS

In 2014, international enrolments continued to grow. As in previous years, we set an ambitious growth target and achieved a 15% increase on 2013 levels. Our international enrolments have improved year-on-year since 2008. Significant growth was experienced in international full-fee paying student enrolments in 2014, with 108 more EFTS than in 2013; growth of 15%. The greatest growth is from China, India and Saudi Arabia.

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 Successful 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 further diversify our international markets, we continue to explore the teaching, learning and support approaches that are best suited to our various international cohorts.

77% of international EFTS are from the three key markets of China, India and Saudi Arabia. We aim to further expand the international student market. International full fee paying enrolments were received from 53 different countries in 2014, compared to 48 countries in 2013.

Our reputation and profile as a globally connected and internationally-respected tertiary provider is essential to our future. 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.

INTERNATIONAL STUDENT OUTCOMES AND PARTNERSHIPS

Indicator(s)	2013 Outcome	2014 Target	2014 Outcome
International fees revenue ($m)	10	10.6*	11.5
Student retention rate – International students	89%	≥ 85%*	91%
Successful course completion rate - International students	85%	≥ 85%*	88%
Number of international EFTS	713	750*	821
Increase the number of international strategic partners	12 agreements signed	At least four new strategic partnership MOU agreements established by December 2014.	4 new strategic partnerships established.

** indicates 2014 Business Plan stretch target*

STRATEGIC GOAL:

OUR RESEARCH AND COMMERCIALISATION DELIVER REAL WORLD SOLUTIONS

Our research and commercialisation activity drives productivity in our region. We have a strong 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 our applied research strengthens our reputation for quality research-informed vocational teaching.

In keeping with the Government's expectations for Institutes of Technology and Polytechnics (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.

Over the last few years, we have changed our approach to research to ensure we are creating value from our investment, with regard to reputation, employer engagement, technology transfer and Performance Based Research Fund (PBRF) outputs. 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" 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 our focus for the last three years, with an emphasis on increasing staff engagement in research across a range of disciplines.

Also encouraging is the emergence of 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 that our research strategy of building capability, and driving more longer-term and higher-value research activity is being effective. This improvement can be attributed, in part, 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, and expand postgraduate provision and research opportunities for students. This is reflected in the indicator regarding research, development and transfer activity undertaken in collaboration with industry / community. Although it appears that we have not met our target of 58%, the outcome is indicative of our strategic shift towards more substantial research projects and diversification of our research capability and efforts. We will redefine the metric for industry engagement for 2015 to reflect this.

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 and applied projects. These are more about 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.

The research facilities provided contracted research for companies in the agricultural and manufacturing sectors, along with utilisation of our 3D printer technology.

RESEARCH

Indicator(s)	2013 Outcome	2014 Target	2014 Outcome
Number of research outputs	421	430	370
Output Value Indicator	0.72	0.78	0.95
Percentage of Research, Development and Transfer activity undertaken in collaboration with industry/ community	57%	58%	20%
PBRF research revenue	$521,107	$600,000	$564,819
Value of external (non-PBRF) research contracts gained	$655,201	$400,000	$281,862
Research vouchers undertaken with industry	29	not set	53

Note: the indicators "number of research outputs" and "output value indicator" should be taken together. Although outcomes suggest that we have not met target in terms of the number of outputs, the output value indicator demonstrates that we have achieved higher quality outputs, although fewer in number.

Statement of Service Performance

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.

Being a modern organisation incorporates a number of factors including up-to-date technology, modern procedures and processes, on-going management training and quality facilities, buildings and infrastructure. We've referenced many of these factors throughout the annual report, particularly in our Chair's and Chief Executive's reports, and Highlights sections.

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 2014 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 2014 we reviewed our product development and management framework, and our mix of products and services. We will embed the new framework in 2015, to ensure we continue to offer a range of high-quality programmes through a variety of delivery modes, to meet the needs of students and employers.

Building our capability and capacity in blended learning continues to be a key focus. 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 2014 was extremely positive, with the best ever outcome for staff attendance at our professional development day. Uptake of technology by staff was good, and feedback suggests that staff are more confident in using learning technologies both existing and emerging.

INCREASED STAFF CONFIDENCE IN USING EXISTING AND EMERGING TECHNOLOGIES

Statement of Service Performance

TEACHING AND LEARNING AND CAPABILITY DEVELOPMENT

Indicator(s)	2013 Outcome	2014 Target	2014 Outcome
Improve technology capability of our workforce	Target achieved	Discontinued	-
Support increased mobility of staff through migration to staff laptops (Staff Laptop Scheme)	110 staff owned laptops	Discontinued	-
EFTS: Academic staff FTE ratio (excluding online EFTS)	17.14:1	17:1	17.27:1
Employee engagement	In progress	Discontinued	-
Review programme relevance, quality and outcomes	Report submitted as agreed to Academic Board and reported to Council	Discontinued	-
Development of new product concepts	Target achieved	Discontinued	-
Increase the volume of provision containing blended and flexible learning content	Target achieved in 2012	Discontinued	-

Note: Where indicators are shown as "Discontinued" this relates to audited outcomes that have been reported in 2013, which no longer form part of the 2014 SSP. These are now included in our business as usual activities.

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.

We achieved a core operating surplus ratio of 1.9% (excluding abnormal items such as restructuring costs property and building revaluations). While this was not as high as our 2014 target, a changing domestic market resulting in lower domestic fee revenue and general cost pressures resulted in us achieving a lower than budgeted result and surplus. Although domestic fee revenue is down our proportion of TEC funding at 98.6% is similar to last year. Our ITO revenue is up on last year, due to increased focus in this area including the completion of our new trades and engineering facility.

Cashflow remained tight for the second half of 2014 and although we were able to maintain a constant year on year operations cash flow of 111%, our debt measures were close to our 2014 target measures, demonstrating our continued ability to fund and deliver on our major capital re-investment projects, internal change and off-shore development initiatives under a constrained domestic funding environment.

Statement of Service Performance

FINANCE, CAPITAL ASSETS AND PERFORMANCE

Indicator(s)	2013 Outcome	2014 Target	2014 Outcome
Operating surplus before revaluations, land sales and asset disposals/write downs (%)	3.0%	3.0%	2.1%
TEO risk rating against the Financial Monitoring Framework	Low	Medium	No longer measured *
Capital asset management	Ongoing	Implement agreed action plan	Ongoing
Percentage of agreed TEC SAC funding	98.9%	100%	98.6%
Domestic fees revenue ($m)	19.7	22.8	18.9
ITO revenue ($m)	2.6	2.8	2.8
Net cashflow from operations	111%	111% or more	113%
Liquidity ratio	14.3%	12.0%	6.5%
Debt cover	1.3x	1.8x or less	1.9x
Interest cover	3.5x	3x or more	2.4x

** Although a target was set for 2014, this is no longer measured by TEC, and there is no outcome to be recorded in this Report.*

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.

The importance of creating community connections and the benefits they bring to our students, staff and community are shown in our strategic alliances with five not-for-profit community organisations; Habitat for Humanity (Central North Island), Community Living, Child Matters, Sport Waikato and Community Waikato.

Our Wintec subsidiaries Soda Inc. and LearningWorks, referenced throughout this report, contribute immensely to our economy through their activities with businesses regionally and nationally. Our close associations and relationships with the Waikato Chamber of Commerce, the regional Employers and Manufacturers Association, and the Institute of Directors, are also important in ensuring we are connected with the community and its activities.

Continued participation in the Hamilton City Council-facilitated Leadership Groups for Social Wellbeing and Active Communities Strategies are also providing regular alignment opportunities.

In 2014 we continued to strengthen our secondary tertiary partnerships and further increased the number of Trades Academy places allocated to the Waikato region by 30%. The Waikato Trades Academy provides coherent programmes of study in the fields of construction and infrastructure, manufacturing and technology and the service industries sector. It provides improved pathways for secondary students into tertiary education. In 2014, 440 students from 31 partner schools took part in our trades academies, and we have been approved to enrol 600 students in 2015.

Our Memorandum of Understanding with Waikato-Tainui demonstrates a commitment to enhancing Māori educational experience and outcomes in the Waikato. In 2014 we progressed this relationship by delivering 12 marae-based programmes throughout the Waikato region. Also, a new initiative commenced with TEC and the Ministry of Business, Innovation and Employment, enabling Wintec to deliver 80 EFTS under the Māori and Pasifika Trades Training.

This is done in partnership with industry Groups, iwi and the Māori and Pasifika communities. Under this model, we delivered programmes in carpentry at our Rotokauri campus, in Matamata, in partnership with Stanley Group, and one programme specifically for our Pasifika students. Further expansion of these programmes is planned for 2015.

We exceeded our targets for the delivery of provision to refugee, migrant, and English as an Additional Language Communities. These figures reflect Hamilton's diverse population and the high level of demand for this provision. A slight increase in the outcomes for delivery of community education targeting foundation, literacy and numeracy development (103% in 2014, compared to 100% in 2013) is a positive result.

COMMUNITY ENGAGEMENT

Indicator(s)	2013 Outcome	2014 Target	2014 Outcome
Engagement activities with community Groups to inform activities and provision	23 events held	Discontinued	-
Engagement with secondary schools	89%	Discontinued	-
Education and training delivered collaboratively with other tertiary providers within a network of provision	549 EFTS	400	568 EFTS
Increased collaboration with regional ITP partners	Opportunities assessed but not yet implemented.	Discontinued	-
Engagement with Private Training Establishments (PTEs)	100%. All 31 PTEs were involved in engagement discussions. Included individual engagements and Group engagements through ITENZ roadshow and Wintec initiatives.	Discontinued	-
Increased PTE pathway agreements	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.	Discontinued	-
Delivery of provision targeting refugee, migrant, and English as an Additional Language communities	139%	100%	133%
Delivery of community education targeting foundation, literacy and numeracy development	100% (108 EFTS)	100%	103%

Note: Where indicators are shown as "discontinued", this relates to audited outcomes that have been reported in 2013, which no longer form part of the 2014 SSP.

Acknowledgements

Acknowledgements

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Our Employer Partnership Group members for all of their industry and community expertise and support, enabling us to ensure our qualifications and training are current and meet the needs of employers in the region.

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