LEADING THE WAY

Wintec Annual Report **2009**

Wintec
WAIKATO INSTITUTE OF TECHNOLOGY
Te Kuratini o Waikato

CONTENTS

OUR MISSION

TO BUILD A STRONGER COMMUNITY THROUGH EDUCATION, RESEARCH AND CAREER DEVELOPMENT.

Ki te whakakaha i te iwi hāpori mā te ara mātauranga, rangahau ara umanga whanakenga.

OVERVIEW

Overview of Wintec

AS AN AWARD-WINNING INSTITUTE OF TECHNOLOGY WITH MORE THAN 80 YEARS EXPERIENCE PROVIDING QUALITY EDUCATION AND TRAINING, WE ARE PROUD TO BE AN INTEGRAL PART OF THE REGION, SERVING THE NEEDS OF STUDENTS, EMPLOYERS AND THE WIDER COMMUNITY.

85 YEARS OF INNOVATION AND GROWTH

1924
Hamilton Technical College is founded to provide technical and trades training in the Waikato region.

1968
Name changes to 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.

1990
Satellite campuses opened in Te Kuiti and Thames.

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.

1992
First degree (Bachelor of Business) is offered.

1994
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 modern Wintec brand is adopted.

2003
Wintec opens Beijing office.

2007
Award-winning Gallagher Hub opens and is swiftly 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 Waikato, in partnership with world-renowned AgResearch, AgITO, Innovation Waikato and the Coalition of 21st Century Schools.

MEMBERS OF COUNCIL

Members of Waikato Institute of Technology Council as at 31 December 2009:

			APPOINTED/NOMINATED BY
	G Chesterman	Chairperson	Co-opted
	C Baddeley	Deputy Chairperson Chair - Building and Assets Committee	NZ Council of Trade Unions
	J Bennett		Minister of Education
	K Bernards		General Staff, Waikato Institute of Technology
	M Cave-Palmer	Chair - Finance and Audit Committee	Council
	B Cooper		Minister of Education
	M Flowers		Council
	S Mackenzie		Students Association of Waikato Institute of Technology
	R Papa		Waikato Raupatu Lands Trust Executive after consultation with Te Arikinui Dame Te Atairangikaahu, or her successors
	A Rink		Minister of Education
	S Tucker		Employers' and Manufacturers' Association
	D Yates		Minister of Education
	D Yeung		Academic Staff, Waikato Institute of Technology

Members who left Council during the year:

F Smith		Students' Association of Waikato Institute of Technology

REPORT

Chair & Chief Executive's Report

WHILE THERE IS NO DENYING THIS YEAR WAS COLOURED BY THE POLITICAL AND FINANCIAL CLIMATE - WITH A NEW GOVERNMENT AND WORLDWIDE ECONOMIC RECESSION - IT WAS NEVERTHELESS A HIGHLY PRODUCTIVE AND SUCCESSFUL ONE FOR US.

$1.97 MILLION

AS A RESULT OF IMPROVED ENROLMENTS AND OUR CONTINUING EFFORTS TO OPERATE MORE EFFICIENTLY, WE ENDED THE YEAR WITH A SURPLUS OF $1.97 MILLION (2.7% OF TOTAL REVENUE).

SOUND FINANCIAL AND EDUCATIONAL PERFORMANCE

Once again our domestic student numbers increased, with our provision in the region growing an impressive 12%. Much of this growth was in sectors of key importance to the Waikato, including engineering, midwifery, nursing and early childhood education. While the recession no doubt contributed to this rise in numbers, we did see similar increases in 2008 as a result of our improving reputation in the region. Importantly, this growth was managed without exceeding our funding cap.

Our relationships with leading institutions in China, India, the Middle East and South East Asia continue to develop, resulting in a 12% increase in international student numbers this year. While the revenue these students generate is unquestionably important to us, the region and New Zealand as a whole, we have benefited equally from the exposure and opportunities afforded by having international partners and a globally diverse student body.

As a result of improved enrolments and our continuing efforts to operate more efficiently, we ended the year with a surplus of $1.97 million (2.7% of total revenue). While a little below the expected 3% return, given that we received no QRP funding in 2009 and that we continued to invest heavily in our future through our modernisation and campus development programmes, we are pleased with this result.

This sound financial result was coupled with some very positive academic performance. We were able to increase the proportion of our provision at level 4 and above, particularly at degree level. We also launched a number of new and redeveloped programmes in response to demand from industry, including those in such areas as business management and enterprise, mental health, extractive industries, early childhood education, trades, fitness, applied technology, and nursing and midwifery. Extremely positive feedback was received from ITP Quality panellists about these qualifications, particularly for the way in which we work with employers to ensure their relevancy and credibility.

We continued with our 'whole of organisation' approach to quality in 2009, with a particular focus on risk management and business excellence. Following our successful participation in the pilot of the new national quality assurance framework in 2008, we have now implemented the system organisation-wide. Staff have responded well to this self-assessment model as it is clear that it results in continuous improvement.

We invested heavily in our staff this year with the launch of a comprehensive management development programme. This saw all of our senior and middle managers, as well as team leaders, complete specially-designed training to improve the overall capability of our management team. This will help ensure that the momentum of our ongoing organisational modernisation and change programme - Project Connect - continues, further enhancing our performance in coming years.

We made good progress with some of the other major projects within this change programme in 2009, including academic workload (increasing average teaching hours), timetabling (making better use of facilities by scheduling teaching more evenly across the week), student management processes (making enrolment faster and simpler for students), flexible delivery and IT improvements (to ensure we are using leading edge teaching and delivery technologies), and student outcomes (to enhance retention and completion rates).

'THE YEAR SAW THE START OF PHASE TWO OF OUR LONG-TERM $53M CAPITAL PROJECT TO MODERNISE OUR CAMPUSES. THIS IS A SIGNIFICANT UNDERTAKING THAT WILL ENSURE WE CONTINUE TO MEET THE CHANGING NEEDS OF STUDENTS FOR MANY YEARS TO COME.'

NEW GOVERNMENT, NEW OPPORTUNITIES

As a result of the overall strength of our performance in recent years, in 2009 the Tertiary Education Commission chose us as one of just 12 institutions in New Zealand to receive additional funding for 2010. We were also chosen by the Government as one of a limited number of institutions to deliver two of their new youth initiatives – the Trades Academy and Youth Guarantee schemes.

We are pleased with the recognition of the quality of our people, services and facilities that underpin these decisions.

As part of its reforms for the sector, the Tertiary Education Commission (TEC) introduced a new financial monitoring framework in 2009. The ratings we received, particularly the low risk rating for our ongoing sustainability, were reassuring. They also reflect our improved performance in recent years, our strong performance this year, and a high level of comfort with our ability to govern and manage the institute to the benefit of our stakeholders, including the Government.

During the year the Government also introduced new legislation affecting the governance of all institutes of technology/polytechnics (ITPs). While our council of 14 was working effectively, we do believe these changes will enhance the governance of the sector generally. In fact, we believe all institutions in the tertiary sector could benefit from these changes, not just ITPs. With no specifically allocated places for student or staff representatives on council next year, we will ensure we continue to receive input from both groups as appropriate.

We would like to take this opportunity to thank all our current council members as well as acknowledge three new council members: Sam Mackenzie, president of our students' association SAWIT; Kristi Bernards, staff member from our IT department; and Rahui Papa from the Waikato Raupatu Lands Trust Executive. Thank you also to Alofa Smith, retiring SAWIT president.

PREPARING FOR THE FUTURE

Modernisation and innovation were again key themes for us throughout 2009.

The year saw the start of phase two of our long-term $53m capital project to modernise our campuses. This is a significant undertaking that will ensure we continue to meet the changing needs of students for many years to come. We are already reaping the benefits of this project today, with staff, students, employers and community organisations all utilising the high-tech facilities.

We completely revamped the way we do research to make sure it yields tangible benefits, not only for our own organisation, but also for regional employers, community organisations and industry groups. One aspect of this new approach saw the development and launch of an industry research voucher scheme, where businesses are given vouchers that can be redeemed with us for research assistance and expertise to help improve their productivity. This has proven to be popular and also a great way to drive more industry-oriented and applied research. It will also increase the amount of technology transfer we do in future.

Further innovation was evident in our increased commercial activities. Our specialist facility for the production of online and distance materials, The Curriculum Factory, was a commercial success, winning a significant amount of external, fully-funded work in what is a highly competitive marketplace.

AN INTEGRAL PART OF THE REGION AND THE SECTOR

We continued to work with a number of stakeholders both regionally and nationally in 2009.

In addition to our ongoing, productive relationship with the Hamilton City Council, we formed partnerships with the Waikato's economic development agency, Opportunity Hamilton, as well as the Waikato Chamber of Commerce. These two agencies will become the first tenants in our refurbished city-facing building, forming the Waikato's first business hub.

We also signed an agreement with the University of Waikato to cement an already effective working relationship and formed a new partnership with Te Wānanga o Aotearoa (TWoA) and Waikato-Tainui to provide uniquely Māori trades training.

AgResearch, AgITO, Waikato Innovation Park and the Coalition of 21st Century Schools joined with us to develop the Agritec Centre concept on AgResearch's Tokanui dairy research farm. The farm was officially opened in 2009 and the centre will open early in 2010, with establishment funding from the Tertiary Education Commission.

The move to formalise a partnership between New Zealand's six largest institutes of technology/polytechnics to form the Metros Group of ITPs has also positioned us well for the future. We are continuing to liaise and work with smaller, regional ITPs on a range of projects. However, by working together more closely with those institutions of a similar size and nature, it has become much easier for us to address the challenges and opportunities unique to larger institutions.

OUR SINCERE THANKS

Overall, the work undertaken in 2009 has put us in a solid position for 2010 and beyond. Next year, we will continue to put a major focus on international recruitment to increase enrolments and assist us in achieving a 3% return. We will continue investing in our modernisation and change programme, including developing our campuses and technology.

We will ensure that the level of educational outcomes attained by all our students remains high. We will keep close links with employers, industry and the various communities in our region. These relationships enable us to remain confident that our programmes, teaching and facilities are relevant and credible so that ultimately, our graduates will always leave Wintec with the knowledge, practical skills and attitudes they need to move successfully into employment.

Of course, none of our success in 2009 would have been possible without the expertise and passion of our council members, staff throughout the entire organisation, the management team, our employer partners, and the students.

To each and every one of you, thank you for making Wintec the modern, vibrant, efficient, quality organisation it is today. We look forward to working with you all again in 2010…

MARK FLOWERS
Chief Executive

GORDON CHESTERMAN
Chairperson

12%
INCREASE

OUR RELATIONSHIPS WITH LEADING INSTITUTIONS IN CHINA, INDIA, THE MIDDLE EAST AND SOUTH EAST ASIA CONTINUE TO DEVELOP, RESULTING IN A 12% INCREASE IN INTERNATIONAL STUDENT NUMBERS THIS YEAR.

HIGHLIGHTS

Highlights

STAYING AHEAD OF THE GAME

CONSTRUCTION STARTS ON MUCH-NEEDED HEART FOR AVALON CAMPUS

The second phase of our five year campus modernisation programme began in 2009, with groundbreakings at both our Avalon and city campuses. This phase is being funded through the sale of surplus land at our Avalon campus.

Following the popularity of our award-winning Gallagher Hub, construction began on a similar student hub at our Avalon campus, set to open in March 2010. Housing essential student support services including computers, a library and health centre as well as a café, the hub will give the campus a much-needed heart by providing a central space for students, staff and visitors to meet, study and socialise.

HISTORIC FACE OF WINTEC TO GET NEW LEASE ON LIFE

On our city campus, work started on the extensive refurbishment of our city-facing brick building. The $16.5m redevelopment, scheduled for completion mid-2010, will turn the building into an ‘A Grade’ commercial property with structural improvements to meet current earthquake standards and compliance with Historic Places Trust criteria to retain its integrity.

The 1924 iconic brick exterior is being retained while the interior is being converted into a state-of-the-art, sustainable environment for students, staff, businesses and visitors.

The ground floor will house a public café, while the first floor will be home to Wintec’s hairdressing and beauty salons as well as a function and meeting space. A business hub will be located on the second floor with commercial tenants including leading Hamilton business agencies the Waikato Chamber of Commerce and Opportunity Hamilton. A glass atrium will provide a stunning venue for functions (up to 350 people seated), from school balls and student events to hosting trade delegations and Wintec graduation ceremonies.

HIGH SPEED CONNECTION TO THE WORLD

This year, in addition to our investment in substantially increasing our internet capacity in order to meet the demand for video and other high bandwidth services, we also officially joined the Kiwi Advanced Research and Education Network (KAREN). In essence KAREN provides us with a high capacity, ultra high-speed connection between tertiary institutions, research organisations, libraries and museums worldwide. This means we are able to conduct leading edge e-research with institutions nationally and internationally and stay fully connected to the research and broader innovation community so we can investigate pre-commercial, research and development based collaboration.

WINTEC STUDENTS FIRST TO EXPERIENCE WINDOWS 7

Thanks to our ongoing partnership with Microsoft as an early-adopter of their new technologies, our students were some of the first to trial Windows 7 ahead of its worldwide release in October. The trial generated significant local and world-wide media attention, with a case study resulting on Microsoft's website. The operating system was then rolled out to the entire organisation, greeted enthusiastically by staff and students alike.

SMART THINKING WITH ENERGY

This year we started a housing energy efficiency and sustainability project in partnership with EECA (Energy Efficiency and Conservation Authority), ESITO (Electricity Supply Industry Training Organisation) and WEL Networks. The project will see an eco-village created to house electrical industry training students and showcase the latest building materials and technology from industry, a smart housing display centre opened, and training programmes and facilities such as power lines provided for the energy sector.

We have also developed plans to reduce unnecessary future energy wastage, focusing on solutions that can be implemented immediately without requiring additional investment.

INNOVATIVE AND TECHNOLOGY-LED TEACHING

ENERGISING ELECTRICAL THEORY

Our School of Trades, Construction and Engineering has taken screeds of tedious but vital electrical theory, regulations, codes and legislation and turned them into an interactive e-learning solution with video, audio, links to YouTube videos and other downloads. It 'virtually' transports the students to hazardous situations, allowing them to respond to explosive fumes, electrics exposed to water and high-voltage areas; and then tests their responses for accuracy.

iPOD TOUCH BECOMES THE NEW CLASSROOM, TEACHER AND EXAMINER

We were one of the first in New Zealand, and quite possibly the world, to utilise e-book technology to deliver tutorials via iPod Touch. Students in our School of International Tourism, Hospitality and Events were given iPod Touch devices loaded with tutorials on how to make a flat white or set a table, including text, videos, music and interactive quizzes to test their learning.

The technology is now being used in other schools and to welcome international students onto campus and get them familiar with Kiwi ways, such as catching a bus, before they even arrive in the country.

VIDEO CONFERENCING USED TO DELIVER BACHELOR OF OCCUPATIONAL THERAPY

This year we used the latest in video conferencing technologies to enable students to study a Bachelor of Occupational Therapy in the Waikato for the first time. The Otago Polytechnic degree was delivered via traditional face-to-face teaching on our Avalon campus, as well as video conferencing with other tutors and students in Dunedin. The success of this method has led to opportunities for us to expand digital delivery in partnership with other institutes who may be looking for quick, effective solutions to delivery gaps they have.

ENHANCING ACADEMIC QUALITY

BACHELORS OF NURSING AND MIDWIFERY KEEP PACE WITH INDUSTRY CHANGES

Our Bachelor of Nursing was redeveloped in response to numerous changes in the health service and the profession of nursing over the past five years, together with the Nursing Council of New Zealand (NCNZ) requirement to increase practice hours in specific mental health settings. Collaboration with nursing staff from the Western Institute of Technology at Taranaki ensured that our curricula are aligned and students will be able to transfer easily between the two institutions.

Our Bachelor of Midwifery was also redeveloped to include expanded content which meets current midwifery needs, and to meet new Midwifery Council of New Zealand Standards and Competencies for entry to the Register of Midwives. It now also meets the Standards of the Nursing and Midwifery Council (UK).

STUDENT EXPERIENCE MORE THAN JUST FUN AND GAMES AT ORIENTATION

This year, we again put considerable emphasis on student experience with the goal of improving overall satisfaction, reducing attrition and enhancing student achievements.

Some of the work done in this area included:

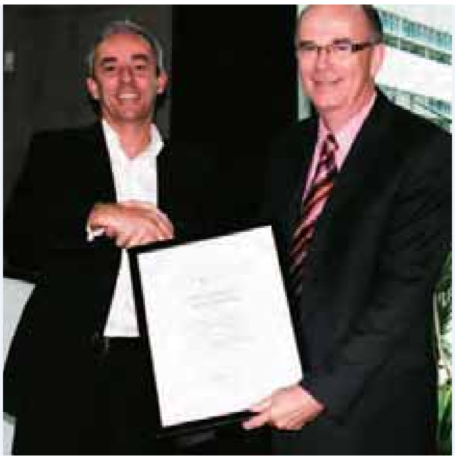
- Revising our induction and orientation programmes to focus on those factors that research has shown are more likely to have a positive effect on student retention and success. This included activities that supported the social integration of our students, highlighted holistic student support and directly combated student motivational issues.
- A successful pilot of online attendance monitoring, with ‘electronic roll calls’ enabling us to follow up student absences in real time, offering comprehensive support as needed to reduce attrition. Of the three schools involved in the pilot, each showed significantly reduced overall attrition rates.

FIRST NATIONAL DEGREE DEVELOPED BY METROS GROUP

One of the first tasks undertaken by the Metros Group on their formation was the development of a national Bachelor of Engineering Technology, in line with the Government’s goal to reduce duplication and enable greater transportability of qualifications in New Zealand.

Regionally, the degree is meeting industry demand for highly trained graduates after significant growth in the electrotechnology and infrastructure sectors in recent years.

It is also the first time students will be able to study a three-year engineering degree at a campus in the Waikato. With the Waikato investing more than $4 billion in the energy sector over the next few years, and a significant number of large civil engineering projects underway or being planned, there will be no shortage of work for graduates.



OTHER HIGHLIGHTS:

- The Social Work Registration Board (SWRB) awarded us the Certificate of Accreditation for our Bachelor of Applied Social Science (Social Work), as official recognition of the degree as a Social Work programme.
- More than one hundred students studied our new Bachelor of Teaching (Early Childhood Education).
- The ITPQ Board has confirmed our Quality Assured status for the next two years.
- The first intake of our new Occupational Therapy degree, delivered jointly with Otago Polytechnic, was fully subscribed. This was the first time students in the Waikato had the opportunity to study Occupational Therapy at a campus in Hamilton.
- The first three students completed our Masters in Nursing and successfully graduated in April 2009.
- Our Centre for Hairdressing and Beauty Therapy was approved by City and Guilds to offer a range of international beauty therapy qualifications.
- The work of our inaugural fashion design students was showcased at Generation One - a fashion show held in the Gallagher Hub in November. The show and its designers received wide-spread acclaim from industry professionals such as Annah Stretton and the media, including a spread in Que magazine and the Waikato Times' Tempo magazine.
- A new online CRM-based system was launched to enable students to provide real time feedback and to improve response times.
- We implemented a range of new student support initiatives including the formation of a student experience action group and student communication strategy.

MEETING THE NEEDS OF EMPLOYERS AND THE REGION

PARTNERSHIPS WITH EMPLOYERS REAP REWARDS

The effectiveness of our re-invigorated employer partnership groups (EPGs) was acknowledged this year when we won the 'relevant learning award' at the annual ITPNZ excellence awards. This award recognises excellence in improving the relevance of learning to the community and industry.

We now have around 30 EPGs with more than 300 representatives from each of the main industry sectors in the Waikato including large organisations, such as Fonterra, Waikato District Health Board, AgResearch and Gallagher Group, and some of the 48,000 small to medium enterprises in the region.

The groups meet regularly to consider key industry trends, issues and direction to make sure that the training and education we are offering our students meets the needs of businesses and organisations in our region.

CREATIVE BUSINESS INCUBATOR NO FIZZER

SODA Inc., our creative industries business incubator in partnership with the Hamilton City Council, won the ITPNZ award for innovative support services.

Fizzing with new ideas, the aptly named business incubator was opened in October 2008 to attract and retain young creative talent in Hamilton, and to help create a destination for the city's entrepreneurial graduates.

PARTNERS IN AN ORDINARY LIFE

Based on the success of our long-standing partnership with Habitat for Humanity - particularly in terms of staff development opportunities, community relations and enhanced profile - we chose an additional non-profit organisation to partner with this year.

Community Living Trust has been providing support for people with intellectual disabilities and their families for twenty years. Their goal is to help people lead ordinary, quality lives in the community.

There are a number of opportunities and benefits of this partnership for all staff and students, but particularly for those in our School of Social Development (for example internships) as well as our trades staff and students (for example, designing and constructing sustainable housing for its clients).

OUTSTANDING ACHIEVEMENTS AND TALENT

In 2009 it was our privilege to recognise the outstanding contributions of Kevin Sweeney, long-standing Wintec staff member, and Dr Andy West, chief executive of AgResearch, at our graduation ceremonies.

An engineer, innovator and electrical engineering tutor, Kevin is only the fourth person to receive the Wintec Medal for distinguished service to Wintec and the Waikato region. The medal recognised his role in championing the delivery of education in rural areas, including leading the development of our mobile learning facility - the Artechmobile.

Dr Andy West had our highest award conferred upon him, the Wintec Fellowship, for his distinguished leadership and services to science and in particular, agriculture. Dr West has also had a number of instrumental roles in the education sector including chair of the Tertiary Education Commission and chief executive of the New Zealand Qualifications Authority.

As part of the Gallagher Group's generous sponsorship of Wintec, we awarded the inaugural Gallagher Award for Excellence at our annual staff awards. Trevor Fearnley, a tutor from our School of Science and Primary Industries, received the award for his contribution to our civil engineering programme, particularly the relationships he has built with industry.

OTHER HIGHLIGHTS:

- Our Bill Gallagher Events Centre was utilised by hundreds of businesses, industry groups and community organisations throughout the year. By providing a modern, technologically-advanced venue at affordable rates, we're able to build closer partnerships with the business and non-profit community.
- We were a member of the governing panel of the Waikato Project Energise programme, which won the SPARC Collective Award for its work in the Waikato.
- Netball Waikato chose Wintec to be its principal partner from next year. With 16,000 players, 1150 coaches and 150 umpires, Waikato is New Zealand's second largest netball region. Netball is also the most popular secondary school sport in the Waikato. The partnership will enable Netball Waikato to expand its services within the region as well as have Wintec develop courses specifically for netball players, coaches and umpires.

RELEVANT RESEARCH AND TECHNOLOGY TRANSFER

NEW DIRECTION FOR RESEARCH

Research continues to be a critical part of what we do, especially given our increasing level of degree and postgraduate provision. This year we made some significant changes to the way we do research at Wintec, with the implementation of a new research, development and transfer (RDT) strategy. These changes will ensure the quantity and quality of our research continues to improve, resulting in a better return - both financially and reputationally - on our research investments. It will also ensure that much of our research is of direct benefit to local employers and industry, enhancing our reputation for relevant, technical problem solving.

Part of the new strategy included a research voucher scheme being piloted with four employers towards the end of the year. This type of scheme, which has been successfully utilised overseas, sees small to medium businesses and community organisations essentially commission Wintec staff to find solutions, through research, to their everyday problems.

COMMERCIAL REALITIES

During 2009 we continued to develop our commercialisation framework and activities.

This framework enables us to engage in commercial activity internally as well as work with our commercial arm, PRIMA Group, on projects where scale and the need to raise capital make it appropriate to develop the ventures outside of Wintec.

Our existing, internally managed commercial activity, such as the Industry Training Centre, resulted in a healthy end of year surplus.

The Curriculum Factory, which designs and publishes courseware, grew its revenue from external customers during 2009. In recognition of the potential for further growth in revenue, we moved the Curriculum Factory under PRIMA.

Our close relationship with Chengdu University in China led to a large commercial contract to host and provide training to 14 of their top media arts academic staff members over a six month period. As a result of the success of this project, we will host another group of staff in 2010.

Our PRIMA arm continued to make good progress with its subsidiaries: Learning Works, which provides tailored training solutions; and Vital English, an online English education solution.

CHANGES TO THE WAY WE DO RESEARCH WILL ENSURE MUCH OF OUR RESEARCH DEVELOPMENT AND TECHNOLOGY TRANSFER IS OF DIRECT BENEFIT TO EMPLOYERS AND INDUSTRY.

MAKING GLOBAL CONNECTIONS

CENTRAL WEST OF CHINA COMES TO NEW ZEALAND

Fourteen academic staff from one of our Chinese academic partners - Chengdu University (www.cdu.ed.cn) - became honorary Wintec staff this year when they spent five months living and working with us, as part of our commercial 'train the trainer' programme.

Initially they spent time in our School of English Language and School of Education, learning about adult education in New Zealand and enhancing their English language skills. They then worked alongside our own academic staff in the schools of Media Arts, Information Technology, Science and Primary Industries, Sport and Exercise Science, Education and Business.

As well as observing our own tutors, many of the staff taught classes and some conducted research into the differences between western and eastern pedagogy.

One of the outcomes of the visit was the development of a pathway to enable Chengdu Media Arts students to complete an honours year in Chengdu (which has been jointly developed between Chengdu and us), before travelling to New Zealand to complete a Masters degree at Wintec.

NURSING EXPERTISE IN DEMAND IN MALAYSIA

We have been chosen by the Malaysian authorities to provide our expertise in nursing and English language teaching to assist them in establishing a private nursing college in Terengganu, Malaysia. While the scope and nature of the project is still being investigated, it could mean a significant amount of revenue for us, in addition to enhancing our reputation internationally.

NATIONAL EXCELLENCE AWARD FOR GLOBAL ROLE

We received the global role award at the national ITPNZ excellence awards in 2009, which recognised our internationalisation strategy, in particular the partnerships we've developed in China and the work of our Beijing Office and International Centre.

‘WE RECEIVED THE GLOBAL ROLE AWARD AT THE NATIONAL ITPNZ EXCELLENCE AWARDS IN 2009, WHICH RECOGNISED OUR INTERNATIONALISATION STRATEGY, IN PARTICULAR THE PARTNERSHIPS WE’VE DEVELOPED IN CHINA AND THE WORK OF OUR BEIJING OFFICE AND INTERNATIONAL CENTRE.’

PARTNERSHIP WITH INDIAN INSTITUTE OF TECHNOLOGY GROWS

In September this year, we hosted Professor Rajendra Singh, Head of Agricultural and Food Engineering at the world-renowned Indian Institute of Technology (IIT), Kharagpur. Prof Singh was specifically interested in Wintec’s commitment to technology transfer and in particular our Agritec Centre at AgResearch’s Tokanui Farm, opening in early 2010.

As a result of the visit, a 10 week summer internship at Wintec has been agreed for two undergraduate students from IIT’s Agricultural and Food Engineering Department. In addition, our research director will do a six month guest professorship at the IIT. We are also considering sending our Bachelor of Technology students to IIT for a 3 month module and IIT are interested in drawing on our technology transfer expertise to replicate the research farm model.

The visit attracted considerable media attention, a result of the reputation of India’s IIT sector.

PART OF AN INTERNATIONAL ACADEMIC COMMUNITY

We attracted a number of visiting scholars throughout 2009, including Qiu Li from Hebei Normal University, China, who spent six months at Wintec. As Acting Director and Editor-in- Chief of the Natural Science edition of the Journal of Hebei Normal University, Qiu Li came to New Zealand to learn more about the application of public relations in periodicals and advance her knowledge of western journalism.

Dr Takumi Nakano from Toyota National College of Technology in Japan also spent eleven months in our Emerging Technologies Centre as a visiting researcher. Professor Nakano, a published researcher, teaches computer engineering, micro-processing and computer architecture. He chose to come to Wintec based on our reputation for excellence in designing, developing and deploying e-learning initiatives.

SAUDI STUDENTS START STUDY AT WINTEC

After hosting a third delegation in as many years from the Tertiary Vocation Training Corporation (TVTC), we received our first intake of students from Saudi Arabia, first-level King Abdullah scholarship students. TVTC is a Saudi Government organisation charged with the development of applied and vocational training in Saudi Arabia. They also signed a collaborative agreement with PINZ, of which our chief executive is a board member.

We are well-equipped to handle the religious requirements for Muslim students, including single sex prayer rooms and wash facilities in our Gallagher Hub.

SERVICING MĀORI AND REGIONAL COMMUNITIES

WELCOMING OUR NEW KAUMĀTUA

The role of Kaumātua is held in high esteem both in the Māori world and at Wintec. As such, we were very pleased to announce in March the appointment of Tame Pokaia as our new Kaumātua.

Tame is a former Wintec academic staff member and is well regarded by Tainui. Reporting to our chief executive, in this part-time role he is responsible for providing advice on Māori-related matters and officiating at our pōwhiri, marae graduations and other key Wintec events.

PARTNERSHIP PROVIDES OPPORTUNITIES FOR MĀORI

A joint initiative between Wintec, Te Wānangā o Aotearoa (TWoA) and Waikato-Tainui saw Māori in the Waikato have the opportunity to complete a modern apprenticeship in carpentry.

Starting in March, 16 Māori men (13 from Waikato-Tainui) took part in the 35-week trade training pilot, designed to give them the job skills, work experience and qualifications to work in the construction industry or move on to further study.

The carpentry and theory components were taught by Wintec, with tikanga Māori taught by TWoA, and work experience and grants provided by Waikato-Tainui. It's the first time the three organisations have worked together in this way.

The pilot was made possible by funding from the Tertiary Education Commission, through its Encouraging and Supporting Innovation Fund.

‘KIA HORA TE MARINO
KIA WHAKAPAPA POUNAMU TE MOANA
KIA TERE TE KÄROHIROHI’
TIHEI MAURI ORA!

Ahakoa ngä mano huri atu ki te hämarietanga
mähue mai ki ahau kötahi mano, e rima rau, e rima tekau, tekau mä rua,
koia kei roto ko te Atua tö tätou piringa ka puta ka ora.
Kia tau hoki ngä manaakitanga a te runga rawa
ki runga i a Kingi Tuheitia.
Ki ngä mate haere koutou,
Haere ki Te Pou-tü-tanga-nui-o-Pipiri
Te Pütahitanga-nui-o-Rehua
Te urunga te taka te moenga te whakaarahia
Moe mai koutou i roto i te Ariki
E nga mana, e nga reo, e nga karangarangatanga maha o te motu
Tena koutou, tena koutou, tena koutou katoa.

I am honoured to be appointed as Wintec Kaumātua. A former student and tutor at Wintec, I’m privileged to take up this role which is held in high regard by Wintec. I look forward to working with the Council Chair, the CE, staff and students to share my experience and knowledge of Tainuitanga protocol, and tikanga. Let us also remember and acknowledge our former Kaumātua, elder, leader, and statesman the late Dr Hare Puke, who guided us through many years of service and dedication towards academic excellence. He worked tirelessly to uphold Wintec’s reputation as a leading provider of high-quality applied, vocational and professional qualifications in Hamilton and the greater Waikato region.

TAME POKAIA

DR HARE PUKE'S DEDICATION TO EDUCATION LIVES ON

Blaine Rakena, a senior academic staff member in our School of Information Technology, was awarded the inaugural Hare Puke Māori Leadership Scholarship in October. The aim of the scholarship is to enable Māori staff to gain leadership and management skills.

This scholarship (with a value of up to $15,000 per year and one additional week of professional development leave) was established in 2009 to recognise and honour Kaumātua Dr Hare Puke and the contribution he made to Wintec, Hamilton and the wider community.

Blaine, who is of Tainui, Ngāpuhi and Ngāti Maniapoto descent, has been with Wintec since 1999. He is highly regarded for his innovative teaching methods and tireless commitment to the development of effective teaching methods to ensure the success of his students, some of whom come from extremely tough backgrounds.

Currently in his fourth year of part time study towards his Doctorate in the field of science, mathematics and computer education, Blaine intends using the scholarship to complete a leadership programme and his research study at Curtin University in Perth, Australia. His research focuses on the drivers of mature Māori student success, specifically in the world of IT – a field which is predominantly non-Māori.

The scholarship was presented by Kingi Tuheitia at a special function in the Bill Gallagher Event Centre on our city campus.

DAME TE ATAIRANGIKAAHU NURSING SCHOLARSHIP

The two successful Dame Te Atairangikaahu scholarship recipients for this year were Darrilyn Ngawari Cox, Ngāti Apakura and Bernadine Amiria Te Hau Tanawhea, Ngāti Hauā. Darrilyn is completing her Masters in Nursing and will receive up to $5000 towards her study fees. Amiria is a first year Bachelor of Nursing student and is entitled to up to $5000 towards her fees each year for three years, as long as she passes each succeeding year. The scholarships were conferred by the daughter of the late Māori Queen - Heeni Katipa, representing her brother Kingi Tuheitia - at an event in the Bill Gallagher Centre with more than 70 attendees.

The inaugural recipient of this scholarship, Te Inuwai Kapea, successfully completed her Bachelor of Nursing this year and has been accepted into the graduate programme at the Waikato District Health Board.

WORKING WITH OTHER EDUCATION PROVIDERS

STREAMLINING THE TERTIARY SECTOR

In June, New Zealand's six largest metropolitan-based institutes of technology/polytechnics formed the Metros Group. While the Metros Group members continue to collaborate with the other 14 institutes throughout the country, the move has enabled us to be more effective by focusing on the similar nature, challenges and interests of larger, city-based institutions. One of the first tangible outcomes of the move is the first national degree offered by the Metros Group members, the Bachelor of Engineering Technology, on offer in 2010. The group is also working on an initiative to rationalise the number of qualifications to reduce costs and ensure consistency for students and employers.

UNIVERSITY PARTNERSHIP KEEPS DOORS OPEN FOR STUDENTS

After years of working together, Wintec and the University of Waikato formalised their intentions to work collaboratively for the benefit of the Waikato region. Initially, the two organisations are focusing on delivery and research in the areas of land-based industries and health.

As part of this agreement, towards the end of 2009 we arranged to take on the majority of their Certificate of University Preparation (Level 3) delivery from 2010. This full-time, one-semester formal qualification is aimed at students who narrowly miss gaining University Entrance through NCEA, with more than 40% of its participants Māori or Pasifika.

SECTOR-WIDE COLLABORATION CONTINUES

Our ongoing relationship with Western Institute of Technology (WITT) in New Plymouth has seen us take on the delivery of their online National Diploma in Journalism this year; this is the only online journalism diploma offered in New Zealand.

We have also agreed to enable them to deliver a number of our IT qualifications (all below degree level), which will staircase into our Bachelor of Information Technology.

We have been given approval by ITP Quality to deliver years one and two (in addition to our current approval to deliver year three) of the Bachelor of Applied Social Science (Social Work) at both WITT and Tairawhiti Polytechnic in Gisborne in 2010.

Bay of Plenty Polytechnic (BOPP) has been licensed to use our proprietary student survey software programme and both BOPP and Waiariki Polytechnic in Rotorua will be using our online research repository in future.

We hosted a successful ITO expo at the Gallagher Hub during September with 23 ITO participants, with over 150 visitors and groups attending the event. It was targeted at the SME sector, providing information on training and development solutions focused on staff productivity and increasing transferable skills.


VOLCOM

FINANCIAL

Financial Performance

STATEMENT OF RESPONSIBILITY

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

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

In the Council and management's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Waikato Institute of Technology and group for the year ended 31 December 2009.

Signed by:

GORDON CHESTERMAN
Chairperson
29 April 2010

M FLOWERS
Chief Executive
29 April 2010

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

To the readers of Waikato Institute of Technology and group's financial statements and performance information for the year ended 31 December 2009.

The Auditor-General is the auditor of Waikato Institute of Technology (the Institute) and group. The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Institute and group for the year ended 31 December 2009.

Unqualified opinion

In our opinion:

- the financial statements of the Institute and group on pages 33 to 81:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Institute and group's financial position as at 31 December 2009; and
    - the results of operations and cash flows for the year ended on that date.
- the performance information of the Institute and group on pages 82 to 85 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 29 April 2010 and is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

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

Audit procedures generally include:

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

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Institute and group as at 31 December 2009. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2009. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

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

Independence

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

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

KS MacKenzie

Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Hamilton, New Zealand

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED			PARENT		
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
INCOME							
Government grants	3(a)	46,201	44,499	46,967	46,201	44,499	46,967
Student tuition fees	3(b)	21,036	18,738	18,995	21,036	18,738	18,995
Other income	3(c)	5,629	5,029	4,818	5,405	5,029	4,810
Finance income	3(d)	213	-	456	213	-	456
Total Income		**73,079**	**68,266**	**71,236**	**72,855**	**68,266**	**71,228**
EXPENDITURE							
Employee benefit expenses	3(e)	(38,973)	(37,590)	(38,279)	(38,710)	(37,590)	(38,279)
Depreciation expense	9	(6,654)	(7,803)	(6,682)	(6,654)	(7,803)	(6,682)
Amortisation of intangible assets expense	10	(768)	(600)	(735)	(768)	(600)	(735)
Materials and consumables	3(g)	(24,125)	(21,514)	(24,101)	(23.858)	(21,514)	(23,827)
Other expenses	3(f)	(653)	(607)	(799)	(653)	(607)	(799)
Finance costs	3(d)	(245)	(500)	(32)	(245)	(500)	(32)
Total expenditure		**(71,418)**	**(68,614)**	**(70,628)**	**(70,888)**	**(68,614)**	**(70,354)**
Share of associates surplus/(deficit)		(219)					
SURPLUS/(DEFICIT) FOR THE PERIOD		**1,442**	**(348)**	**608**	**1,967**	**(348)**	**874**

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED			PARENT		
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Surplus/(deficit)		**1,442**	**(348)**	**608**	**1,967**	**(348)**	**874**
Other comprehensive income							
Gains on property revaluation		-	-	5,505	-	-	5,505
Total other comprehensive income		-	-	5,505	-	-	5,505
TOTAL COMPREHENSIVE INCOME		**1,442**	**(348)**	**6,113**	**1,967**	**(348)**	**6,379**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		CONSOLIDATED			PARENT		
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
ASSETS							
Current assets							
Cash and cash equivalents	4	1,142	2,466	-	761	2,466	-
Student fees and other receivables	6	1,615	3,750	4,568	1,590	3,750	4,563
Inventories	7	400	125	251	400	125	251
Prepayments		105	360	746	105	360	746
		3,262	**6,701**	**5,565**	**2,856**	**6,701**	**5,560**
Assets classified as held for sale	11	2,986	-	-	2,986	-	-
Total current assets		**6,248**	**6,701**	**5,565**	**5,842**	**6,701**	**5,560**
Non-current assets							
Financial assets	8	1,047	138	967	1,047	138	967
Investments in associates	16	2,604	1,649	1,925	2,823	1,649	1,925
Property	9	101,960	94,153	100,130	101,960	94,153	100,130
Plant and equipment (excl land and buildings)	9	6,478	7,272	8,279	6,478	7,272	8,279
Assets classified as held for sale		1,247	-	-	1,247	-	-
Intangible assets	10	4,639	3,800	4,489	4,639	3,800	4,489
Total non-current assets		**117,975**	**107,012**	**115,790**	**118,194**	**107,012**	**115,790**
TOTAL ASSETS		**124,223**	**113,713**	**121,355**	**124,036**	**113,713**	**121,350**

STATEMENT OF FINANCIAL POSITION (CONT)
AS AT 31 DECEMBER 2009

		CONSOLIDATED			PARENT		
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
LIABILITIES							
Current liabilities							
Cash and cash equivalents	4	-	-	113	-	-	113
Trade and other payables	12	5,280	4,483	4,066	4,304	4,483	3,794
Employee entitlements	13	1,709	2,030	1,574	1,709	2,030	1,574
Revenue received in advance	14	2,975	1,000	2,754	2,975	1,000	2,754
		9,964	**7,513**	**8,507**	**8,988**	**7,513**	**8,235**
Finance leases		-	-	-	-	-	-
Total current liabilities		**9,964**	**7,513**	**8,507**	**8,988**	**7,513**	**8,235**
Non-current liabilities							
Interest-bearing loans and borrowings		3,300	3,300	3,300	3,300	3,300	3,300
Employee entitlements	13	423	-	440	423	-	440
Revenue received in advance	14	-	-	-	-	-	-
Total non-current liabilities		**3,723**	**3,300**	**3,740**	**3,723**	**3,300**	**3,740**
TOTAL LIABILITIES		**13,687**	**10,813**	**12,247**	**12,711**	**10,813**	**11,975**
NET ASSETS		**110,536**	**102,900**	**109,108**	**111,325**	**102,900**	**109,375**
EQUITY							
General funds		93,513	91,380	92,068	94,302	91,380	92,335
Restricted reserves		123	125	140	123	125	140
Asset revaluation reserve	15	16,900	11,395	16,900	16,900	11,395	16,900
TOTAL EQUITY		**110,536**	**102,900**	**109,108**	**111,325**	**102,900**	**109,375**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED			PARENT		
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipt of government grants		45,687	45,084	45,231	45,687	45,084	45,231
Receipt of student tuition fees		20,815	19,738	18,324	20,815	19,738	18,324
Interest received		277	-	456	277	-	456
Receipt of other ancillary income		8,667	7,478	6,183	8,700	7,478	5,908
Payments to employees		(38,855)	(37,560)	(38,103)	(38,592)	(37,560)	(38,103)
Payments to suppliers		(23,426)	(22,651)	(25,615)	(24,103)	(22,651)	(25,340)
Interest paid		-	-	-	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**5**	**13,165**	**12,089**	**6,476**	**12,784**	**12,089**	**6,476**
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of property, plant and equipment		(11,913)	(6,500)	(11,370)	(11,913)	(6,500)	(11,370)
Acquisition of investments		-	-	-	-	-	-
Proceeds from sale of property, plant and equipment		3	-	79	3	-	79
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(11,910)**	**(6,500)**	**(11,291)**	**(11,910)**	**(6,500)**	**(11,291)**

CASH FLOW STATEMENT (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED			PARENT		
	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
CASH FLOWS FROM FINANCING ACTIVITIES							
Capital contributions received from The Crown		-	-	342	-	-	342
Proceeds from borrowings		-	-	3,300	-	-	3,300
Repayment of borrowings		-	-	-	-	-	-
		-	**-**	**3,642**	**-**	**-**	**3,642**
Net Increase / (decrease) in cash and cash equivalents		1,255	5,589	(1,173)	874	5,589	(1,173)
Cash and cash equivalents at the beginning of the period		(113)	(3,123)	1,060	(113)	(3,123)	1,060
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**1,142**	**2,466**	**(113)**	**761**	**2,466**	**(113)**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

PARENT

	Public Equity $000	Retained Earnings $000	Trust Funds $000	Revaluation Reserve $000	Total $000
At 1 January 2009	53,558	38,777	140	16,900	109,375
Movement in trust funds	-	-	(17)	-	(17)
Crown contribution	-	-	-	-	-
Total comprehensive income	-	1,967	-	-	1,967
31 December 2009	**53,558**	**40,744**	**123**	**16,900**	**111,325**
At 1 January 2008	53,216	37,903	129	11,395	102,643
Movement in trust funds	-	-	11	-	11
Crown contribution	342	-	-	-	342
Total comprehensive income	-	874	-	5,505	6,379
31 December 2008	**53,558**	**38,777**	**140**	**16,900**	**109,375**

CONSOLIDATED

	Public Equity $000	Retained Earnings $000	Trust Funds $000	Revaluation Reserve $000	Total $000
At 1 January 2009	53,558	38,513	140	16,900	109,111
Movement in trust funds	-	-	(17)	-	(17)
Crown contribution	-	-	-	-	-
Total comprehensive income	-	1,442	-	-	1,442
31 December 2009	**53,558**	**39,955**	**123**	**16,900**	**110,536**
At 1 January 2008	53,216	37,903	129	11,395	102,642
Movement in trust funds	-	-	11	-	11
Crown contribution	342	-	-	-	342
Total comprehensive income	-	608	-	5,505	6,113
31 December 2008	**53,558**	**38,511**	**140**	**16,900**	**109,108**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 REPORTING ENTITY

The financial statements of Waikato Institute of Technology for the year ended 31 December 2009 were authorised for issue by the Chief Executive on 29 April 2010. Council does not have the power to amend the statements after issue.

The Waikato Institute of Technology is a Crown Entity and is established under the Education Act 1989 as a public tertiary institution It provides full-time and part-time tertiary education in New Zealand.

The consolidated financial statements include the following subsidiaries: SODA Inc Limited and the Wintec Foundation and associates in Vital English Ltd, Hamilton Fibre Networks Ltd (HFNL). Refer to note 25 for further details of all entities included in the group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Crown Entities Act 2004 and the Education Act 1989.

The Waikato Institute of Technology is a public benefit entity for the purpose of complying with generally accepted accounting practice in New Zealand.

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

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

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

- NZ IFRS 3 Business Combinations (Revised 2007) and the amended NZ IAS 27 Consolidated and Separate Financial Statements (Revised 2007) are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
- Partial acquisitions - Non-controlling interests are measured either at their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
- Step acquisitions - The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred, and the net assets acquired.
- Acquisition-related costs - Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
- Contingent consideration - Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRS, usually in the surplus or deficit (rather than by adjusting the cost of acquisition).

The Institute and group will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 31 December 2010, which will apply to business combinations that occur on or after 1 January 2010.

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 31 December 2013. The Institute and group has not yet assessed the impact of the new standard and expects it will not be early adopted.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

b) Basis of Consolidation

The purchase method is used to prepare consolidated financial statements, which involves 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. Wintec's investments in its subsidiaries are carried at cost in Wintec's own 'parent entity' 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.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

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

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.

c) Statement of Compliance

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

d) Property, Plant and Equipment

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

- Land and buildings are measured at fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses.
- Plant and equipment, motor vehicles and computer hardware are stated at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

CLASS OF ASSETS	RATE (per annum)
Land	0%
Plant and Equipment	5 - 33.33%
Motor Vehicles	20%
Computer Hardware	25 - 33.33%
Building: Structure	1 - 84 years
Fitout	1 - 19 years
Services	1 - 22 years

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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment loss.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

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 is 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.

Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 property revaluation reserves in respect of those assets are transferred to general funds.

Independent valuations are performed with sufficient regularity (at least once every three years) to ensure that the carrying amount does not differ materially from the assets' fair value at the balance sheet date.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Financial Performance in the year the item is derecognised.

Held for sale

Property, plant and equipment is re-classified as a non-current asset held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

e) Investment properties

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant, and equipment.

An investment property is initially measured at its cost including transaction cost. Where an investment property is acquired at no cost or nominal cost, its cost is deemed to be its fair value as at the date of acquisition.

Subsequent to initial recognition investment properties are stated at fair value as at each balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are recognised in the surplus or deficit.

Investment properties are de-recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on de-recognition of an investment property are recognised in the surplus or deficit.

f) Intangible assets

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. After initial recognition, separately acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

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

COMPUTER SOFTWARE	METHOD
Useful Lives	Finite - 5 years
Method Used	Straight Line Method
Internally Generated/Acquired	Separately Acquired

Amortisation

The amortisation period and amortisation method for each class of intangible asset having a finite life is reviewed at each financial year-end. If the expected useful life or expected pattern of consumption is different from the previous assessment, changes are made accordingly. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the comprehensive income statement when the asset is de-recognised.

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 Financial Performance in the year in which they are incurred.

Research Cost

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

g) 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 condition 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.

h) 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.

i) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise 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.

j) Borrowing Costs

The Institute and group has elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

k) 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, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

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.

Gains and losses are recognised in the Statement of Financial Performance when the liabilities are de-recognised as well as through the amortisation process.

l) Provisions

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

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

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

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

m) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences. A liability and an expense is recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

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

The calculations are based on:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

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.

n) Leases

Finance leases, which transfer to the Institute substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The Institute has received ministerial approval for all such leases.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the Statement of Financial Performance as finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

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 Financial Performance on a straight-line basis over the lease term.

o) Revenue

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

Government grants

Government grants are recognised as revenue upon entitlement.

Student tuition fees

Revenue from student tuition fees is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date.

Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Sale of materials

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

Interest

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

p) GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

q) Investments and Other Financial Assets

Recognition and measurement

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments are categorised as either financial assets at fair value through surplus of deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through surplus or deficit, directly attributable transaction costs.

Recognition and de-recognition

All regular way purchases and sales of financial assets are recognised on the trade date ie the date that the Institute commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are de-recognised when the right to receive cash flows from the financial assets has expired or been transferred.

Financial assets at fair value through surplus or deficit

Financial assets classified as held for trading are included in the category 'financial assets at fair value through surplus or deficit'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in surplus or deficit and the related assets are classified as current assets in the Statement of Financial Position.

Loans and receivables

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

Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in surplus or deficit.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Impairment of financial assets

At each balance date, the Institute and group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in 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 instruments 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

r) Income Tax

The institute is exempt from income tax and, therefore, the financial statements do not contain any provision for income tax.

s) De-recognition of Financial Instruments

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

t) Changes in Accounting Estimates

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

u) Financial Risk Management Objectives and Policies

The Institute's principal financial instruments comprise receivables, payables, bank loans and overdrafts, available for sale investments, cash and short-term deposits. The institute manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Institute's financial risk management policy. The objective of the policy is to support the delivery of the Institute's financial targets whilst protecting future financial security.

The main risks arising from the Institute's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Institute uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Council reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Finance and Audit Committee under the authority of Council. Council reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

w) Risk Exposures and Responses

Interest rate risk

The Institute's exposure to market interest rates relates primarily to the Institute's long-term debt obligations. The level of debt is disclosed in the notes to the financial statements.

The Institute constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

Foreign currency risk

The Institute only has limited exposure to foreign currency risk. All fees are denominated in NZ Dollars to diminish risks associated with revenue streams. Where transactions in foreign currencies are forecast that are material to the Institute forward exchange contracts are entered into to diminish the risk of the group to fluctuations in exchange rates.

Credit risk

Credit risk arises from the financial assets of the Institute, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets and derivative instruments.

The Institute's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Institute does not hold any credit derivatives to offset its credit exposure. The Institute trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the institute's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the institute's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the institute and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Liquidity risk

The Institute's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Institute's policy is that total borrowings will not exceed 25% of the value of total assets. At 31 December 2009, borrowings were equal to 2.7% of the Institute's total assets (2008: 2.7%).

x) Key Judgements, Estimates and Assumptions

In preparing these financial statements, the Institute and group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below: The following items have been included in the financial statements as a result of key judgements or estimates.

Impairment of non-financial assets other than goodwill

The Institute assesses impairment of all assets at each reporting date by evaluating conditions specific to the Institute 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. Management do not consider that the triggers for impairment testing have been significant enough and therefore no provision has been made during the financial year.

Classification of assets and liabilities as held for sale

The Institute classifies 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 the entering into a contractual sale agreement or the activation and commitment to a program 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 9 provides information about the estimates and assumptions excercised in the measurement of revalued land, buildings and infrastructure.

Employee entitlements

Note 13 provides information about the estimates and assumptions excercised in the measurement of long service leave and retirement gratuities.

y) Capital Management

The Institute and group's capital is its equity, which comprises general funds, and property valuation and fair value through comprehensive income 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 manages its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Institute's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

z) Budget Figures

The budget figures are those given final approval by the Council on 9 December 2008. The budget figures have been prepared in accordance with generally accepted accounting practices and New Zealand International Financial Reporting Standards and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

aa) Changes in Accounting Policies

Accounting policies have been applied consistently to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

3 REVENUES AND EXPENSES		CONSOLIDATED		PARENT	
	Notes	2009 $000	2008 $000	2009 $000	2008 $000
a) Government grants					
Student Achievement Component (SAC) funding		29,635	28,324	29,635	28,324
Tertiary Education Organisational Capability (TEOC) funding		10,109	9,599	10,109	9,599
Other Tertiary Education Commission funding		1,229	996	1,229	996
Other grants		5,228	8,048	5,228	8,048
		46,201	**46,967**	**46,201**	**46,967**
b) Tuition fees					
Fees from domestic students		14,319	12,348	14,319	12,348
Fees from international students		6,717	6,647	6,717	6,647
		21,036	**18,995**	**21,036**	**18,995**
c) Other income					
Revenue from childcare operations		769	731	769	731
Gain/(loss) on disposal of property, plant and equipment		(79)	301	(79)	301
Revenue from other operating activities		4,939	3,786	4,715	3,778
		5,629	**4,818**	**5,405**	**4,810**
d) Finance (costs)/income					
Bank loans and overdrafts		(245)	(32)	(245)	(32)
Total finance costs (on historical cost basis)		**(245)**	**(32)**	**(245)**	**(32)**
Interest earned on bank deposits		213	456	213	456
Total finance income (on historical cost basis)		**213**	**456**	**213**	**456**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
e) Employee benefits expense					
Wages and salaries		(39,024)	(38,313)	(38,761)	(38,313)
Defined contribution plan employer contributions		(67)	(67)	(67)	(67)
Increase/(decrease) in employee entitlements		118	101	118	101
		(38,973)	**(38,279)**	**(38,710)**	**(38,279)**
f) Other expenses					
Bad debts		(15)	(164)	(15)	(164)
Childcare expenses		(619)	(625)	(619)	(625)
Hardship grants		(19)	(10)	(19)	(10)
Trust funds awards		-	-	-	-
		(653)	**(799)**	**(653)**	**(799)**
g) Materials and consumables					
Included in the materials and consumables expenses of $24,125 (group) and $23,858 (parent) is $1,156 which relates to operating lease payments (2008: $1,813)					
h) Aggregate research and development costs recognised in the income statement					
Research costs charged directly to the income statement are included in materials and consumables		(228)	(241)	(228)	(241)

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

4 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Cash at bank and in hand	1,142	(113)	761	(113)
Short-term deposits	-	-	-	-
	1,142	**(113)**	**761**	**(113)**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and 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 is approximately 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 comprise the following as at 31 December.

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Cash at bank and in hand	1,142	-	761	-
Short-term deposits	-	-	-	-
Bank overdrafts (note 17)	-	(113)	-	(113)
	1,142	**(113)**	**761**	**(113)**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

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

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Surplus / (deficit) from the statement of comprehensive income	1,442	608	1,967	874
Add/(less) non-cash items				
Depreciation	6,654	6,682	6,654	6,682
Amortisation	768	735	768	735
Impairment losses	-	-	-	-
Fair value (gain)/loss on investment properties	-	-	-	-
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	79	(301)	79	(301)
Investing/financing	(759)	(7)	(978)	(7)
Add/(less) movements in working capital items				
(Increase)/decrease in inventories	(149)	(126)	(149)	(126)
(Increase)/decrease in trade and other receivables	2,948	655	2,971	389
(Increase)/decrease in prepayments	641	(205)	641	(205)
Increase/(decrease) in trade and other payables	1,337	(2,247)	627	(2,247)
Increase/(decrease) in revenue received in advance	221	671	221	671
Increase/(decrease) in finance leases	-	-	-	-
Increase/(decrease) in trust funds	(17)	11	(17)	11
NET CASH FROM OPERATING ACTIVITIES	**13,165**	**6,476**	**12,784**	**6,476**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

6 STUDENT FEES AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Student fees receivables	(303)	(497)	(303)	(497)
Less provision for impairment	(50)	(50)	(50)	(50)
Net student fee receivables	**(353)**	**(547)**	**(353)**	**(547)**
Other receivables	1,968	5,115	1,943	5,110
	1,615	**4,568**	**1,590**	**4,563**

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 2009 and 2008 are detailed below.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Not past due	1,131	4,299	1,131	4,298
Past due 1-60 days	236	154	236	149
Past due 61 – 120 days	82	132	82	132
Past due greater than 120 days	216	33	191	33
	1,665	**4,618**	**1,640**	**4,612**

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

There are no provisions for impairment on other receivables and no amounts are overdue.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

7 INVENTORIES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Held for resale	396	247	396	247
Materials and consumables	4	4	4	4
	400	**251**	**400**	**251**

8 FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Non-current portion				
Unlisted Shares				
Shares in PINZ (at Cost)	38	38	38	38
Loans to associates				
Hamilton Fibre Network Ltd	892	816	892	816
Special funds investments (term deposits)	117	113	117	113
	1,047	**967**	**1,047**	**967**

Fair value

Loans to related parties

Loans to related parties are unsecured, non-interest bearing, and are repayable on demand (if approved by shareholder resolution). The fair value of the on demand loans cannot be less than the amount repayable on demand. Therefore, the carrying value of the loans on demand reflects their fair value.

Unlisted shares

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

Special funds investments

The carrying value closely approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

9 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED				
	Land and Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Library $000	Total $000
YEAR ENDED 31 DECEMBER 2009					
At 1 January 2009, net of accumulated depreciation	100,130	6,676	123	1,480	**108,409**
Additions	8,723	1,796	112	577	**11,208**
Disposals	-	(292)	-	-	**(292)**
Transferred to assets held for resale	(4,233)	-	-	-	**(4,233)**
Depreciation charge for the year	(2,660)	(3,318)	(35)	(641)	**(6,654)**
At 31 December 2009, net of accumulated deprecation	101,960	4,862	200	1,416	**108,438**
At 1 January 2009					
Cost or fair value	100,130	26,593	459	9,447	**136,629**
Accumulated depreciation and impairment	-	(19,917)	(336)	(7,967)	**(28,220)**
Net carrying amount	100,130	6,676	123	1,480	**108,409**
At 31 December 2009					
Cost or fair value	105,072	27,818	571	10,024	**143,485**
Accumulated depreciation and impairment	(3,112)	(22,956)	(371)	(8,608)	**(35,047)**
Net carrying amount	101,960	4,862	200	1,416	**108,438**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

9 PROPERTY, PLANT AND EQUIPMENT (CONT)

	CONSOLIDATED				
	Land and Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Library $000	Total $000
YEAR ENDED 31 DECEMBER 2008					
At 1 January 2008, net of accumulated depreciation	90,857	7,153	135	1,569	**99,714**
Revaluation	5,505	-	-	-	**5,505**
Additions	16,013	3,268	15	649	**19,945**
Disposals	(9,452)	(539)	-	(82)	**(10,073)**
Depreciation charge for the year	(2,793)	(3,206)	(27)	(656)	**(6,682)**
At 31 December 2008, net of accumulated deprecation	100,130	6,676	123	1,480	**108,409**
At 1 January 2008					
Cost or fair value	98,282	25,217	444	8,880	**132,823**
Accumulated depreciation and impairment	(7,425)	(18,064)	(309)	(7,311)	**(33,109)**
Net carrying amount	90,857	7,153	135	1,569	**99,714**
At 31 December 2008					
Cost or fair value	100,130	26,593	459	9,447	**136,629**
Accumulated depreciation and impairment	-	(19,917)	(336)	(7,967)	**(28,220)**
Net carrying amount	100,130	6,676	123	1,480	**108,409**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

9 PROPERTY, PLANT AND EQUIPMENT (CONT)

	PARENT				
	Land and Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Library $000	**Total $000**
YEAR ENDED 31 DECEMBER 2009					
At 1 January 2009, net of accumulated depreciation	100,130	6,676	123	1,480	**108,409**
Additions	8,723	1,796	112	577	**11,208**
Disposals	-	(292)	-	-	**(292)**
Transferred to assets held for sale	(4,233)	-	-	-	**(4,233)**
Depreciation charge for the year	(2,660)	(3,318)	(35)	(641)	**(6,654)**
At 31 December 2009, net of accumulated deprecation	101,960	4,862	200	1,416	**108,438**
At 1 January 2009					
Cost or fair value	100,130	26,593	459	9,447	**136,629**
Accumulated depreciation and impairment	-	(19,917)	(336)	(7,967)	**(28,220)**
Net carrying amount	100,130	6,676	123	1,480	**108,409**
At 31 December 2009					
Cost or fair value	105,072	27,818	571	10,024	**143,485**
Accumulated depreciation and impairment	(3,112)	(22,956)	(371)	(8,608)	**(35,047)**
Net carrying amount	101,960	4,862	200	1,416	**108,438**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

9 PROPERTY, PLANT AND EQUIPMENT (CONT)

	PARENT				
	Land and Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Library $000	**Total $000**
YEAR ENDED 31 DECEMBER 2008					
At 1 January 2008, net of accumulated depreciation	90,857	7,153	135	1,569	**99,714**
Revaluation	5,505	-	-	-	**5,505**
Additions	16,013	3,268	15	649	**19,945**
Disposals	(9,452)	(539)	-	(82)	**(10,073)**
Depreciation charge for the year	(2,793)	(3,206)	(27)	(656)	**(6,682)**
At 31 December 2008, net of accumulated deprecation	100,130	6,676	123	1,480	**108,409**
At 1 January 2008					
Cost or fair value	98,282	25,217	444	8,880	**132,823**
Accumulated depreciation and impairment	(7,425)	(18,064)	(309)	(7,311)	**(33,109)**
Net carrying amount	90,857	7,153	135	1,569	**99,714**
At 31 December 2008					
Cost or fair value	100,130	26,593	459	9,447	**136,629**
Accumulated depreciation and impairment	-	(19,917)	(336)	(7,967)	**(28,220)**
Net carrying amount	100,130	6,676	123	1,480	**108,409**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

9 PROPERTY, PLANT AND EQUIPMENT (CONT)

Revaluations

An independent valuation was obtained to determine fair value of land and buildings. Fair value is determined by reference to an open market basis, being the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date for land and buildings of a non-educationally specific nature. Where buildings have been designed specifically for educational purposes they are valued at depreciated replacement cost which is considered to reflect fair value for such assets.

Land and buildings were valued by Doug Saunders, independent registered valuer of the firm Telfer Young (Waikato) Ltd.

The effective date of the revaluation was 31 December 2008.

Land and buildings with a carrying amount of $31,753,582 (2008: $30,806,074) included in the property, plant and equipment are owned by the Crown. Although legal title has not been transferred, The Waikato Institute of Technology has assumed all normal risks and rewards of ownership.

Restrictions on title

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

There are also various restrictions in the form of historic designations, reserve, and endowment encumbrances attached to 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 $5,782,884 (2008 $336,151).

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

10 INTANGIBLE ASSETS	CONSOLIDATED		PARENT	
	Computer Software	Total	Computer Software	Total
	$000	$000	$000	$000
YEAR ENDED 31 DECEMBER 2009				
At 1 January 2009, net of accumulated amortisation	4,489	4,489	4,489	4,489
Additions	980	980	980	980
Disposals	(62)	(62)	(62)	(62)
Amortisation	(768)	(768)	(768)	(768)
At 31 December 2009, net of accumulated amortisation	**4,639**	**4,639**	**4,639**	**4,639**
At 1 January 2009				
Cost (gross carrying amount)	9,087	9,087	9,087	9,087
Accumulated amortisation	(4,598)	(4,598)	(4,598)	(4,598)
Net carrying amount	**4,489**	**4,489**	**4,489**	**4,489**
At 31 December 2009				
Cost (gross carrying amount)	9,949	9,949	9,949	9,949
Accumulated amortisation	(5,310)	(5,310)	(5,310)	(5,310)
Net carrying amount	**4,639**	**4,639**	**4,639**	**4,639**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

10 INTANGIBLE ASSETS (CONT)	CONSOLIDATED		PARENT	
	Computer Software $000	Total $000	Computer Software $000	Total $000
YEAR ENDED 31 DECEMBER 2008				
At 1 January 2008, net of accumulated amortisation	4,681	4,681	4,681	4,681
Additions	543	543	543	543
Amortisation	(735)	(735)	(735)	(735)
At 31 December 2008, net of accumulated amortisation	**4,489**	**4,489**	**4,489**	**4,489**
At 1 January 2008				
Cost (gross carrying amount)	8,544	8,544	8,544	8,544
Accumulated amortisation	(3,863)	(3,863)	(3,863)	(3,863)
Net carrying amount	**4,681**	**4,681**	**4,681**	**4,681**
At 31 December 2008				
Cost (gross carrying amount)	9,087	9,087	9,087	9,087
Accumulated amortisation	(4,598)	(4,598)	(4,598)	(4,598)
Net carrying amount	**4,489**	**4,489**	**4,489**	**4,489**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

11 ASSETS HELD FOR RESALE

Assets held for resale under current assets includes 1.648 hectares of the Avalon campus and the animal handling building which is the subject of a sale and purchase agreement between the Institute and the Society for the Prevention of Cruelty to Animals (SPCA). This sale was finalised in March, 2010. It also includes a further 10.7245 hectares of the Avalon campus that is the subject of a sale and purchase agreement between the Institute and the Hamilton City Council. This sale is expected to be finalised in April, 2010.

Assets held for resale under non-current assets includes 7.6275 hectares of the Avalon campus. This makes up the balance of the 20 hectares that Council had identified as surplus and available for sale in 2009. However, it is not expected that this land will be sold within the next 12 months.

12 TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Trade payables	3,477	1,980	2,533	1,708
Other payables	1,803	2,086	1,771	2,086
Interest payable	-	-	-	-
	5,280	**4,066**	**4,304**	**3,794**

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Other payables are non-interest bearing and have an average term of 6 months.

Interest payable is normally settled quarterly throughout the financial year.

For terms and conditions relating to related parties refer to note 19.

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

13 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
At 1 January	2,014	1,913	2,014	1,913
Additions during the year	1,765	1,739	1,765	1,739
Utilised during the year	(1,647)	(1,638)	(1,647)	(1,638)
At 31 December	**2,132**	**2,014**	**2,132**	**2,014**
Current portion	1,709	1,574	1,709	1,574
Non-current portion	423	440	423	440
	2,132	**2,014**	**2,132**	**2,014**

Employee Entitlements

A provision is recognised for post employment benefits payable to employees. Employees are entitled to annual leave pay, long service leave pay and retirement gratuities. Annual leave and sick leave entitlements expected to be settled within 12 months of the balance sheet date are measured at the current rates of pay and classified as current liabilities. Entitlements related to long service leave and retirement gratuities have been calculated at the present value of future cash flows determined on an actuarial basis.

The provision is affected by a number of assumptions including expected length of service, attrition rate, salary increases and the discount rate used. The discount rate and salary inflation factor are provided by the Government Superannuation Fund (which completes the actuarial calculation).

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 $23,081 higher/ lower (2008 $20,248).

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 $85,718 higher/ lower (2008 $70).

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

14 REVENUE RECEIVED IN ADVANCE

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Government grants				
Student fees	2,975	2,754	2,975	2,754
	2,975	**2,754**	**2,975**	**2,754**
Current portion	2,975	2,754	2,975	2,754
Non-current portion	-	-	-	-
	2,975	**2,754**	**2,975**	**2,754**

15 ASSET REVALUATION RESERVE

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
At 1 January	16,900	11,395	16,900	11,395
Depreciation transfer	-	-	-	-
Revaluation of land and building	-	5,505	-	5,505
At 31 December	**16,900**	**16,900**	**16,900**	**16,900**

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

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

16 INVESTMENT IN ASSOCIATES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Vital English Limited	1,687	1,687	1,687	1,687
Hamilton Fibre Network Limited (HFNL)	917	238	1,136	238
Mototrain Limited	-	-	-	-
	2,604	**1,925**	**2,823**	**1,925**
Movements in the carrying amount of investments in associates				
Balance at 1 January	1,925	1,687	1,925	1,925
New investments during the year	898	238	898	-
Disposal of investments during the year	-	-	-	-
Share of comprehensive income	(219)	-	-	-
BALANCE AT 31 DECEMBER	**2,604**	**1,925**	**2,823**	**1,925**
Summarised financial information of HFNL presented on a gross basis				
Assets			5,194	3,192
Liabilities			4,182	1,826
Revenues			85	29
Surplus/(deficit)			(380)	(229)
Group's interest			31%	31%
Share of associate's contingent liabilities incurred jointly with other investors			-	-
Contingent liabilities that arise because of several liability			-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

17a FINANCIAL INSTRUMENT CATEGORIES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
FINANCIAL ASSETS				
Fair value through surplus or deficit – Held for trading				
Forward foreign exchange contracts	-	-	-	-
Managed fund	-	-	-	-
	-	**-**	**-**	**-**
Loans and receivables				
Cash and cash equivalents	1,142	(113)	761	(113)
Debtors and other receivables	1,665	4,618	1,640	4,613
Other financial assets				
- Term deposits	117	113	117	113
- Loans to related parties	892	816	892	816
	3,816	**5,434**	**3,410**	**5,429**
Fair value through other comprehensive income				
Other financial assets				
- Government bonds	-	-	-	-
- Unlisted shares	38	38	38	38
- Listed shares	-	-	-	-
	38	**38**	**38**	**38**
FINANCIAL LIABILITIES				
Fair value through surplus or deficit – Held for trading				
Derivative financial instrument liabilities	-	-	-	-
- Interest rate swaps	-	-	-	-
- Forward foreign exchange contracts	-	-	-	-
	-	**-**	**-**	**-**
Financial liabilities at amortised cost				
Creditors and other payables	5,280	4,066	4,304	3,794
Secured loans	3,300	3,300	3,300	3,300
	8,580	**7,366**	**7,604**	**7,094**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENTS RISK

The Institute and group has a series of policies to manage the risks associated with financial instruments. It is risk averse and seeks to minimise exposure from its 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.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The institute is not exposed to any significant currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value 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 does not actively manage its exposure to fair value interest rate 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 in to 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 it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which give rise to credit risk.

The Institute and group limits the amount of credit exposure to any one financial institution for term deposits to no more than 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 A2 for short term and A – for long-term investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENT RISKS

Maximum exposure to credit risk

The maximum credit exposure for each class of financial instrument is as follows:

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Cash at bank and term deposits	1,259	113	878	113
Debtors and other receivables	1,665	4,618	1,640	4,612
Loans to related parties	892	816	892	816
	3,816	**5,547**	**3,410**	**5,541**

Credit quality of financial assets

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	
	2009 $000	2008 $000	2009 $000	2008 $000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA	1,259	113	878	113
TOTAL CASH AT BANK AND TERM DEPOSITS	1,259	113	878	113
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	892	816	892	816
Existing counterparty with defaults in the past	-	-	-	-
TOTAL LOANS TO RELATED PARTIES	**892**	**816**	**892**	**816**
DEBTORS AND OTHER RECEIVABLES				
Existing counterparty with no defaults in the past	1,665	4,618	1,640	4,612
Existing counterparty with defaults in the past	-	-	-	-
TOTAL DEBTORS AND OTHER RECEIVABLES	**1,665**	**4,618**	**1,640**	**4,612**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENT RISKS (CONT)

Credit risk
With the exception of student fees the institute trades only with recognised, creditworthy third parties.
Receivable balances are monitored on an ongoing basis with the result that the institute's exposure to bad debts is not significant as a result of the ability to withhold graduation from students who do not pay their fees.
With respect to credit risk arising from the other financial assets of the institute, which comprise cash and cash equivalents and available for sale financial assets, the institute's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.
The institute does not hold any collateral as security or any credit enhancements.
There are no significant concentrations of credit risk within the institute.

CREDIT RISK - ACCOUNTS RECEIVABLE AGING ANALYSIS

YEAR ENDED 31 DECEMBER 2009	CONSOLIDATED				PARENT			
	Current $000	Overdue $000	Overdue provided for $000	Total $000	Current $000	Overdue $000	Overdue provided for $000	Total $000
Other receivables	1,131	484	50	1,665	1,131	459	50	1,640
Related party receivables	-	-	-	-	-	-	-	-
TOTAL	**1,131**	**484**	**50**	**1,665**	**1,131**	**459**	**50**	**1,640**

YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED				PARENT			
	Current $000	Overdue $000	Overdue Provided for $000	Total $000	Current $000	Overdue $000	Overdue Provided for $000	Total $000
Other Receivables	4,299	268	50	4,617	4,298	264	50	4,612
Related Party Receivables	1	-	-	1	1	-	-	1
TOTAL	**4,300**	**268**	**50**	**4,618**	**4,299**	**264**	**50**	**4,613**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENT RISKS (CONT)

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 has a maximum amount that can be drawn down against its overdraft facility of $4,000,000 (2008 $4,000,000). This facility can be used for a maximum period of 60 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.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table at right 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 (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENT RISKS (CONT)

	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 2009							
Creditors and other payables	4,304	4,304	4,304	-	-	-	-
Accrued pay	1,709	1,709	1,709	-	-	-	-
Secured loans	3,300	3,300	-	-	-	3,300	-
Finance leases	-	-	-	-	-	-	-
TOTAL	**9,313**	**9,313**	**6,013**	**-**	**-**	**3,300**	**-**
GROUP 2009							
Creditors and other payables	5,280	5,280	5,280	-	-	-	-
Accrued pay	1,709	1,709	1,709	-	-	-	-
Secured loans	3,300	3,300	-	-	-	3,300	-
Finance leases	-	-	-	-	-	-	-
TOTAL	**10,289**	**10,289**	**6,989**	**-**	**-**	**3,300**	**-**
INSTITUTE 2008							
Cash and cash equivalents	113	113	113	-	-	-	-
Creditors and other payables	3,794	3,794	3,794	-	-	-	-
Accrued pay	1,574	1,574	1,574	-	-	-	-
Secured loans	3,300	3,300	-	-	-	-	3,300
Finance leases	-	-	-	-	-	-	-
TOTAL	**8,781**	**8,781**	**5,481**	**-**	**-**	**-**	**3,300**
GROUP 2008							
Cash and cash equivalents	113	113	113	-	-	-	-
Creditors and other payables	4,066	4,066	4,066	-	-	-	-
Accrued pay	1,574	1,574	1,574	-	-	-	-
Secured loans	3,300	3,300	-	-	-	-	3,300
Finance leases	-	-	-	-	-	-	-
TOTAL	**9,053**	**9,053**	**5,753**	**-**	**-**	**-**	**3,300**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENT RISKS (CONT)

Contractual maturity analysis of financial assets

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

	Carrying Amount $000	Contractual Cashflows $000	<6 Months $000	6-12 Months $000	1-2 Years $000	2-3 Years $000	>3 Years $000
INSTITUTE 2009							
Cash and cash equivalents	761	761	761	-	-	-	-
Debtors and other receivables	1,640	1,640	1,640	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	117	117	117	-	-	-	-
TOTAL	**2,518**	**2,518**	**2,518**	**-**	**-**	**-**	**-**
GROUP 2009							
Cash and cash equivalents	1,142	1,142	1,142	-	-	-	-
Debtors and other receivables	1,665	1,665	1,665	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	117	117	117	-	-	-	-
TOTAL	**2,924**	**2,924**	**2,924**	**-**	**-**	**-**	**-**
INSTITUTE 2008							
Debtors and other receivables	4,612	4,612	4,612	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	113	113	113	-	-	-	-
TOTAL	**4,725**	**4,725**	**4,725**	**-**	**-**	**-**	**-**
GROUP 2008							
Debtors and other receivables	4,618	4,618	4,618	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	113	113	113	-	-	-	-
TOTAL	**4,731**	**4,731**	**4,731**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

17b FINANCIAL INSTRUMENT RISKS (CONT)

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.

	2009 $000				2008 $000			
	Surplus	-50bps Other Equity	Surplus	+150bps Other Equity	Surplus	+100bps Other Equity	Surplus	+100bps Other Equity
INSTITUTE								
INTEREST RATE RISK								
Financial Assets								
Cash and Cash Equivalents	(4)		11		1		(1)	
Financial Liabilities								
Secured Loans	17		(50)		33		(33)	
TOTAL SENSITIVITY	**13**		**(39)**		**34**		**(34)**	
GROUP								
INTEREST RATE RISK								
Financial Assets								
Cash and Cash Equivalents	(6)		17		1		(1)	
Financial Liabilities								
Secured Loans	17		(50)		33		(33)	
TOTAL SENSITIVITY	**11**		**(33)**		**34**		**(34)**	

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 50 bps 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

18 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - institute as lessee

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 4 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	
	2009	2008	2009	2008
	$000	$000	$000	$000
Within one year	1,439	1,156	1,439	1,156
After one year but not more than five years	5,179	4,443	5,179	4,443
More than five years	23,140	16,510	23,140	16,510
Total non-cancellable operating leases	**29,758**	**22,109**	**29,758**	**22,109**

These commitments include the lease with Tainui for the City Campus land.
The term of the lease is 20 years with further rights of renewal of 20 years. In regards to this and the other campus leases, it is assumed that all rights of renewal will be exercised.

Finance lease and hire purchase commitments

The Institute has no finance leases or hire purchase contracts.

Capital commitments

At 31 December 2009 the institute had commitments of $19.534 million (2008: $19.151 million). These consisted of contracts for the Avalon Hub and F Block buildings. The work related to the capital commitments may be ceased or varied by Wintec at any time in the event that something unforeseen happens to Wintec's position.

In April 2008, the institute entered into an agreement with Sports Waikato whereby it has the right to buy the building that Sports Waikato has built on the Wintec Campus. Sports Waikato also has the right to require the institute to buy the building. These rights are exercisable in April 2013. The purchase price at the time will be the market value of the building with a minimum purchase price of the certified construction cost. The minimum purchase price is included in the capital commitments figures above as this is the most reliable estimate currently available.

Contingent assets

The Institute and group has no contingent assets (2008: Nil).

Contingent liabilities

The Institute and group has no contingent liabilities (2008: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

19 RELATED PARTY DISCLOSURE

The Institute is the parent of the group and controls seven entities and has significant influence over two others (refer Note 24).

The Institute and group enters 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 AND ASSOCIATES.

	2009 $000	2008 $000
SUBSIDIARIES		
Wintec Foundation		
Debtor for services provided by the institute	27	-
Soda Inc Limited		
Services provided to the institute	1	-
Services provided by the institute	7	-
Debtor for services provided by the institute	192	-
Prima Group Limited		
Services provided to the institute	119	-
Debtor for services provided by the institute	187	
Prima Limited		
No related party transactions were entered into during the year	-	-
Learning Works Limited		
Debtor for services provided by the institute	385	-
Wintec Education and Training Limited		
No related party transactions were entered into during the year	-	-
Waikato International Limited		
No related party transactions were entered into during the year	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

19 RELATED PARTY DISCLOSURE (CONT)

RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (CONT)

	2009 $000	2008 $000
ASSOCIATES		
Vital English Limited		
Services provided to the institute	6	-
Services provided by the institute	304	-
Debtor for services provided by the institute	230	-
Hamilton Fibre Network Limited		
Share of income recognised	1,057	-
Share of loss recognised	219	-
Unsecured loans payable to the institute	892	816

During the year, the Institute and group purchased services from Hamilton City Council on which Council Chairperson, Gordon Chesterman is a Councillor. These services cost $230,667 (2008 $162,872) and were supplied on normal commercial terms. There is a balance of $6,153 (2008 $0).

During the year, the institute and group provided services to the value of $2,138 to the Students Residence Trust of which Councillor Aaron Rink is a trustee.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

19 RELATED PARTY DISCLOSURE (CONT)

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 2009 and 2008 are unsecured and settlement occurs in cash. The balances are included as part of student fees and other receivables in the Statement of Financial Position.

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

For the year end 31 December 2009, the Institute has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2008: $nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. When assessed as required the Institute raises such a provision.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Key management personnel compensation	-	-	-	-
Short term benefits	1,502	1,638	1,502	1,638
Employee welfare expenses	-	-	-	-
Post employment benefits	-	-	-	-
	1,502	**1,638**	**1,502**	**1,638**

Key management personnel includes all members of the Senior Executive and Council.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 31 DECEMBER 2009

20 CHILD CARE SUMMARY	ACTUAL	BUDGET	ACTUAL
	2009	2009	2008
	$000	$000	$000
Income			
Government grants (children under two)	195	200	199
Government grants (children over two)	89	76	75
Government grants (free Early Childhood Education)	242	228	202
Government grants (PRT support)	3	-	-
Incentive grant	4	4	5
Fees Work and Income New Zealand (WINZ)	137	120	131
Other fees	99	83	119
	769	**711**	**731**
Expenses			
Staffing	546	532	526
Other Costs	96	62	98
	642	**594**	**624**
TRADING SURPLUS	**127**	**117**	**107**
PROVISIONALLY REGISTERED TEACHERS SUPPORT GRANT			
Grants were received for three provisionally registered teachers and were spent in the following way:			
Paid teacher release time	-	-	-
Professional Development	178	-	-
Subscriptions	-	-	-
Stationery/Ink/Art Supplies	-	-	-
Resources/Books	1,063	-	-
Equipment	3,332	-	-
TOTAL	**4,573**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

21 EVENTS AFTER THE BALANCE SHEET DATE

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

22 AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Audit of financial statement	88	86	88	86
Prior year audit costs	23	-	23	-
Internal audit services not provided by Audit NZ	104	203	104	203
Other services	-	-	-	-
	215	**289**	**215**	**289**

23 PERFORMANCE AGAINST BUDGET

Revenue was above budget by $4.6m. TEC funding was higher due to replacing contracted EFTS with higher value core EFTS. Domestic and International tuition fees were higher than budgeted due to the achievement of higher than expected EFTS in all areas Investment income was also higher than budget due to higher than expected cash balances being held.

Costs have exceeded budget by $2.9m, primarily due to increased operating costs associated with the achievement of the additional revenue e.g. additional overseas commission, additional costs associated with delivering increased EFTS etc.

There was also increased salary costs associated with servicing the additional EFTS as well as higher than expected restructuring costs and leave accrual.

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

24 COUNCILLOR'S FEES

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

	ACTUAL	ACTUAL
	2009 $	2008 $
Council Member		
Baddeley, C	8,823	11,834
Bennett, J	5,120	7,306
Bernards, K	6,026	320
Cave-Palmer, M	11,789	11,011
Chesterman, G (Chair)	25,350	25,350
Cooper, B	6,080	6,400
Heremia, J	-	3,520
Hodges, D	-	6,677
MacKenzie, S	4,799	-
Rink, A	5,440	5,120
Smith, A	1,920	1,920
Taola, T	-	1,920
Tucker, S	5,440	4,480
Yates, D	7,040	4,160
Yeung ,D	5,440	6,720
TOTAL COUNCILLORS' FEES	**93,267**	**96,738**

NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2009

25 DETAILS OF HOLDINGS IN SUBSIDIARIES AND ASSOCIATES ARE SHOWN BELOW:

SUBSIDIARY/ASSOCIATE	% OWNERSHIP	BALANCE DATE	BUSINESS ACTIVITY
Wintec Foundation	100%	31/12	Charitable Trust
Soda Inc Ltd	60%	31/12	Creative Industries business incubator
Prima Group Ltd***	100%	31/12	Investment holding company
Prima Ltd*	100%	31/12	Identifying and commercialising intellectual property
Learning Works 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
Vital English Limited**	40%	31/12	Designing and distributing English Language teaching and learning solutions
Hamilton Fibre Network Ltd	31%	30/6	High-speed urban broadband network.
Motortrain Limited	25%	31/12	Developing training materials for motor industry training.

*100% owned by Prima Group Ltd

**40% owned by Prima Ltd

***100% owned by Wintec Foundation

2009 STATEMENT OF SERVICE PERFORMANCE

WINTEC'S INVESTMENT PLAN KPIs

INVESTMENT GUIDANCE KPI		TARGET	OUTCOME	COMMENT
Proportion of TEC EFTS enrolled at level 4 and above	Total	64.0%	67.3%	Achieved.
	Māori	66.0%	61.0%	The absolute number of Māori enrolled at level 4 and above increased in 2009. The proportion enrolled at level 4 and above decreased due to an even greater increase in Māori enrolments in foundation provision at level 1-3.
	Pasifika	56.0%	75.4%	Achieved.
	under 25s	58.0%	72.0%	Achieved.
Proportion of TEC EFTS enrolled in national and industry qualifications	n/a	Target to be established		Due to difficulties with data availability and definitional problems, these indicators were not developed.
Percentage of TEC EFTS enrolled in Foundation Studies	n/a	Target to be established		
Progression rate (TEC EFTS) from study at levels 1-3 to level 4 and above	Total	22.5%	8.5%	This stretch target was set in 2007. Two programmes implemented since then which do not pathway to higher level qualifications, contributed to a reduction in overall progression rates. If these programmes are excluded the outcome would have been 22.0%. Provision of both programmes has been revised for 2010.
	Māori	18.0%	7.1%	As above, again with both programmes excluded the target would have been achieved (28.40%).
	Pasifika	20.0%	11.5%	As above. The target would have been achieved (33.3%) without the above programmes.
	under 25s	25.0%	13.0%	As above, excluding the same two programmes would have resulted in an outcome of 24.3%.
TEC course retention rate - level 4 and above	Total	85.0%	88.6%	Achieved.
	Māori	82.5%	81.7%	This stretch target was narrowly missed. The actual outcome improved by 2.6% on 2008 levels.
	Pasifika	82.0%	85.7%	Achieved.
TEC course completion rate - level 4 and above	Total	80.0%	79.6%	This stretch target was narrowly missed. The actual outcome increased by 1.1% on 2008 levels.
	Māori	75.0%	70.4	The outcome increased by 0.6% on 2008 levels. The target was a stretch target.
	Pasifika	75.0%	71.9%	The outcome increased by 10.8% on 2008 levels. The target was a stretch target.
1st-year attrition rate - level 4 and above (TEC EFTS)	Total	42.0%	45.3%	This target was a stretch target. The result was impacted by one programme in particular which has since been closed. With this programme excluded the outcome would have been 42.7%.
	Māori	46.0%	51.2%	As above, the outcome achieved without this programme would have been 46.2%.
	Pasifika	40.0%	58.5%	Due to the relatively small numbers involved, the outcomes for Pasifika are prone to significant fluctuation.

2009 STATEMENT OF SERVICE PERFORMANCE (CONT)

WINTEC'S INVESTMENT PLAN KPIs

INVESTMENT GUIDANCE KPI		TARGET	OUTCOME	COMMENT
Percentage of TEC students in employment or further study six months after completion	Total	95.0%	90.0%	The 2009 target was a stretch target. The outcome, which was 2.4% down on 2008 levels is reflective of changes in regional employment levels in 2009.
	Māori	95.0%	87.3%	As above; the outcome achieved was a 3.6% decrease on 2008 levels.
	Pasifika	90.0%	92.9%	Achieved. Due to the relatively small numbers involved, the outcomes for Pasifika are prone to significant fluctuation.
Two-year qualification completion rates for 1 EFT programmes (Level 4 and above, TEC EFTS)	-	38.0%	23.2%	Reduced performance in a small number of programmes contributed to a decline in overall completion rates.
Māori Enrolments (TEC EFTS) as % of total TEC enrolments	-	21.0%	24.2%	Achieved.
Pasifika Enrolments (TEC EFTS) as % of total TEC enrolments	-	3.8%	3.0%	Due to the relatively small numbers involved, the outcomes for Pasifika are prone to significant fluctuation.
Student satisfaction rate (TEC EFTS)	-	85.0%	90.27%	Achieved. A new measurement scale was introduced in 2009.
EFTS: Academic staff FTES ratio (excluding online EFTS)	-	18.6:1	18.6:1	Achieved.
Total Staff expenditure ($M)	-	31.66	38.71	The 2009 target was based on preliminary and conservative financial modelling which excluded significant revenues and associated costs.
Total staff expenditure as % of Revenue	-	49.1%	53.13%	The 2009 targets assumed greater staffing cost reductions than necessary based on conservative financial modelling.
Total TEC (SAC and TEOC) revenue ($M) (including agreed 2009 and 2010 additional support of $0.9M p.a.)	-	38.90	40.97	Outcome reflects increased income from TEC as a result of confirmed adjustments to cap.
Total revenue ($M)	-	64.50	72.86	Reflects conservative financial modelling and increased funding from TEC, increased domestic fees revenue and increased revenue from international students.
Total expenditure ($M)	-	64.45	71.11	Reflects conservative financial modelling and increased expenditure linked to increased revenue and provision.
Surplus/Loss (before extraordinaries) ($M)	-	0.06	1.97	Reflects the increased effectiveness of Wintec's operations.
Surplus/Loss as % of revenue	-	0.10%	2.7%	Improved profitability through a combination of efficiencies and increased student volumes.
EBITDQ (Earnings before Interest, Tax, Depreciation and QRP)	-	8.66	9.42	An outcome of improved profitability.
Percent of planned TEC EFTS achieved	-	97%-103%	99.7% funding 96.7% EFTS	Achieved.

2009 STATEMENT OF SERVICE PERFORMANCE (CONT)

WINTEC'S INVESTMENT PLAN KPIs

KPI	TARGET	OUTCOME	COMMENT
CUSTOMERS AND STAKEHOLDERS			
International			
International course completion rate	80.0%	85.4%	Achieved.
1st-year International attrition rate	32.0%	23.3%	Achieved. Performance improved by 8.3% on 2008 levels.
International student satisfaction rate	72.5%	90.9%	Achieved. New measurement scale introduced in 2009.
School leaver's market			
% of region's school leavers from preceding year attending Wintec in preceding or current year	12.0%	15.6%	Achieved.
Outlying region market			
% of region's outlying school leavers from previous year attending Wintec in preceding or current year	10.0%	11.7%	Achieved.
Number and % of total enrolments originating from within region, outside of core region	Target to be set		Due to data constraint issues, this indicator was not implemented.
Stakeholder satisfaction			
Graduate satisfaction	80.0%	79.3%	Performance improved by 0.2% on 2008 levels.
ITO satisfaction	Target to be set	77.6%	New measurement scale introduced in 2009.
Employer and industry satisfaction	Target to be set	89.1%	New measurement scale introduced in 2009.
Employer Partnership Group (EPG) satisfaction	Target to be set	93.9%	New measurement scale introduced in 2009.
PEOPLE			
% staff above TTH (or workload) target	Target to be set		Development of the benchmarking tool for the sector has meant that workload efficiency is being monitored using a different methodology. As a result this indicator has not been implemented.
Total staff expenditure as % of total expenditure	54.8%	54.44%	Achieved.
FINANCE			
International fees revenue ($M)	4.8	6.72	Achieved. Reflects increased student volumes.
Domestic fees revenue ($M)	14.0	14.32	Achieved. Reflects increased student volumes.
ITO revenue ($M)	3.5	3.42	Lower volumes were experienced in 2009 reflecting decreases in industry training nationally.
Commercial and other related revenue ($M)	4.3	5.4	Achieved. Reflects improved performance of Wintec's commercialisation activities.
Debt/Equity	3.2%	2.97%	A combination of lower debt and asset revaluations impacted upon equity.

2009 STATEMENT OF SERVICE PERFORMANCE (CONT)

WINTEC'S INVESTMENT PLAN KPIs

KPI	TARGET	OUTCOME	COMMENT
Operating cash inflow/operating cash outflow	1.2	1.2	Achieved.
Working capital ratio	0.89:1	0.65:1	
Public equity to total assets	0.91	0.43	Reflects higher asset base than assumed in target.
Domestic tuition fees (TEC):EFTS ($ per EFTS)	2,576	2,874	Achieved. Reflects more students moving into higher fee qualifications.
International tuition fees:EFTS ($ per EFTS)	14,000	12,235	Reflects an increased proportion of international students studying lower fee qualifications.
ITO EFTS revenue fees:EFTS ($ per EFTS)	3,800	3,124	Impacted by the decreases in ITO provision, especially in higher funded provision.
Commercial and other EFTS related revenue as % of total revenue	7.8%	7.42%	Commercial revenue increased in 2009 and reached its planned levels. Significant increases in other revenues impacted the proportion of revenue from commercial activities.
International fees revenue as % of total revenue	7.0%	9.22%	Achieved. A direct impact of increased international student numbers.
PBRF research revenue ($)	$490,975	$648,874	Achieved.
Value of external research contracts gained ($)	$300,000	$55,640	External research contracts were reduced in 2009 as Wintec engaged in a significant restructuring of its internal research activities.
SYSTEMS AND PROCESSES			
% QRP revenue received	n/a	n/a	Not applicable for 2009.
Facility utilisation	60%+	59%	It is expected that the peak hour utilisation rate will exceed target in 2010.
Research			
Absolute number of research outputs	415	473	Achieved. Although impacted significantly by restructuring this target was still achieved.
Quality weighted score of research outputs	1350	1100	Weighted outputs were impacted through the restructuring of research activity.
% of total research funded in collaboration with industry to facilitate technology transfer	8%	21%	Achieved.
Process performance			
Conversion rate - Offer of place: Accepted: Paid (TEC EFTS)	Target to be set	99%	Achieved.

EQUAL OPPORTUNITIES

WINTEC CONTINUES TO MAINTAIN A STRONG FOCUS ON THE REVIEW AND CONTINUOUS IMPROVEMENT OF OUR EQUAL EMPLOYMENT OPPORTUNITIES (EEO) AND EQUAL EDUCATION OPPORTUNITIES (EEDO) ACTIVITIES AND PERFORMANCE.

EQUAL EMPLOYMENT OPPORTUNITIES

In 2009 our EEO vision was progressed through a range of initiatives that included:

- Participating in the Department of Labour's Pay and Employment Equity Review.
- Providing additional EEO information for staff via our intranet.
- Promoting cultural events and support for Māori and Pasifika staff and students, including pōwhiri, Matariki, Māori Language Week, National Kapa Haka event, Waitangi Day celebrations, Kawhia Kai Fest, International Week celebrations, and Whanau Day.
- Continuing our participation in the Mainstream Employment programme, whereby we work with community agencies to facilitate employment at Wintec for people with significant disability. We currently have mainstream employees in the School of International Tourism, Hospitality and Events, Human Resources and Student Learning Services.

ETHNICITY OF EMPLOYEES – 2009

ETHNICITY	NUMBER	PERCENT
NZ European/Pakeha	414	61%
Māori	75	11%
Indian	11	2%
Pasifika	12	2%
Chinese	13	2%
Other European	21	3%
Other Asian	8	1%
Other	123	18%

EQUAL EDUCATION OPPORTUNITIES

SUPPORTING PEOPLE WITH DISABILITIES – STUDENT LEARNING SERVICES

Our Student Learning Services team continued to offer a high level of support for Wintec students who disclosed an impairment. All of these students were provided with information about our disability services, with 405 of them utilising the service. Of these students, we had an 81.4% successful retention rate.

Disability support this year involved 44 support staff providing 8,919 hours of support - a 50% increase from 2008. Six reader/writers also provided 214 hours of disability support. Various equipment and assistive technology such as ergonomic chairs and dictaphones were purchased and issued to ensure an equal playing field and successful outcomes for students with an impairment.

TE KETE KŌNAI – MĀORI AND PASIFIKA LEARNING AND SUPPORT CENTRE

Te Kete Kōnae, our Māori and Pasifika support centre, continued to provide support based on whanaungatanga, inclusiveness and sharing. Services included academic and learning support, pastoral care, cultural support, counselling, marketing and recruitment activities, scholarship information and information and advice related to studying at Wintec. Wintec staff and students also participated in a number of Māori and Pasifika community events.

LEARNING SUPPORT – STUDENT LEARNING SERVICES

More than 1590 students utilised student learning services in 2009, with 80 students also attending ACE-funded writing and study skills courses. These services included academic tutoring for individuals and small groups, peer tutoring, reader/writer services, and study skills workshops and courses.

Of the students who utilised these services, there was a 91% successful retention rate.

81.4%

RETENTION RATE OF IMPAIRED STUDENTS

50%

INCREASE IN HOURS OF DISABILITY SUPPORT

1590

STUDENTS UTILISED STUDENT LEARNING SERVICES

ANNUAL REPORT ACKNOWLEDGEMENTS

Wintec gratefully acknowledges the support of:

Our 300 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.

The Gallagher Group for its ongoing support of our activities.

Our international partners in China including Chengdu University, Hebei Normal University, Peking University Third Hospital, Sanjiang University, Shandong University of Technology, Shenzhen No 1 Vocational College, Beijing Science, Technology & Management College, BoLun Vocational & Technical School, Changsha University, Jiangnan University, Nanhai Information Technology School, Shandong Institute of Commerce & Technology, Shanghai Urban Construction Engineering School, Sichuan Conservatory of Music.

Education Export Innovation Programme (EEIP)in relation to the Peking No. 3 Midwifery training programme, which Wintec is implementing in China.

Enterprise New Zealand and Innovation Waikato.

AgResearch, Waikato Innovation Park, Agriculture ITO and the Coalition for 21st Century Schools for partnering with us on the Agritec Centre in Tokanui.

Opportunity Hamilton and Waikato Chamber of Commerce for their support of our business development and regional engagement initiatives.

Hamilton City Council, for its participation in a range of projects including campus developments, SODA Inc., and a range of other planning and development activities.

The Otorohanga, Waitomo and Thames Coromandel District Councils for their support of our satellite campuses.

Habitat for Humanity for its ongoing association with Wintec in community projects.

Community Living Trust as our strategic not-for-profit partner for their engagement in an exciting, innovative new partnership.

Department of Labour, Ministry of Social Development, New Zealand Trade and Enterprise for their support with a host of regional initiatives and planning and development advice.

Fairfax Ltd, for enabling our students to complete journalism internships.

Our Metro ITP partners: Unitec, MIT, CPIT, Weltec and Otago Polytechnic.

Our MECA ITP partners: NorthTec, Unitec, Western Institute of Technology, Whitireia Polytechnic and Bay of Plenty Polytechnic.

Our other ITP partners: Waiariki Institute of Technology and Tairawhiti Polytechnic.

Waikato District Health Board for its collaboration and assistance with health services provision.

Waikato-Tainui and Tainui Group Holdings for their support with awards, scholarships and grants and their invaluable advice and collaboration on our Māori Trade Training initiative.

TEC for its support of our ongoing change management programme.

The many sponsors of our various events, scholarships and awards.

The many suppliers of goods and services to Wintec.

Te Puni Kōkiri for advising on Government policies on Māori and Pasifika development and its sponsorship of our Matariki and Te Wiki o te Reo Māori celebrations.

The many Pasifika community groups in the region for their support of Pasifika initiatives and Pasifika students in general.

The many social service agencies and organisations who support our programmes and offer fieldwork practicum and work experience to our students.

All the partners in the Trades Academy project: Cambridge High School, Fairfield College, Fraser High School, Hamilton Girls High School, Hillcrest High School, Huntly College, Melville High School, Ngaruawahia High School, Te Awamutu College, Te Kauwhata College, Matamata College and Morrinsville College.

Agriculture Industry Training Organisation (AGITO), Competenz Industry Training, Electrical Technology Industry Training Organisation (ETITO), Electrical Supply Industry Training Organisation (ESITO), Hospitality Standards Institute and Motor Industry Training Organisation (MITO).

Wintec
Waikato Institute of Technology
Te Kuratini o Waikato