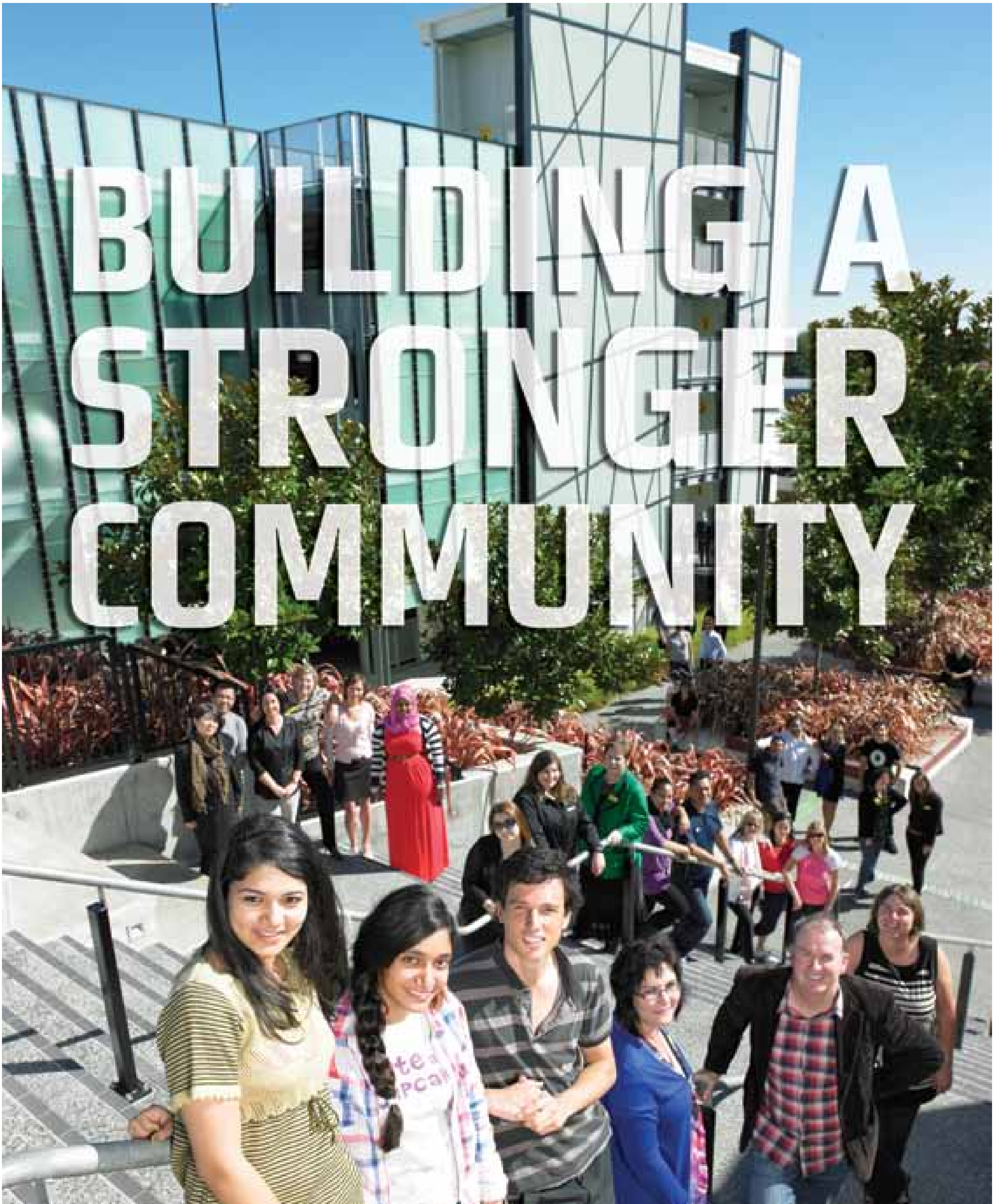
BUILDING A STRONGER COMMUNITY



ANNUAL REPORT 2011

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Wintec
WAIKATO INSTITUTE OF TECHNOLOGY
Te Kuratini o Waikato

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OUR MISSION

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

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

OVERVIEW

GROWTH

86 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 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.

2010
Wintec opens a hub at its Avalon campus and this quickly becomes a central studying and social space for students, staff and visitors.

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

2011
Wintec Alumni Circle formed.

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

STRATEGIC DIRECTION

Wintec has eight strategic approaches which promote a 'whole of organisation' view of quality and innovation while increasing our visibility and role as a tertiary education provider.

These strategic approaches guide our direction and decision making.

Employer and community engagement
Our aim is to have effective engagement with employers, industry and communities, which is central to ensuring that our provision of education and services is driven by the needs of employers and the region.

Flexible learning
Our aim is to have flexibility for student learning, using a range of delivery options. We will increasingly adopt new learning technologies to enhance the effectiveness, and the students' experience, of study. This increased flexibility will also be a major contributor to our goal of meeting employer requirements for flexible, on-and-off job training opportunities.

Internationalisation
Our aim is to ensure we are a key part of New Zealand's globally-connected education system, and further strengthen our capability in export education.

Organisational capability and modernisation
Our aim is to be recognised as an efficient, effective, and modern organisation with a high-performing workforce, advanced infrastructure, and business processes and facilities appropriate to a leading institute of technology.

Quality, academic relevance and innovation
Our aim is to drive a culture which is strongly focused on continuous improvement and innovation in order to achieve national and international recognition of the quality of our graduates, educational products, and related services.

Research, development, transfer (RDT) and commercialisation
Our aim is to promote a strong alignment between our applied research activity and the needs of industry for practical solutions to their 'real-world' problems. We intend to drive productivity and development, and achieve greater technology transfer between ourselves and industry.

Student participation, outcomes and Māori achievement
Our aim is to produce graduates who are employer-preferred and work-ready. We are committed to ensuring high levels of participation, engagement and educational success for all student groups with a particular emphasis on raising Māori achievement.

Tertiary sector collaboration
Our aim is to develop relationships within the tertiary sector to improve outcomes, create efficiencies, and improve performance.

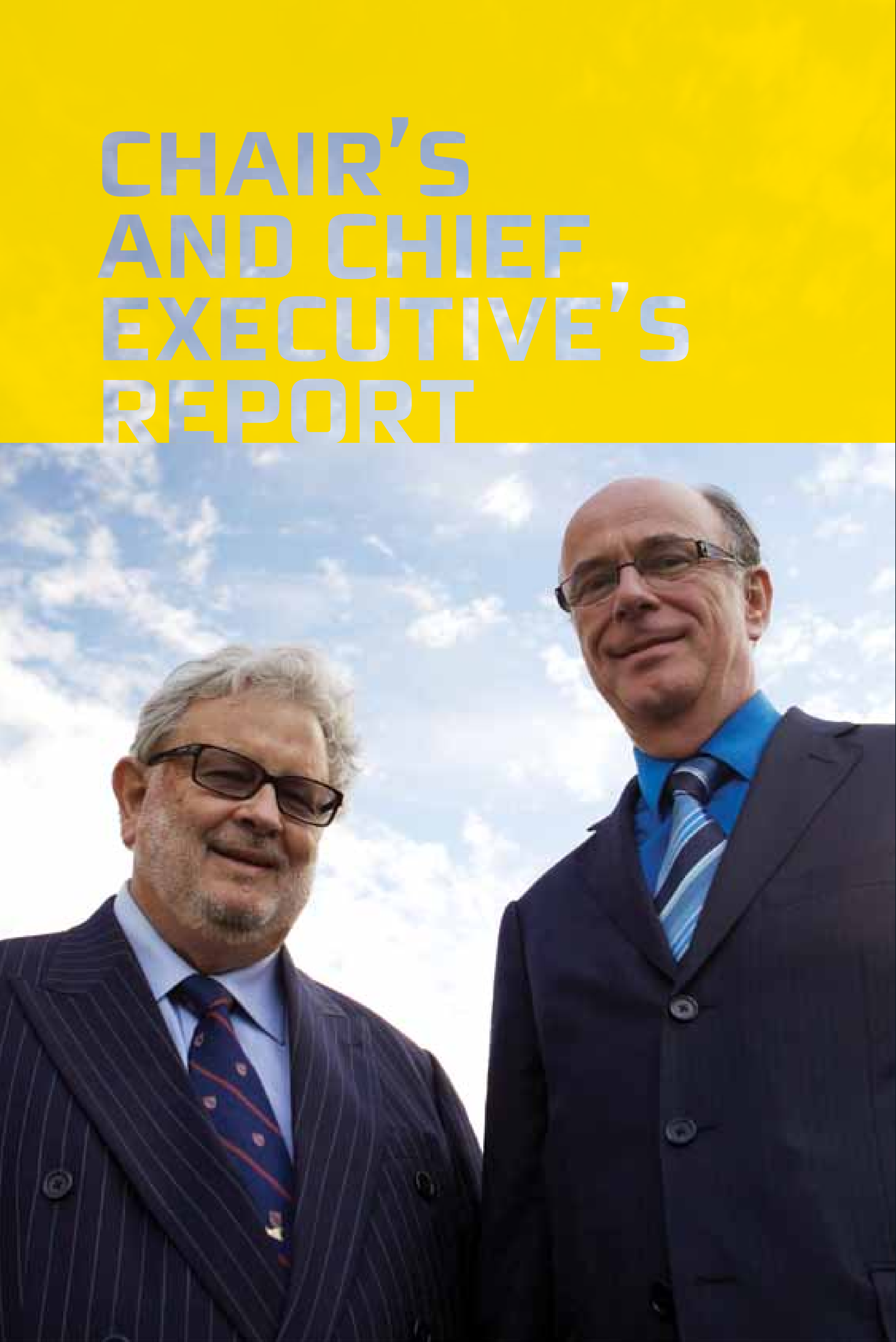
Project Connect - driving the changes
Wintec is a complex organisation, and we have ambitious objectives. A great deal of organisational change is required to achieve them. To succeed we will continue to use the project management concepts and disciplines developed through Project Connect, our integrated change programme which began in 2003.

This is a mechanism for translating our strategic direction into practice. Using a project management methodology, our change programme is as much about how we work together as it is about what we are working on.

Project Connect comprises some 25 projects and 60 work streams. These are organised around our major change areas: quality improvement and innovation; flexible learning; organisational capability; building relationships and connections; increasing applied research and development; diversifying commercialisation activity; and embedding internationalisation.

The projects ensure that we bring the right people together from across the organisation with the resources required to implement the changes we seek. The disciplines of good project management ensure projects are delivered on time, on budget, and with the appropriate risk management, quality management, communication and coordination in place.

CHAIR'S AND CHIEF EXECUTIVE'S REPORT



MESSAGE FROM GORDON CHESTERMAN

2011 was my last full year as Chair of Wintec, with my resignation taking effect from 30 April 2012.

I started on the Wintec Council in 2000, and became Chair in 2002. During this time I've had the pleasure of initiating and implementing a number of significant projects with success, through good project management at an operational level, as well as robust scrutiny at the governance level. These projects have been managed on-time and on-budget thanks to the professionalism of the Chief Executive and staff.

I've seen Wintec through a period of rapid growth and a $54 million campus modernisation programme. The Gallagher Hub, Wintec House, the Avalon (now Rotokauri) Hub, are just some of the significant buildings which have re-shaped the look and feel of Wintec's campuses. These have positively changed the environment for students, staff and business people in the region.

I'd like to thank the current and former council members I have worked with over the years. It has been a privilege to work beside many talented professionals from a variety of backgrounds. Being exposed to the range of skills and expertise around the council table has been extremely satisfying and reinforces my belief that a mixture of skills is a must in any governing body.

Wintec is a positive place with a lot of hard working and visionary people working together to continually improve the organisation. I have worked closely with the Chief Executive Mark Flowers over this time and have enjoyed a rewarding professional relationship with him and his executive team.

I like nothing better than to walk around the campuses feeling the buzz and enthusiasm from students, seeing them enjoying facilities like the Gallagher Hub, interacting with students of all nationalities, and watching staff being customer-focused and pleasant.

Education is a great environment which, with the right focus and attention, can change people's lives for the better. I will miss Wintec. I am sure its future is a good one. There are still many ambitious projects in the pipeline but with the combination of sound governance and management, it will go from strength to strength.

All the best.

Gordon Chesterman

CHAIR'S & CHIEF EXECUTIVE'S REPORT

In 2011 we gained traction with a number of initiatives, enabling us to achieve our goals and remain at the forefront of vocational education in New Zealand.

Our academic performance and quality of delivery continued to improve, and we pushed on with our change programme, Project Connect. We continued to invest in better infrastructure to modernise our campuses and connect them to our city and region, and for the fourth consecutive year posted an improved financial result.

Five years ago Wintec was $0.5m in deficit and struggling. This year we have a $4.2m surplus.

This is after refurbishing and investing in buildings, facilities and new technology; committing ourselves to more sophisticated teaching methods; engaging more with our community and industry partners; and increasing our domestic and international student numbers.

It is important to reflect on where an organisation has come from. It gives context to the current status, and shows that the journey Wintec is on is a positive one. We celebrate this year's highlights and performance, and we believe we are in a good position to continue to perform well in the future.

SOUND FINANCIAL PERFORMANCE

Improved enrolments and greater efficiency resulted in a surplus of $4.2 million (5%) before abnormal items such as land sales and adjustments to some of our asset valuations. The surplus is $3.4 million after these items, which is 4.2% and over the 3% threshold set by our monitoring agency, the Tertiary Education Commission (TEC).

We received an improved risk assessment in 2010 from TEC. Our low risk rating confirms that we have the capability to govern and manage well during a period of intensive capital development. This is pleasing as we embark on more change and modernisation in our organisation.

OUR STUDENTS

We had close to 6800 equivalent full-time students in 2011.

We've grown our mainstream provision by 6% compared to 2010. Since 2007 our total growth in mainstream provision has increased by 38%. While the economic climate contributed to the rise, so too has our growing reputation and presence in the region.

At the same time we've also moved more provision to higher levels of study (level 4 and above). Nearly 81% of our TEC-funded students engage in higher levels of study.

Building the numbers of students at higher qualification levels benefits our region and its people. We are now offering 10 degree programmes, eight degree-level programmes (graduate diplomas and certificates), and eight post-graduate qualifications.

It is pleasing to see positive improvements in Māori student achievement and nearly a quarter of our students are Māori. Around 75% are studying at level 4 and above and their rate of successful completion of courses increased to 70% in 2011, a 3% increase from 2009.

While these statistics are amongst the best in the sector, we intend to further improve Māori achievement. We have appointed a Māori achievement manager; our new, modern city campus marae will open in early 2012; and we have started a review of our Māori Achievement strategy.

All of this growth has been managed within the overall cap agreed with the Tertiary Education Commission. We haven't had to turn students away, and we've increased provision within the region. We are proud to deliver greater benefits to the region and its economy within existing funding.

CONNECTING WITH YOUTH

Part of our strategy is to attract young people into tertiary education. Partnerships between secondary and tertiary education providers will become more commonplace, and we have a number of initiatives in this area.

We launched the Waikato Trades Academy, a partnership between Wintec and secondary schools. This initiative encourages students to stay longer at school by engaging them in hands-on learning. Forty-eight year 11-13 students combined practical, tertiary-based study, with studies towards their National Certificate of Educational Achievement (NCEA) and a national trades qualification in Electrical Engineering, Automotive or Mechanical Engineering (See page 19 for more details).

It is one of nine such academies throughout New Zealand. We plan to expand the Academy to involve more schools in 2012.

CHAIR'S & CHIEF EXECUTIVE'S REPORT

Our Māori Trades Training initiative with Te Wananga o Aotearoa (TWoA) and Tainui continues to expand. It is a fee-free programme aimed at students with little or no success at secondary school. The trades provision is undertaken at our Rotokauri campus, while pastoral care and kaupapa Māori aspects are undertaken by TWoA staff at its Te Rapa campus.

We also offered free training for 16 and 17 year-olds in trades, hospitality, business administration and hairdressing through our Youth Guarantee scheme.

MORE GLOBAL CONNECTIONS

Our commitment to internationalisation showed dividends this year with a record number of international delegation visits, an increase in international student numbers, expansion into new overseas markets and more commercial and research activities.

Of particular note was the development work undertaken in Saudi Arabia over the past two years, which resulted in 60 new equivalent full-time students (EFTS), with a market value of just under $1m. Saudi students now represent about 10% of our international EFTS.

A record 50 international delegation groups visited us, including regular visitors Chengdu University (China) and Shimane University (Japan).

We continued to develop relationships in our established markets, with the Guangdong-based cluster in China gaining more partners. Our Chengdu University partnership expanded, with the university sending students at undergraduate and postgraduate levels to Wintec.

We continued with "train the trainer" packages contracted to groups in Japan, Korea, Saudi Arabia, Thailand and Malaysia. Research links were also set up with a number of Indian institutions for the first time; and we look forward to positive future developments aligned to the pending Indian Free Trade Agreement.

We increased international student numbers by 10% in a competitive export education market.

While the revenue these students generate is important to our bottom line and to our regional economy, so too is having an increasingly multicultural student body. This diversity brings a range of benefits to students, staff, and our wider community.

QUALITY OUTCOMES

The government's Educational Performance Indicators (EPIs), are designed to give an annual snapshot of how tertiary organisations are performing in key areas. Our results for 2010 were pleasing, and we were one of only two institutes of technology to rate above the median for our sector across all four indicators. See page 78 for more details.

The draft EPI results for 2011 show we have maintained a strong position and improved overall quality.

Most importantly we have continued growth in our level 4 and above provision, while at the same time the proportion of education delivered to under-25s remains high. Together, these paint an excellent picture of delivery in line with government priorities.

OUR STAFF

We continued to invest in a range of development activities and projects to boost the quality and capability of our staff. These included new approaches to e-learning and flexible delivery, technology advances, and leadership and management skills.

With regard to academic staff productivity, our goal is to maintain our student to academic staff ratio, currently 19:1, while securing more growth in mainstream provision. Over the last two years we've achieved a better mix of academic staff duties which are more aligned with the sector, including appropriate use of senior staff time.

For some years it has been clear that the terms and conditions for our academic staff belonging to the Tertiary Education Union (TEU) required modernising. During the year a settlement was agreed. The TEU represents just under half of our academic staff.

For the first time there was alignment between a number of ITPs during the negotiation process and there is increased consistency across the sector. The settlement will modernise terms and conditions for academic staff and create more flexibility to meet the needs of our employers and students.

We also continued to emphasis our organisational values, which influence the behaviours of staff and how they interact with each other, students and the community.





A MORE MODERN OUTLOOK

The long-term capital project to modernise our campuses and technology continued.

We completed the multi-storey city campus car park building, started refurbishments on many teaching spaces, completed construction of our new marae, and relocated our childcare centre. Planning for the Trades and Engineering development project and the future designs for the Rotokauri campus also got under way.

We started to roll-out our Information Communications Technology (ICT) strategy. This included moving our physical network of computer servers to a cloud-computing service provider. The result of this is to free-up our resources to put more focus on our IT applications and technologies that enhance teaching and learning.

We accelerated our on-campus wireless programme and PC modernisation approach. Internet speed for students and staff was increased and the Gallagher Hub was refitted with new computers, including touch screen options.

A revamped staff intranet was also launched to provide more ability to share information and to improve communication channels.

The overall aim of our capital modernisation programme, which started in 2003, is to ensure we are providing an excellent standard of facilities for students, staff and the community for many years to come. This is realised through Wintec House's venues, teaching spaces, and its business hub, through the city and Rotokauri campus hubs; all of which continue to be well-utilised and commended by its users.

We are playing a part in revitalising Hamilton's CBD with facilities that interface well with the city.

This year our refurbished heritage building Wintec House won a number of regional and national awards for its design, construction and functional options.

In its first full year of operation Wintec House hosted many community, business and Wintec events including awards dinners and conferences. Its event space, the Atrium, is quickly becoming a flagship venue in Hamilton and the region, with thousands of people coming onto our city campus for a variety of events.

We continue to enjoy close links with the Waikato Chamber of Commerce and the city's economic development agency Opportunity Hamilton, who are based at our business hub on the third floor of Wintec House.

We have also seen improvement in our capital asset management programme. Since we began the modernisation programme we have reduced our deferred maintenance management liability from $11.7m to $6.2m. Continuation of our current work programme will see us achieving a deferred maintenance liability below $2m by the end of 2013. We are pleased to have one of the lowest liabilities in this area in the sector.

OPPORTUNITIES AND INNOVATION

While we made progress inside our organisation, Wintec continued to be actively involved with a number of external activities.

We are a 60:40 shareholder with the Hamilton City Council in SODA Inc., a creative industries business incubator. Working with others, such as the city council, to build the economy and create jobs is one of our roles as a tertiary institution.

In 2011 SODA Inc., increased its clientele, and secured more corporate partners. New Zealand Trade and Enterprise contracted SODA for incubator development services in the region for 2011 and 2012. This is testament to its growing reputation.

Our involvement means we can ultimately increase the employment opportunities for our own graduates, while also working towards the city's vision for more business growth.

We continued to work closely with our partner Prima Group, a commercial entity owned by the Wintec Foundation. Prima Group commercialises Wintec "know how" and develops tailor-made training solutions for industry. Interest in its short courses for work-readiness training and personal development programmes grew in 2011.

CHAIR'S & CHIEF EXECUTIVE'S REPORT

BUILDING RELATIONSHIPS AND OPPORTUNITIES

Our role in the Metros group, a partnership between New Zealand's six largest institutes of technology, was further strengthened with a joint focus on research and development, productivity, internationalisation and the role of ITPs in the national economy.

We also work with all Institutes of Technology and Polytechnics (ITPs) on a range of projects which contribute to the government's tertiary sector collaboration strategy. Examples include our Bachelor of Applied Social Science programme, developed with Waiariki Institute of Technology, which is being delivered at the Western Institute of Technology at Taranaki (WITT) and Nelson Marlborough Institute of Technology (NMIT), and soon to be at Manukau Institute of Technology. At Bay of Plenty Polytechnic (BOPP), we delivered midwifery courses in Tauranga, with BOPP delivering some of their programmes in the Waikato.

A joint project with the University of Waikato and the Hamilton City Council is under way to assess current and future demand for tertiary education in the region, all with the aim to ensure we can help strengthen the economy of the region.

We've also connected with a number of industry and community organisations through our research initiatives, including the research voucher scheme. (See more details on page 20). We've put much more focus on research which can develop ideas, solve problems or answer questions that matter to the industries, professions and communities we work with.

As part of our Research, Development Transfer and Commercialisation strategy we've put more investment into research time, got more effective researchers on board, and made system improvements to produce better quality research outputs.

OUR COUNCIL

In September, chartered accountant Maxine Moana-Tuwhangai was appointed by the Minister. Maxine's strong iwi links added to the great mix of skills on our Council. In November Clint Baddeley was reappointed by the Council for another three years effective from 1 May 2012, ensuring his extensive skills and experience were retained.

We are all committed to seeing this organisation continue on its journey of success. Our Council members attend many events and functions to connect regularly with our community. We continued with our "Council dinner" programme held at our student training restaurant Windows and guests included representatives from local and regional economic development organisations. We invite many different community groups to these dinners to share the Wintec experience with our stakeholders.

We'd also like to thank Margot Carthy for her excellent administration support to the Council.

OUR SINCERE THANKS

We made substantial progress in 2011 through our extensive change programme, and the benefits to students and community are clear. This places us in a solid position for 2012 and beyond.

We will continue to invest in our modernisation and change programme including developing our campuses and technology and raising the level of educational outcomes attained by all our students.

Our success in 2011 is a result of the immense range of skills, passion and expertise, of our Council members, our staff, our employer partnership group members and our students.

To all of you, thank you for making Wintec what it is today, a modern, quality organisation, which is innovative and leading-edge. We look forward to working together with you all in 2012.

MARK FLOWERS
Chief Executive

GORDON CHESTERMAN
Chair

MEMBERS OF COUNCIL

			APPOINTED BY:	Current Term Ends
Members of Waikato Institute of Technology Council as at 31 December 2011:	1 Gordon Chesterman	Council Chair	Minister for Tertiary Education	30/04/2012
	2 Clint Baddeley	Chair – Building and Assets Committee	Wintec Council	30/04/2015
	3 Mary Cave-Palmer	Deputy Chair Chair – Finance and Audit Committee	Minister for Tertiary Education	30/04/2012
	4 Bryce Cooper		Wintec Council	30/04/2015
	5 Maxine Moana-Tuwhangai		Minister for Tertiary Education	29/09/2013
	6 Aaron Rink		Wintec Council	30/04/2014
	7 Steve Tucker		Minister for Tertiary Education	30/04/2014
	8 Dianne Yates		Wintec Council	30/04/2013
Members who left the Council during the year:	Rahui Papa		Minister for Tertiary Education	

COMMITTEES OF COUNCIL AND COMMITTEE MEMBERSHIP

Executive Committee of Council

Functions include: acting on behalf of the Council on any urgent matters that need addressing in between Council meetings. This committee, minus the Chief Executive, will also oversee the performance appraisal of the Chief Executive, the negotiation of the Chief Executive's remuneration package, and the re-negotiation of the Chief Executive's contract.

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

Building and Assets Committee

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

Members are: Clint Baddeley (Chair), Aaron Rink (Deputy Chair), Gordon Chesterman, Maxine Moana-Tuwhangai, Mark Flowers (Chief Executive).

Finance and Audit Committee

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

Members are: Mary Cave-Palmer (Chair), Bryce Cooper (Deputy Chair), Steve Tucker, Dianne Yates and Mark Flowers (Chief Executive).

HIGHLIGHTS

HIGHLIGHTS

GRADUATION HONOURS

More than 1600 students graduated in 2011. The graduates, from 11 of our schools and centres, earned qualifications in fields such as the creative industries, information technology, languages, primary industries, education, business, sport and exercise science, hospitality and trades.

Five graduation ceremonies were held during Graduation Week 2011 alongside nine Special Awards events which honoured our top-performing students. These events were attended by students and their families as well as staff, employer partnership group members, and industry representatives.

Our 2011 honorary awards were also conferred on the following.

Venetia Sherson – former editor of the Waikato Times – received an honorary Master of Arts for her contribution to journalism and media at our School of Media Arts graduation ceremony.

John Spencer – Chair of Tainui Group Holdings – was made a Fellow of Wintec for his business acumen at our School of Business, School of Information Technology and School of Science & Primary Industries graduation ceremony.

Sir Henry van der Heyden – Chairman of Fonterra - was made an Honorary Fellow of Wintec for his services to agriculture in the Waikato region and beyond at a special ceremony held at Wintec House in May.

Our honorary recipients must have made a significant contribution to Wintec, the region or the nation through their innovation and success. Each year Wintec staff and councillors send nominations to the Honorary Degree Nominations Committee for review.

EXPAND YOUR CIRCLE WITH THE WINTEC ALUMNI

Wintec launched its Alumni Circle with the aim to help graduates stay in touch.

The Wintec Alumni Circle, set up in 2011 by the Wintec Foundation, can help graduates build their professional networks and learn more about their industry. They can draw on the network of Wintec alumni, to network in the business community, or to reconnect with classmates and academic staff.

Anyone who has completed study or worked at Wintec can join the Wintec Alumni Circle. www.winteccircle.ac.nz

VISITORS APLENTY

This year Wintec had more than 50 international delegation visits, the highest number recorded.

Delegations included regular visitors Chengdu University and Shimane University, as well as Kyung Hee University in Korea, Malmo University in Sweden, Mahasarakham University in Thailand, Southbank Institute of Technology in Brisbane, Jubail Technical Institute in Saudi Arabia and Southern Cape College in South Africa.

Delegations were made up of student study tours, visiting scholars, and visits from potential partners, established partners, government personnel, agents and research connections from around the world.

The visits help forge relationships with education agents and overseas institutions and assist our international marketing efforts.

ONLINE WEBSITE FOR FUTURE JOURNALISTS

The School of Media Arts created a daily online student newspaper covering news in the Waikato region and using the latest social media and internet tools.

The website (www.waikatoindependent.co.nz) launched in April has been a success. In its first week it experienced more than 800 visitors with around 1500 page hits from 22 countries.

It utilises Wintec's relationships with secondary schools in the region to run news stories about events in these schools.

The aim is to create stronger connections with the Waikato community, through Facebook referrals and social networking with teachers, parents, whanau and pupils, and to promote Wintec as a technology-savvy institution to secondary schools.

NEW NAME

Our Avalon campus in the north of Hamilton was renamed the Rotokauri campus.

The name change reflected the changing configuration and growth of this campus. It's Māori name recognises the area's heritage and reflects our commitment to Māori achievement. Rotokauri translates to 'lake of kauri' and reflects the area's wetlands origins.The campus is home to our School of Trades, School of Sport and Exercise Science and Centre for Hospitality, our training restaurant, a student hub, the Centre for Industry Training, and a student village.





HIGHLIGHTS

WINTEC A FINALIST FOR EMPLOYER AWARD

Wintec was a finalist in the ACC Employer Award category of the 2011 New Zealand Attitude Awards.

The ACC Employer Award recognises an employer who provides outstanding recruitment and retention opportunities for people with disabilities.

First held in 2008 the Attitude Awards is an annual national event designed to showcase the achievements of New Zealanders who live with disability.

BUILDING FOR THE FUTURE

In May we opened our parking building on the Hamilton city campus. The multi-storey building has 257 car parks and offers safe, covered parking. Its design includes an attractive exterior to blend with its campus surroundings.

Refurbishments on a number of teaching spaces, construction of our new marae, planning for the new Trades and Engineering development, and future designs for the Rotokauri campus also got under way. Wintec continued to work with the city and the region's sporting bodies to try to establish a community indoor recreation centre located near the Rotokauri campus.

CAREERS SUPPORT SERVICE

Wintec students now have access to a free careers support service to assist them with finding employment once they have completed their studies.

The new careers support service offers face-to-face support, curriculum vitae and interview workshops, advice on online resources, helps students with job searching, runs careers events and is aligned with local recruitment agencies.

WINTEC EXTENDS ITS EDUCATIONAL REACH

An educational agreement between Wintec and the Shiromani Gurdwara Parbandhak Committee (SGPC) has enabled SGPC students to complete their engineering, business studies and information technology programmes at Wintec.

As well as being the statutory body of elected Sikhs which represents more than six million Sikhs world-wide, the SGPC is also a charitable and humanitarian organisation that runs 36 institutions of higher education throughout India. Students can undertake their first two years of a Bachelor of Engineering Technology (Civil) or Bachelor of Business Studies at an SGPC-run educational institution in India before coming to Wintec to complete their final two years of study. The first SGPC students arrived at the end of 2011.

HABITAT FOR HUMANITY TRIP

As part of our strategic partnership with Habitat for Humanity, Wintec sends staff to an international building project every two years.

In semester one, 14 Wintec staff members were a world away in Siem Reap, Cambodia. The group made up Habitat for Humanity's New Zealand Global Village Team which built an ablution block in one of Siem Reap's villages. The one-week build was part of Habitat's Housing and Community Development Project which resulted in housing solutions for 400 families through construction, repairs and renovations, plus improvements to water and sanitation, and skills training.

These visits, and our ongoing relationship with the not-for-profit organsiation, help staff to be more globally connected and aware. It fits with our commitment to internationalisation and is one of the many ways we recognise staff. This was the third such visit for staff, with previous trips to India and Vietnam.

INTERNATIONAL STUDENT OF THE YEAR

Wintec social work student Kai Quan, from China, was named International Student of the Year by Education New Zealand.

The inaugural competition highlights the contribution that international students make to the New Zealand cities and towns where they study, as well as to their fellow students. There were six winners in total – one from each education sector and one students' choice award. Kai was named the winner for the Institutes of Technology and Polytechnics sector.

Kai, in her third-year studying for a Bachelor of Applied Social Sciences at Wintec in Hamilton, won the award for her enthusiasm and participation in volunteer work both on and off campus.

Nominees were judged on their academic achievements, their participation in institutional and community activities, and how they have immersed themselves in New Zealand culture and experiences.





BUMPER ISSUE

Each year Wintec's journalism, photography and graphic design students create the Fieldays Exhibitor - a daily newspaper about New Zealand's largest agribusiness event.

This is the eighth year that Wintec students created a daily record of the National Agricultural Fieldays held at Mystery Creek, Hamilton, in June.

This year the Fieldays Exhibitor surpassed itself with the final edition for 2011 being the largest ever. The students worked to strict deadlines, wrote more than 100 stories and took hundreds of photographs for the publication. This is one of the largest student-based journalism projects in New Zealand.

SYNERGY BETWEEN HEALTH AND SOCIAL PRACTICE

Wintec's new Centre for Health and Social Practice was established in July.

The centre joins the School of Health and School of Social Development, reflecting the growing synergies and cross-disciplinary nature of these sectors. The centre delivers the current programmes of the two schools and is paving the way for creative future teaching, research and external engagement opportunities.

New programmes delivered by the centre include the Diploma in Enrolled Nursing, the Postgraduate Diploma in Health and Social Practice, Postgraduate Certificate in Health and Social Practice and Postgraduate Certificate in Professional Supervision.

WINTEC HOUSE SCOOPS AWARDS

Just one year after it opened, Wintec House has won five prestigious architecture, design and building awards.

The renovated historical brick building on Wintec's city campus won the Heritage and Adaptive Reuses and the Education and Arts award categories at the Property Council New Zealand Rider Levett Bucknall Property Awards in June.

In July it was awarded gold and named the overall winner for the Commercial Projects (Education) category at the Waikato Registered Master Builders House of the Year Awards.

In October it won the Heritage and Interior Design categories at the New Zealand Institute of Architects Waikato Bay of Plenty Architecture Awards.

RUGBY WORLD CUP EXPERIENCE PRICELESS

All of Wintec's event management students secured volunteer roles in Hamilton for the Rugby World Cup 2011. The Graduate Diploma in Practical Event Management students looked after VIPs, monitored the fanzone at the Waikato Stadium, worked alongside media and helped with accreditation.

Four of Wintec's journalism students also participated. They were responsible for sourcing and relaying player quotes to international media for all the games played at Waikato Stadium.

Wintec was also involved in training hospitality staff to work at Rugby World Cup events for Montana Catering – Waikato Stadium's catering provider.

STUDENTS GET BEST OF BOTH WORLDS

A government initiative saw Wintec partner with Waikato secondary schools to encourage students to stay at school for longer by engaging them in hands-on learning.

The Waikato Trades Academy enables year 11-13 students who are interested in a career in trades or technology to combine practical tertiary-based study with studies towards their National Certificate of Educational Achievement (NCEA).

During the first year of the Waikato Trades Academy, students built a motorbike using scooter parts. The project-based teaching used gave the students automotive, electrical and engineering skills and the relevant NCEA unit standards, while also improving literacy and numeracy levels.

In 2011, the Waikato Trades Academy was one of nine throughout New Zealand, and the only academy in the Waikato region. With 48 year 11 students from 12 Waikato secondary schools, the three-year programme saw students join the trade academy three times this year, for two weeks each time.

GRADUATE BAND AVALANCHE CITY NUMBER ONE

A Wintec graduate hit the big time in 2011 with a number one on every music chart in New Zealand.

Media Arts graduate Dave Baxter is the founding member of New Zealand folk band Avalanche City, whose debut single Love, Love, Love went to number one in May and won the APRA Silver Scroll songwriting award in September.

HIGHLIGHTS

Love, Love, Love is the fastest selling single by a Kiwi musician since digital music sales were first recorded.

HARE PUKE SCHOLARSHIP

Peter Maulder, an academic staff member in our School of Sport and Exercise Science, was awarded the Hare Puke Māori Leadership Scholarship in 2011.

The staff scholarship recognises and honours Kaumātua Dr Hare Puke and the contribution he made to Wintec, Hamilton and the wider community. The goal is to enable Māori staff to gain leadership and management skills.

Peter, who is of Ngāti Kahungunu, Ngāti Pāhauwera descent, has been with Wintec since 2008. His aim is to focus on developing as a senior leader, encouraging and motivating people towards a common goal, and becoming an international leader in his field of sport and exercise science.

The scholarship has a value of up to $15,000 per year and one additional week of professional development leave.

WINTEC VENUES A POPULAR CHOICE

Wintec's venues have gone from strength to strength since the opening of Wintec House late in 2010.

Thousands of guests from local and national organisations, community groups and Wintec have enjoyed the event facilities on the Wintec city campus whether it be the Atrium or the Long Room in Wintec House, or the stylish event rooms in the Bill Gallagher Centre.

The venues are hired out for events such as business conferences and meetings, corporate functions, exhibitions, glittering gala dinners, school balls and award ceremonies. Our staff, students and stakeholders also utilise the spaces. The venues' popularity and wide audience appeal has helped raise Wintec's profile within the region, as well as helping us connect further with our community and industry partners.

COMMUNITY LIVING TRUST

Our strategic partner Community Living Trust provides support for people with intellectual disabilities so they, and their families, can lead quality lives in the community.

The relationship enables Wintec to engage with our community and gives staff and students the chance to work with disadvantaged people. Through these opportunities, students gain real-life experience.

In 2011 Wintec's built environment students were tasked with designing a small dwelling (70m^2) to meet the physical and intellectual needs of Community Living Trust clients. The winning student design met building standards, was affordable, aesthetically pleasing, energy efficient and future-proofed. The building based on this design will be constructed at our Rotokauri campus and be transported to the site in 2012.

In another joint project, horticulture students designed a garden at one of Community Living Trust's residential homes.

STUDENT VILLAGE AT ROTOKAURI TO RESEARCH SUSTAINABLE LIVING

In March the student village at the Rotokauri campus opened its doors. The village provides short-term accommodation for our Mighty River Power students, as well as doubling as a facility to research sustainable living.

The village is a real-world research environment where people live in houses that are monitored for sustainable practices. The aim is to further develop this as a research facility that enables Wintec and our industry partners to undertake testing and evaluation on sustainable living in domestic settings.

The houses were built to reflect different standards of building design and technology. These will be fitted with additional sustainable designs and technologies in 2012.

Our Mighty River Power students complete their apprenticeship programme at Wintec over three years and live in the student village for 18-20 weeks each year.

Meanwhile our industry research voucher scheme is proving popular. In 2011, 25 organisations took up the opportunity to have Wintec undertake research for the benefit of their businesses. These public, private and not-for-profit organisations worked with our staff and students on a range of research topics with the aim of solving a problem, answering a question or developing an idea they have.

If you are interested in taking part in the research voucher scheme please contact us at research@wintec.ac.nz.





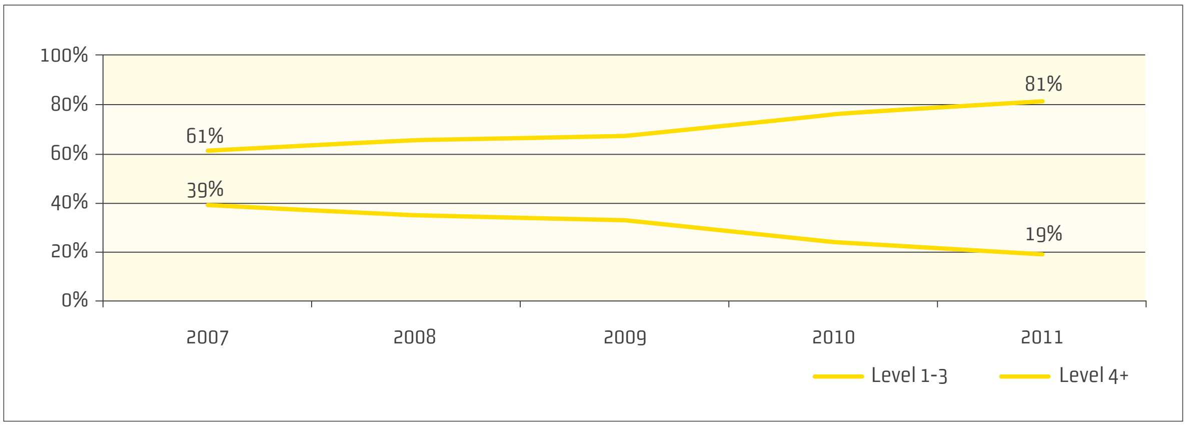
STUDENT STATISTICS

In 2011 Wintec's headcount of students (not EFTS) was 19,652, with 18,647 domestic students and 1,005 international students.

Total Equivalent Full Time Students (EFTS) by Source of Funding

	2007	2008	2009	2010	2011
Adult and Community Education	198	205	182	203	105
Student Achievement Component	4,502	4,898	4,818	4,918	4,945
Youth Guarantee & Trades Academy	-	-	-	59	112
Total TEC-funded	**4,700**	**5,103**	**5,000**	**5,181**	**5,162**
International	397	489	546	555	608
Industry Training Organisation	906	1,019	904	860	781
Other	162	202	192	206	235
Total non TEC-funded	**1,464**	**1,711**	**1,642**	**1,621**	**1,623**
TOTAL EFTS	**6,164**	**6,814**	**6,643**	**6,802**	**6,786**

TEC Funded* EFTS by Level of Study



*Student Achievement Component, Youth Guarantee & Trades Academy




TEC Funded* Equivalent Full Time Students (EFTS) by Ethnicity

	2007	2008	2009	2010	2011
European	2,478 (55%)	2,708 (55%)	2,888 (60%)	2,914 (59%)	2,941 (58%)
Māori	904 (20%)	1,128 (23%)	1,172 (24%)	1,184 (24%)	1,216 (24%)
Asian	509 (11%)	506 (10%)	311 (6%)	381 (8%)	378 (7%)
Pasifika	179 (4%)	172 (4%)	148 (3%)	199 (4%)	214 (4%)
Other	431 (10%)	384 (8%)	299 (6%)	300 (6%)	308 (6%)
Total	**4,502**	**4,898**	**4,818**	**4,978**	**5,057**

*Student Achievement Component, Youth Guarantee & Trades Academy.
Percentage figures have been rounded, therefore some columns may not add up to 100%.

International Equivalent Full Time Students (EFTS) by Country

	2007	2008	2009	2010	2011
China	252	272	312	297	308
India	60	147	154	154	125
Saudi Arabia	0	1	7	8	64
Fiji	8	7	12	18	24
South Korea	23	17	15	18	19
Taiwan	6	5	4	9	8
Philippines	3	3	5	8	8
Vietnam	3	3	5	5	6
Russia	1	1	0	0	5
Nepal	-	1	1	3	5
Malaysia	3	3	2	4	5
Other	36	29	29	31	30
Total	**397**	**489**	**546**	**555**	**608**

EQUAL OPPORTUNITIES

EQUAL OPPORTUNITIES

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

EQUAL EMPLOYMENT OPPORTUNITIES

Wintec's Equal Employment Opportunity policy states our committment to giving all potential employees equal opportunities in relation to working at Wintec. Our EEO programme supports our commitment to redressing underrepresentation and issues of particular groups; in particular women, Māori, Pasifika, other ethnic minorities, people with disabilities and older age groups.

In 2011 our EEO vision was progressed through:

- An ongoing commitment to supported employment for people with disabilities. Wintec was a finalist in the ACC Employer Award category of the 2011 New Zealand Attitude Awards. The ACC Employer Award recognises employers who provide outstanding recruitment and retention opportunities for people with disabilities.
- Continuing our participation in the Mainstream Employment programme, whereby we work with community agencies to facilitate employment at Wintec for people with significant disabilities.
- Being a member of the Equal Employment Opportunities (EEO) Trust – a not-for-profit organisation that provides EEO information to employers and raises awareness of diversity issues in New Zealand workplaces. As a member of the EEO Trust we aim to recruit, reward and develop employees on the basis of merit, recognising that effectively managing New Zealand's diverse population can lead to increased creativity, engagement and productivity.

ETHNICITY OF EMPLOYEES - 2011

Ethnicity	%	Number	Female	Male
NZ European/ Pakeha	48.5%	390	241	149
Other European	12.7%	102	58	44
NZ Māori	9.6%	77	54	23
Other	3.0%	24	14	10
South African	2.6%	21	9	12
Indian	2.4%	19	8	11
Chinese	2.1%	17	8	9
Pasifika	1.1%	9	5	4
Other Asian	1.0%	8	3	5
No data provided	17.0%	137	79	58

* New categories of South African and Pasifika have been added this year, and a more accurate grouping of 'other' and 'other European' has seen a shift in each of these numbers from previous years.

EQUAL EDUCATION OPPORTUNITIES

Wintec's Student Learning Services helps deliver quality student-centred learning and disability support services.

Student Learning Services continued to offer a high-level of advocacy, information and support to students who disclosed impairments in 2011. Thirty-six staff provided 7634 hours of note-taker and reader-writer services to help improve participation, retention, completion and progression of students who required these services.

They also provided academic learning support to more than 2100 students in 2011, representing a 15 per cent increase from 2010. Services included workshops, writing and study skills courses, peer tutoring, one-on-one learning support, and learning consultations to identify individual learning needs.

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

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 and information and advice related to studying at Wintec. Our staff and students also participated in a number of Māori and Pasifika community events.

OUR VALUES

Our values describe how we want to do things at Wintec; the sort of organisation we want to be.

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

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

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 2011.

Signed by:

MARK FLOWERS
Chief Executive

Date: 24/04/2012

GORDON CHESTERMAN
Chair

Date: 24/04/2012

PAUL HOLLOWAY
Chief Financial Officer

Date: 24/04/2012

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDITOR'S REPORT

Independent Auditor's Report

To the readers of the Waikato Institute of Technology and Group's financial statements and statement of service performance for the year ended 31 December 2011

The Auditor-General is the auditor of the Waikato Institute of Technology (the Institute) and Group. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Institute and group on her behalf.

We have audited:

- the financial statements of the Institute and group on pages 29 to 75, that comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Institute and group on pages 76 to 85.

Opinion

In our opinion:

- the financial statements of the Institute and group on pages 29 to 75:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect the Institute and group's:
        - financial position as at 31 December 2011; and
        - financial performance and cash flows for the year ended on that date;
- the statement of service performance of the Institute and group on pages 76 to 85 fairly reflects the Institute and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2011.

Our audit was completed on 24 April 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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.

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

An audit also involves evaluating:

• the appropriateness of accounting policies used and whether they have been consistently applied;

• the reasonableness of the significant accounting estimates and judgements made by the Council;

• the adequacy of all disclosures in the financial statements and statement of service performance; and

• the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

• comply with generally accepted accounting practice in New Zealand; and

• fairly reflect the Institute and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing a statement of service performance that fairly reflects the Institute and group's service performance achievements.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

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

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the 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.

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	CONSOLIDATED Actual 2011 $'000	CONSOLIDATED Budget 2011 $'000	CONSOLIDATED Actual 2010 $'000	PARENT Actual 2011 $'000	PARENT Budget 2011 $'000	PARENT Actual 2010 $'000
Income							
Government grants	3(a)	46,714	44,849	46,139	46,714	44,849	46,139
Student tuition fees	3(b)	27,899	26,655	24,765	27,899	26,655	24,765
Other income	3(c)	8,501	7,962	11,701	7,201	6,730	11,468
Finance income	3(d)	216	119	267	196	119	267
Total Income		**83,330**	**79,585**	**82,872**	**82,010**	**78,353**	**82,639**
Expenditure							
Personnel costs	3(e)	(47,584)	(43,066)	(44,113)	(46,682)	(42,237)	(43,567)
Depreciation and amortisation expense	8, 9	(6,028)	(7,000)	(6,310)	(5,963)	(7,000)	(6,310)
Other expenses	3(f)	(25,790)	(21,509)	(25,021)	(25,331)	(21,177)	(25,300)
Finance costs	3(d)	(658)	(5)	(282)	(654)	-	(282)
Impairment of fixed assets		-	-	(1,613)	-	-	(1,613)
Fair value impairment		-	-	(2,814)	-	-	(3,032)
Total Expenditure		**(80,060)**	**(71,580)**	**(80,153)**	**(78,629)**	**(70,414)**	**(80,104)**
Share of associates surplus/(deficit)		-	-	-	-	-	-
Surplus/(Deficit)		**3,269**	**8,005**	**2,719**	**3,381**	**7,939**	**2,535**
Total surplus attributable to:							
The Waikato Institute of Technology		3,380	8,005	2,781	3,381	7,939	2,535
Non-controlling interest		(111)	-	(62)	-	-	-
Other Comprehensive Income							
Property revaluations		2,917	-	-	2,917	-	-
Total Other Comprehensive Income/ (Expense)		**2,917**	**-**	**-**	**2,917**	**-**	**-**
Total Comprehensive Income/ (Expense)		**6,186**	**8,005**	**2,719**	**6,298**	**7,939**	**2,535**
Total comprehensive income attributable to:							
The Waikato Institute of Technology		6,297	8,005	2,781	6,298	7,939	2,535
Non-controlling interest		(111)	-	(62)	-	-	-

Explanation of major variances against budget are provided in note 23.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Notes	CONSOLIDATED Actual 2011 $'000	CONSOLIDATED Budget 2011 $'000	CONSOLIDATED Actual 2010 $'000	PARENT Actual 2011 $'000	PARENT Budget 2011 $'000	PARENT Actual 2010 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	4	1,885	2,740	2,626	8	2,552	664
Debtors and other receivables	5	12,717	2,560	626	14,639	2,560	2,230
Inventories	6	356	400	11	356	400	11
Prepayments		155	34	138	155	34	138
		15,113	5,734	3,401	15,158	5,546	3,043
Assets held for sale	10	5,623	-	1,933	5,623	-	1,933
Total Current Assets		**20,736**	**5,734**	**5,334**	**20,781**	**5,546**	**4,976**
Non-Current Assets							
Financial assets	7	184	1,988	901	184	1,988	901
Property, plant and equipment	8	133,199	139,393	124,975	133,053	139,393	124,975
Assets held for sale	10	-	-	1,247	-	-	1,247
Intangible assets	9	5,275	-	3,091	5,275	-	3,091
Total Non-Current Assets		**138,658**	**141,381**	**130,214**	**138,512**	**141,381**	**130,214**
TOTAL ASSETS		**159,394**	**147,115**	**135,548**	**159,293**	**146,927**	**135,190**
LIABILITIES							
Current Liabilities							
Creditors and other payables	11	5,779	2,685	5,711	5,577	2,446	4,748
Employee entitlements	12	4,973	2,249	2,353	4,895	2,249	2,353
Provisions		-	-	-	-	-	-
Revenue in advance	13	15,141	4,405	3,348	15,111	4,405	3,348
Interest-bearing loans and borrowings	15	5,800	-	-	5,804	-	-
Total Current Liabilities		**31,693**	**9,338**	**11,412**	**31,386**	**9,099**	**10,449**

	Notes	CONSOLIDATED Actual 2011 $'000	CONSOLIDATED Budget 2011 $'000	CONSOLIDATED Actual 2010 $'000	PARENT Actual 2011 $'000	PARENT Budget 2011 $'000	PARENT Actual 2010 $'000
Non-Current Liabilities							
Interest-bearing loans and borrowings	15	7,240	13,201	10,400	7,240	13,201	10,400
Provisions							
Employee entitlements	12	487	-	478	487	-	478
Total Non-Current Liabilities		**7,727**	**13,201**	**10,878**	**7,727**	**13,201**	**10,878**
TOTAL LIABILITIES		**39,420**	**22,539**	**22,290**	**39,113**	**22,300**	**21,327**
NET ASSETS		**119,974**	**124,576**	**113,258**	**120,180**	**124,627**	**113,863**
EQUITY							
General funds		100,126	107,553	96,294	100,217	107,604	96,837
Share capital		1	-	-	-	-	-
Restricted reserves		145	123	126	145	123	126
Property revaluation reserve		19,817	16,900	16,900	19,817	16,900	16,900
Total equity attributable to the institute		**120,090**	**124,576**	**113,320**	**120,180**	**124,627**	**113,863**
Non-controlling interest		(116)	-	(62)	-	-	-
TOTAL EQUITY	16	**119,974**	**124,576**	**113,258**	**120,180**	**124,627**	**113,863**

Explanation of major variances against budget are provided in note 23.

The accompanying notes form part of these financial statements

These financial statements were approved for signing by the Council on 24/4/2012.

M Flowers
Chief Executive

P Holloway
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED			PARENT		
	Actual 2011 $'000	**Budget 2011 $'000**	**Actual 2010 $'000**	**Actual 2011 $'000**	**Budget 2011 $'000**	**Actual 2010 $'000**
Balance at 1 January	113,258	116,571	110,539	113,863	116,688	111,328
Comprehensive income						
Surplus/(deficit)	3,269	8,005	2,719	3,381	7,939	2,535
Other comprehensive income	2,917	-	-	2,917	-	-
Total comprehensive income for year	**6,186**	**8,005**	**2,719**	**6,298**	**7,939**	**2,535**
Balance before non-comprehensive income at 31 December	**119,444**	**124,576**	**113,258**	**120,161**	**124,627**	**113,863**
Non-comprehensive income items						
Restricted reserves transfers	19	-	-	19	-	-
Capital contributions from owners	511	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Total non-comprehensive income items	**530**	**-**	**-**	**19**	**-**	**-**
Balance at 31 December	**119,974**	**124,576**	**113,258**	**120,180**	**124,627**	**113,863**
Total comprehensive income for year	**6,186**	**8,005**	**2,719**	**6,298**	**7,939**	**2,535**
Total comprehensive income attributable to:						
The Waikato Institute of Technology	6,297	8,005	2,781	6,298	7,939	2,535
Non-controlling interest	(111)	-	(62)	-	-	-

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED			PARENT		
	Actual 2011 $'000	Budget 2011 $'000	Actual 2010 $'000	Actual 2011 $'000	Budget 2011 $'000	Actual 2010 $'000
Cash flows from operating activities						
Receipt of government grants	46,321	44,849	46,512	46,321	44,849	46,512
Receipt of student tuition fees	32,401	26,655	24,125	32,401	26,655	24,125
Interest income received	216	119	267	196	119	267
Receipt of research income	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Receipt of other income	4,983	8,723	9,303	3,334	7,491	9,070
Payments to employees	(45,641)	(42,760)	(43,762)	(44,817)	(42,238)	(43,764)
Payments to suppliers	(27,639)	(25,664)	(21,962)	(26,924)	(25,142)	(23,398)
Interest paid	(658)	(747)	(282)	(654)	(747)	(282)
Goods and services tax (net)	616	-	184	609	-	274
Net cash flows from operating activities	**10,598**	**11,175**	**14,385**	**10,466**	**10,987**	**12,804**
Cash flows from investing activities						
Purchase of property plant and equipment	(12,109)	(16,989)	(22,878)	(11,896)	(16,989)	(22,878)
Purchase of intangible assets	(2,951)	-	(641)	(2,951)	-	(641)
Acquisition of investments	-	-	-	-	-	-
Receipts from sale of investments	574	-	-	574	-	-
Proceeds from sale of property, plant and equipment	507	8,330	3,518	507	8,330	3,518
Net cash flows used in investing activities	**(13,979)**	**(8,659)**	**(20,001)**	**(13,766)**	**(8,659)**	**(20,001)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED			PARENT		
	Actual 2011 $'000	Budget 2011 $'000	Actual 2010 $'000	Actual 2011 $'000	Budget 2011 $'000	Actual 2010 $'000
Cash flows from financing activities						
Capital contributions received from the Crown	-	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Proceeds from borrowings	724	-	10,400	724	-	10,400
Repayment of borrowings	(3,080)	(700)	(3,300)	(3,080)	(700)	(3,300)
Payment of finance leases	-	-	-	-	-	-
Net cash flows from financing activities	**(2,356)**	**(700)**	**7,100**	**(2,356)**	**(700)**	**7,100**
Net increase / (decrease) in cash and cash equivalents	(5,737)	1,816	1,484	(5,656)	1,628	(97)
Cash and cash equivalents at the beginning of the period	2,626	924	1,142	664	924	761
Cash and cash equivalents at the end of the period	**(3,111)**	**2,740**	**2,626**	**(4,992)**	**2,552**	**664**

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

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

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

RECONCILIATION OF NET SURPLUS/(DEFICIT) TO THE NET CASH FLOW FROM OPERATING ACTIVITIES - FOR THE YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Net Surplus / (deficit)	3,269	2,719	3,381	2,535
Add/(less) non-cash items				
Depreciation and amortisation expense	6,028	6,310	5,963	6,310
Intangible asset write-off	-	-	-	-
(Gains)/losses on fair value of investment property	-	-	-	-
Increase/(decrease) in non-current employee entitlements	9	-	9	-
Bad debts	273	495	273	495
Impairment of fixed assets	-	1,613	-	1,613
Fair value impairment	-	2,814	-	3,032
Total non-cash items	**6,310**	**11,232**	**6,245**	**11,450**
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	777	(2,398)	777	(2,398)
(Gains)/losses on disposal of investments classified as fair value through other comprehensive income	-	-	-	-
Total items classified as investing or financing activities	**777**	**(2,398)**	**777**	**(2,398)**
Add/(less) movements in working capital items				
(Increase) / decrease in inventories	(345)	389	(345)	389
(Increase) / decrease in debtors and other receivables	(11,360)	707	(11,678)	(922)
(Increase) / decrease in prepayments	(17)	(33)	(17)	(33)
Increase / (decrease) in creditors and other payables	(2,449)	1,396	(2,202)	1,410
Increase / (decrease) in revenue received in advance	11,793	373	11,763	373
Increase / (decrease) in provisions	-	-	-	-
Increase / (decrease) in current employee entitlements	2,620	-	2,542	-
Increase / (decrease) in trust funds	-	-	-	-
Net movements in working capital items	**241**	**2,832**	**63**	**1,217**
Net cash flow from operating activities	**10,598**	**14,385**	**10,466**	**12,804**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 REPORTING ENTITY

The Waikato Institute of Technology (the Institute) is a Tertiary Education Institution (TEI) and is governed by the Crown Entities Act 2004 and the Education Act 1989. 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 Trust. These entities are all incorporated in New Zealand. Refer to note 25 for further details of all entities included in the Group.

The primary objective of the Institute and Group is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the Institute has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZIFRS).

The financial statements of the Institute for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Councillors on 24 April 2012. Council does not have the power to amend the statements after issue.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the Institute and Group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement basis

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

Functional and presentation currency

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

Changes in accounting policies

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

Adoption of the revised NZ IAS 24 Related Party Disclosures

The revised NZ IAS 24 Related Party Disclosures (Revised 2009) has been adopted for the first time in the Institute and Group's 31 December 2011 financial statements. The effect of adopting the revised NZ IAS 24 is:

- more information is required to be disclosed about transactions between the Institute and government-related entities; and

- commitments with related parties now require disclosure

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 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 of 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 30 June 2014. The Institute and Group has not yet assessed the impact of the new standard and expects it will not be early adopted.

- FRS-44 *New Zealand Additional Disclosures and amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to* *eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 31 December 2012. The Institute has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.*

As the External Reporting Board is consulting on a new accounting standards framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 will not be applicable to public benefit entities. This means that the financial reporting requirements for public benefit entities are expected to be effectively frozen in the short term. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The purchase method is used to prepare group 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.

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

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

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

Joint Venture

The Institute's jointly-controlled entity interest is accounted for by proportionate consolidation in the group financial statements. The group combines its share of the joint venture's individual income and expenses, assets and liabilities, and cash flows on a line-by-line basis with similar items in the Institute and group's financial statements.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures.

Investments in jointly-controlled entities are carried at cost in the Institute's parent entity financial statements.

Cash and equivalents

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

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

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.

Previously student fees were reported when the student accepted the enrolment offer. Fees are now presented in our Statement of Financial Performance when the student indicates their intention to study. There is no change to the way we recognise revenue.

Bad debts are written off when identified.

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, and fair value through other comprehensive income. 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.

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

Recognition and de-recognition
Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institute and Group have transferred substantially all the risks and rewards of ownership.

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

- Fair value through surplus or deficit;
- Loans and receivables; and
- Fair value through other comprehensive income.

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

Financial assets at fair value through surplus or deficit
Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term or is part of a portfolio that is managed together and for which there is evidence of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or as part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above. The initial recognition financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Loans and receivables
(including cash and cash equivalents and debtors and other receivables)
Loans and receivables 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. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Related party receivables that are repayable on demand are classified as a non-current asset because repayment of the receivable is not expected within 12 months of balance date.

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

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

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

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

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

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

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

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

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

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.

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.

De-recognition of financial instruments
The de-recognition of a financial instrument takes place when the Institute and the Group no longer control 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.

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

- land
- buildings
- computer hardware
- plant and equipment
- library collection

The measurement basis 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, library and computer hardware are stated at cost less accumulated depreciation and any accumulated impairment in value.

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 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.

For land and buildings, 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.

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

Work in progress is recognised at cost less impairment and is not depreciated.

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

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

Class of assets	Rate (pa)
Land	0%
Plant and equipment	5%-33.33%
Motor vehicles	20%
Library	20%
Computer hardware	25%-33.33%
Infrastructure	10-50 years
Buildings	
Structure	1-84 years
Fit out	1-19 years
Services	1-22 years

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

Intangible assets
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 are 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 Comprehensive Income 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.

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.

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.

Creditors and other payables
Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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.

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

Long-term employee entitlements
Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and the present value of the estimated future cash flows.

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

Superannuation schemes
Defined contribution schemes
Obligations for contributions to Kiwisaver, the government superannuation fund, and other defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Provisions
Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event if 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.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are:

- General funds;
- Property revaluation reserves;

- Fair value through other comprehensive income reserves;
- Restricted reserves

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

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

Fair value through other comprehensive income reserves
This reserve comprises the cumulative net change in the fair value of the fair value through other comprehensive income instruments.

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

Government grants
Government grants are recognised as revenue upon entitlement.

Student tuition fees
Student tuition fees are recognised as revenue. Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

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

Funding received which provides no reciprocal benefit to the research funding provider is recognised as revenue when the funding is received.

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

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

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

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

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

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

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

Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Inland Revenue Department (IRD), 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 IRD is included as part of receivables or payables in the Statement of Financial Position.

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

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

Income Tax

The Institute and the Wintec Foundation are exempt from income tax, all other entities in the Group are liable for tax.

Changes in accounting estimates

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

Financial risk management objectives and policies

The Institute's and the Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, available for sale investments, cash and short-term deposits. The Institute and Group manage 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 and the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Institute and Group use 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. 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.

Risk exposures and responses

Interest rate risk

The Institute's and the Group'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 and Group constantly analyse their 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 and Group only have 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 and the Group, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets and derivative instruments.

The Institute's and the Group's exposure to credit risk arise 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 and the Group do not hold any credit derivatives to offset their credit exposure. The Institute and Group trade only with recognised, credit-worthy third parties, and as such collateral is not requested nor is it the Institute's and Group's policy to securitise trade and other receivables.

In addition, receivable balances are monitored on an on-going basis with the result that the Institute's and Group's exposure to bad debts are 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 and the Group'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 2011, borrowings were equal to 4.8% of the Institute's total assets (2010: 7.7%).

Key judgements, estimates and assumptions

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

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

Impairment of non-financial assets other than goodwill

The Institute and Group assess impairment of all assets at each reporting date by evaluating conditions specific to the Institute and Group, and to the particular asset that may lead to impairment. These include programme performance, technology, economic and political environments and future programme expectations. If an impairment trigger exists the recoverable amount of the asset is determined. The Institute does not consider that the triggers for impairment testing have been significant enough 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 entering into a contractual sale agreement or the activation of and commitment to a programme to locate a buyer and dispose of the assets and liabilities.

Estimation of useful lives of assets

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

Property revaluations

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

Capital management

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

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

Budget figures

The budget figures are those given final approval by the Council on 7 December 2010. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that consistent with those adopted by the Council in preparing these financial statements.

Comparatives

Some of the 2010 comparatives have been changed for comparability. The overall effect on the Statement of Comprehensive Income and the Statement of Financial Position is nil.

3 REVENUE AND EXPENSES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(a) Government grants				
Student Achievement Component (SAC) Funding	42,530	32,032	42,530	32,032
Tertiary Education Organisational Capability (TEOC) funding	-	11,257	-	11,257
Other Tertiary Education Commission funding PPBG	-	1,500	-	1,500
Other grants	4,184	1,350	4,184	1,350
Total	**46,714**	**46,139**	**46,714**	**46,139**

2010 was the last year the Institute received Tertiary Education Organisational Capability (TEOC) and Other Tertiary Education Commission (PPBG) funding.

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(b) Student tuition fees				
Fees from domestic students	20,354	17,277	20,354	17,277
Fees from international students	7,545	7,488	7,545	7,488
Total	**27,899**	**24,765**	**27,899**	**24,765**
(c) Other income				
Revenue from childcare operations	766	789	766	789
Revenue from other operating activities	7,735	8,514	6,435	8,281
Sub total	8,501	9,303	7,201	9,070
Gain on disposal of property, plant and equipment	-	2,398	-	2,398
Total	**8,501**	**11,701**	**7,201**	**11,468**

Included in revenue from other operating activities of $7.735m (consolidated) and $6.435m (parent) is $0.158m which relates to operating lease receivables (2010: $0.96m).

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(d) Finance (costs)/income				
Bank loans and overdrafts	(615)	(275)	(613)	(275)
Debt collection fees	(4)	(7)	(4)	(7)
Other finance costs	(39)	-	(37)	-
Total finance costs	**(658)**	**(282)**	**(654)**	**(282)**
Interest earned on bank deposits	216	267	196	267
Total finance income	**216**	**267**	**196**	**267**
(e) Employee benefits expense				
Wages and salaries	(44,892)	(43,407)	(44,068)	(42,868)
Defined contribution plan employer contributions	(72)	(62)	(72)	(55)
(Increase)/decrease in employee entitlements	(2,620)	(644)	(2,542)	(644)
Total	**(47,584)**	**(44,113)**	**(46,682)**	**(43,567)**

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(f) Other Expenses				
Loss on disposal of property, plant and equipment	(777)	-	(777)	-
Donations and koha	(8)	-	(8)	-
Bad debts	(273)	(495)	(273)	(495)
Childcare expenses	(707)	(680)	(707)	(680)
Aggregate research and development costs	(261)	(262)	(261)	(262)
Operating lease payments	(1,467)	(598)	(1,467)	(598)
Materials and consumables	(22,297)	(22,986)	(21,838)	(23,265)
Total	**(25,790)**	**(25,021)**	**(25,331)**	**(25,300)**

4 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at bank and on hand	1,885	2,626	8	664
Short-term deposits	-	-	-	-
Total	**1,885**	**2,626**	**8**	**664**

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

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the institute, and earn interest at the respective short-term deposit rates.

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

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

		CONSOLIDATED		PARENT	
	Notes	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at bank and on hand		1,885	2,626	8	664
Short-term deposits		-	-	-	-
Bank overdrafts	15	(4,996)	-	(5,000)	-
Total		**(3,111)**	**2,626**	**(4,992)**	**664**

5 DEBTORS AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Student fees receivables	9,142	98	9,142	98
Related party receivables	835	44	2,759	1,648
Other receivables	3,540	1,009	3,538	1,009
less provision for impairment	(800)	(525)	(800)	(525)
Total	**12,717**	**626**	**14,639**	**2,230**

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.

Previously student fees were only reported when the student accepted the enrolment offer. Fees are now reported when the student indicates their intention to study at Wintec. The revenue is not recognised in the Statement of Comprehensive Income until it meets the revenue recognition criteria.

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 2011 and 2010 are detailed below:

	2011			2010		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	10,325	-	10,325	813	-	813
Past due 1-30 days	3,394	-	3,394	-	-	-
Past due 31-60 days	293	-	293	94	-	94
Past due 61-90 days	607	-	607	8	-	8
Past due over 90 days	820	800	20	1,840	525	1,315
Total	**15,439**	**800**	**14,639**	**2,755**	**525**	**2,230**

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

There are provisions for impairment on receivables with overdue amounts.

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

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

	PARENT AND CONSOLIDATED	
	2011 $'000	2010 $'000
At 1 January	525	50
Additional provisions made during year	-	475
Provisions reversed during the year	(41)	-
Receivables written-off during the year	316	-
Total	**800**	**525**

6 INVENTORIES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Held for resale	356	11	356	11
Total	**356**	**11**	**356**	**11**

7 FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current portion				
(i) Unlisted shares:- Shares in PINZ (at cost)	38	38	38	38
(ii) Loans to associates:- Hamilton Fibre Network Ltd	-	741	-	741
(iii) Special funds investments (term deposits)	146	122	146	122
Total	**184**	**901**	**184**	**901**

Fair Value

Loans to related parties

Loans to related parties are unsecured, non-interest bearing, and are repayable on demand. 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. In 2011, Hamilton Fibre Network Ltd shares were sold and the loan was recovered.

Unlisted Shares

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

Special Trust Funds

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

8 PROPERTY, PLANT AND EQUIPMENT

2011	Cost 1/1/2011 $'000	Accumulated Depreciation 1/1/2011 $'000	Carrying Amount 1/1/2011 $'000	Additions** $'000	Disposals* $'000	Impairment Charge $'000	Depreciation Charge $'000	Revaluation Surplus $'000	Cost 31/12/2011 $'000	Accumulated Depreciation 31/12/2011 $'000	Carrying Amount 31/12/2011 $'000
Consolidated											
Land	9,438	-	9,438	3,180	(6,901)	-	-	10,743	16,460	-	16,460
Buildings	116,233	(5,898)	110,335	9,312	(89)	-	(2,950)	(7,826)	109,083	(300)	108,783
Computer hardware	2,737	(1,982)	755	3,108	(127)	-	(694)	-	5,163	(2,121)	3,042
Furniture and equipment	25,360	(22,478)	2,882	1,547	(17)	-	(1,095)	-	7,800	(4,483)	3,317
Motor vehicles	571	(413)	158	-	(26)	-	(49)	-	326	(243)	83
Library collection	10,469	(9,061)	1,408	867	(289)	-	(472)	-	3,415	(1,901)	1,514
Total Consolidated	**164,808**	**(39,832)**	**124,976**	**18,014**	**(7,449)**	**-**	**(5,260)**	**2,917**	**142,247**	**(9,048)**	**133,199**
Parent											
Land	9,438	-	9,438	3,180	(6,901)	-	-	10,743	16,460	-	16,460
Buildings	116,233	(5,898)	110,335	9,312	(89)	-	(2,950)	(7,826)	109,083	(300)	108,783
Computer hardware	2,737	(1,982)	755	3,108	(127)	-	(694)	-	5,163	(2,121)	3,042
Furniture and equipment	25,360	(22,478)	2,882	1,338	(17)	-	(1,032)	-	7,591	(4,420)	3,171
Motor vehicles	571	(413)	158	-	(26)	-	(49)	-	326	(243)	83
Library collection	10,469	(9,061)	1,408	867	(289)	-	(472)	-	3,415	(1,901)	1,514
Total Parent	**164,808**	**(39,832)**	**124,976**	**17,805**	**(7,449)**	**-**	**(5,197)**	**2,917**	**142,038**	**(8,985)**	**133,053**

* included in land disposals is $5,623,000 relating to land transferred to assets held for sale.

** included in land additions is $3,180,000 relating to 2010 assets held for sale reclassfied as land in 2011.

2010	Cost 1/1/2010 $'000	Accumulated Depreciation 1/1/2010 $'000	Carrying Amount 1/1/2010 $'000	Additions $'000	Disposals $'000	Impairment Charge $'000	Depreciation Charge $'000	Revaluation Surplus $'000	Cost 31/12/2010 $'000	Accumulated Depreciation 31/12/2010 $'000	Carrying Amount 31/12/2010 $'000
Consolidated											
Land and buildings	105,072	(3,112)	101,960	25,026	(4,468)	-	(2,745)	-	125,660	(5,887)	119,773
Plant and equipment	27,818	(22,956)	4,862	735	(221)	-	(1,739)	-	28,108	(24,471)	3,637
Motor vehicles	571	(371)	200	-	-	-	(42)	-	571	(413)	158
Library collection	10,024	(8,608)	1,416	445	-	-	(453)	-	10,469	(9,061)	1,408
Total Consolidated	**143,485**	**(35,047)**	**108,438**	**26,206**	**(4,689)**	**-**	**(4,979)**	**-**	**164,808**	**(39,832)**	**124,976**
Parent											
Land and buildings	105,072	(3,112)	101,960	25,026	(4,468)	-	(2,745)	-	125,660	(5,887)	119,773
Plant and equipment	27,818	(22,956)	4,862	735	(221)	-	(1,739)	-	28,108	(24,471)	3,637
Motor vehicles	571	(371)	200	-	-	-	(42)	-	571	(413)	158
Library collection	10,024	(8,608)	1,416	445	-	-	(453)	-	10,469	(9,061)	1,408
Total Parent	**143,485**	**(35,047)**	**108,438**	**26,206**	**(4,689)**	**-**	**(4,979)**	**-**	**164,808**	**(39,832)**	**124,976**

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 2011.

Land and buildings with a carrying amount of $35,747,194 (2010: $47,251,037) included in the property, plant and equipment are owned by the Crown. Although legal title has not been transferred, the Institute has assumed all normal risks and rewards of ownership.

Restrictions on title

Under the Education Act 1989, the Institute and Group are 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 do 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 $6,208,957 (2010 $3,445,947).

9 INTANGIBLE ASSETS

	CONSOLIDATED		PARENT	
	Computer Software $'000	Total $'000	Computer Software $'000	Total $'000
Year ended 31 December 2011				
At 1 January 2011, net of accumulated amortisation	3,091	3,091	3,091	3,091
Additions	3,316	3,316	3,316	3,316
Disposals	(365)	(365)	(365)	(365)
Amortisation	(767)	(767)	(767)	(767)
At 31 December 2011, net of accumulated amortisation	**5,275**	**5,275**	**5,275**	**5,275**
At 1 January 2011				
Cost (gross carrying amount)	9,481	9,481	9,481	9,481
Accumulated amortisation	(6,390)	(6,390)	(6,390)	(6,390)
Net carrying amount	**3,091**	**3,091**	**3,091**	**3,091**
At 31 December 2011				
Cost (gross carrying amount)	9,390	9,390	9,390	9,390
Accumulated amortisation	(4,115)	(4,115)	(4,115)	(4,115)
Net carrying amount	**5,275**	**5,275**	**5,275**	**5,275**
Year ended 31 December 2010				
At 1 January 2010, net of accumulated amoritsation	4,639	4,639	4,639	4,639
Additions	641	641	641	641
Disposals	(1,108)	(1,108)	(1,108)	(1,108)
Amortisation	(1,080)	(1,080)	(1,080)	(1,080)
At 31 December 2010, net of accumulated amortisation	**3,092**	**3,092**	**3,092**	**3,092**
At 1 January 2010				
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**
At 31 December 2010				
Cost (gross carrying amount)	9,481	9,481	9,481	9,481
Accumulated amortisation	(6,390)	(6,390)	(6,390)	(6,390)
Net carrying amount	**3,091**	**3,091**	**3,091**	**3,091**

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

The total amount of intangible assets under development is $282,678 (2010: $nil).

10 ASSETS HELD FOR SALE

Assets held for sale under non-current assets includes 9.27ha of the Rotokauri campus which the Council has identified as surplus and available for sale. This includes the compulsory purchase of the land by New Zealand Transport Agency for the Avalon Drive expressway. It is expected that this land will be sold within the next 12 months.

	2011 $'000	2010 $'000
Assets held for sale		
Current assets	5,623	1,933
Non current assets	-	1,247
Total Assets held for sale	**5,623**	**3,180**

11 CREDITORS AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	1,601	2,640	1,836	2,640
Other payables	4,178	3,071	3,741	2,108
Total	**5,779**	**5,711**	**5,577**	**4,748**

12 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Employee entitlements				
At 1 January	2,831	2,132	2,831	2,132
Additions during the year	5,580	3,571	5,482	3,571
Utilised during the year	(2,951)	(2,872)	(2,931)	(2,872)
At 31 December	**5,460**	**2,831**	**5,382**	**2,831**
Current portion	4,973	2,353	4,895	2,353
Non-current portion	487	478	487	478
Total	**5,460**	**2,831**	**5,382**	**2,831**

13 REVENUE IN ADVANCE

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Student fees	14,910	3,348	14,910	3,348
Other revenue in advance	231	-	201	-
Total	**15,141**	**3,348**	**15,111**	**3,348**
Current portion	15,141	3,348	15,111	3,348
Non-current portion	-	-	-	-
Total	**15,141**	**3,348**	**15,111**	**3,348**

14 INVESTMENT IN ASSOCIATES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Vital English Limited (VE)	-	-	-	-
Hamilton Fibre Network Limited (HFNL)	-	-	-	-
Total	-	-	-	-
Movements in the carrying amount of investments				
Balance at 1 January	-	2,604	-	2,823
New investments during the year	-	-	-	-
Write-off at fair value of investments during the year	-	(2,604)	-	(2,823)
Share of comprehensive income	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**

	VE (as at 31/12)		HFNL (as at 30/06)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Summarised financial information of VE and HFNL presented on a gross basis				
Assets	-	905	-	5,704
Liabilities	-	887	-	2,498
Revenues	-	259	-	87
Surplus/(Deficit)	-	(1,025)	-	(414)
Group's interest	-	40%	-	40%
Share of associate's contingent liabilities incurred jointly with other investors	-	-	-	-
Contingent liabilities that arise because of several liability	-	-	-	-

The Institute sold its interest in VE on 01 October 2011 and HFNL on 06 September 2011.

15 BORROWINGS

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current				
Bank overdraft	4,996	-	5,000	-
Secured loans	804	-	804	-
Total current portion	**5,800**	**-**	**5,804**	**-**
Non-current				
Secured loans	7,240	10,400	7,240	10,400
Finance leases	-	-	-	-
Total non-current portion	**7,240**	**10,400**	**7,240**	**10,400**
Total borrowings	**13,040**	**10,400**	**13,044**	**10,400**

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

The Institute's current borrowings including the bank overdraft is $5,804,000 as at 31 December 2011 (2010 $nil).

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

Secured loan covenants
The Institute is required to ensure that the following financial covenant ratios for secured loans are achieved during the year:
- *net surplus ratio of 3.0%.*
- *cash ratio of at least 111%.*
- *interest cover ratio of no less than 3 times.*
- *debt cover ratio of no more than 1.8 times.*
- *maintain access to $7.5m of liquidity for at least 275 days in any continuous 365 day period.*
- *maintain a liquidity ratio of 12%.*

Secured loans become repayable on demand in the event these covenants are breached or if the Institute fails to make interest and principal payments when they fall due. The Institute has complied with all covenants and loan repayment obligations during 2011.

The Institute and Group have no finance leases.

16 EQUITY

	CONSOLIDATED		PARENT	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
General funds				
Balance at 1 January	96,292	93,513	96,837	94,302
Property revaluation reserve transfer on disposal	-	-	-	-
Surplus / (deficit) for the year	3,380	2,781	3,380	2,535
Capital contributions from owners	454	-	-	-
Capital contributions from the Crown	-	-	-	-
Suspensory loans from the Crown	-	-	-	-
Transfers to restricted reserves	-	-	-	-
Balance at 31 December	**100,126**	**96,294**	**100,217**	**96,837**
Property revaluation reserves				
Balance at 1 January	16,900	16,900	16,900	16,900
Land net revaluation gains/(losses)	10,743	-	10,743	-
Buildings net revaluation gains/(losses)	(7,826)	-	(7,826)	-
Infrastructure net revaluation gains/(losses)	-			
Balance at 31 December	**19,817**	**16,900**	**19,817**	**16,900**
Restricted reserves				
Balance at 1 January	126	123	126	123
Appropriation of net surplus	-	-	-	-
Application of trusts and bequests	19	3	19	3
Balance at 31 December	**145**	**126**	**145**	**126**
Share capital				
Share capital	1	-	-	-
Balance at 31 December	**1**	**-**	**-**	**-**
Non-controlling interest				
Balance at 1 January	(62)	-	-	-
Capital contributions from owners	57	-	-	-
Surplus / (deficit) for the year	(111)	(62)	-	-
Balance at 31 December	**(116)**	**(62)**	**-**	**-**
TOTAL EQUITY	**119,974**	**113,258**	**120,180**	**113,863**
Property revaluation reserves consists of:				
Land	17,103	6,360	17,103	6,360
Buildings	2,714	10,540	2,714	10,540
Total property revaluation reserves	**19,817**	**16,900**	**19,817**	**16,900**

17 COMMITMENTS

Operating Lease Commitments

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

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

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

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

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

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Within one year	1,516	1,324	1,451	1,324
After one year but not more than five years	6,950	5,083	5,273	5,083
More than five years	20,863	21,969	20,433	21,969
Total non-cancellable operating leases	**29,329**	**28,376**	**27,157**	**28,376**

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

Institute and Group as lessors

All leases are operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of two leases that have a non-cancellable term of 72 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Within one year	202	40	202	40
After one year but not more than five years	469	83	469	83
More than five years	539	12	539	12
Total non-cancellable operating leases	**1,210**	**135**	**1,210**	**135**

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

Finance lease and hire purchase commitments

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

Capital commitments

At 31 December 2011 the Institute has commitments of $0.455 million (2010: $2.31million). This includes the Marae contract of $0.299m.

In April 2008, the Institute entered into an agreement with Sport Waikato whereby it has the right to buy the building that Sport Waikato has built on the Wintec campus. Sport Waikato also has the right to require the Institute to buy the building. These rights are exercisable in April 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.

Contingent Assets

The Institute and Group have no contingent assets (2010: nil).

Contingent Liabilities

The Institute and Group have a contingent liability of $6,000 (2010: nil).

18 RELATED PARTY DISCLOSURE

The Institute is the parent of the Group and controls seven entities and has significant influence over two others (refer note 25).

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

Related party transactions with subsidiaries and associates.

	2011 $'000	2010 $'000
SUBSIDIARIES		
Wintec Foundation Trust		
Donations to the Institute	51	-
Debtor for services provided by the Institute	132	-
Soda Inc Limited		
Debtor for services provided by the Institute	525	7
Prima Group Limited		
Services provided to the Institute	37	90
Debtor for services provided by the Institute	764	-
Prima Limited		
Services provided to the Institute	-	10
Learning Works Limited		
Services provided to the Institute	170	-
Services provided by the Institute	1,031	-
Debtor for services provided by the Institute	6	-
Wintec Education and Training Associates Limited		
No related party transactions were entered into during the year	-	-
Waikato International Limited		
No related party transactions were entered into during the year	-	-
ASSOCIATES		
Vital English Limited		
Services provided to the Institute	-	10
Services provided by the Institute	-	106
Debtor for services provided by the Institute	-	106
Hamilton Fibre Network Limited		
Share of loss recognised	-	1,347
Unsecured loans payable to the Institute	-	741

Significant transactions with government related entities
The government influences the roles of the Institute as well as being a major source of revenue.

The Institute has received funding and grants from the Tertiary Education Commission (TEC) totalling $46.714m (2010 $46.139m) to provide education and research services for the year ending 31 December 2011.

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

Collectively but not individually significant transactions with government related entities
In conducting its activities the Institute and Group are required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Institute is exempt from paying income tax and FBT.

The Institute purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and provision of goods and services to government-related entities for the year ended 31 December 2011 are small when compared to the Institute's total expenditure and revenue and have been conducted on an arm's-length basis. The purchase of goods and services included the purchase of electricity from Genesis, air travel from Air New Zealand and postal services from New Zealand Post. The provision of services to government-related entities mainly related to the provision of educational courses.

During the year, the Wintec Foundation Trust made a donation of $50,000 for artwork at the Marae and provided a donation of $500 to the School of Education (2010 $nil).

During the year, the Institute and Group purchased services from Hamilton City Council on which Council Chair, Gordon Chesterman is a Councillor. These services cost $183,814 (2010 $211,539) and were supplied on normal commercial terms. There is a balance owing to Hamilton City Council at 31 December 2011 of $163 (2010 $1,533).

During the year, the Institute and Group provided services to the Students Residence Trust of which Councillor Aaron Rink is a trustee to the value of $21,308 (2010 $142,903) .

Wintec provided accommodation and other services to the value of $43,415 (2010 $32,987) to the Waikato Chamber of Commerce in Wintec House. Services were also received in 2011 to the value of $19,762. There is a balance owing to the Institute at 31 December 2011 of $95,641 (2010 $nil). Paul Holloway was a board member during the year.

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

Seven Council members purchased iPads at a subsidised rate.

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 2011 and 2010 are unsecured and settlement occurs in cash.

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

For the year ended 31 December 2011, the Institute wrote off a debt relating to amounts owed by Vital English for $315,889 (2010 $205,000).

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Key management personnel compensation				
Short term benefits (salary)	1,902	1,502	1,902	1,502
Employee welfare expenses	-	-	-	-
Post-employment benefits	-	-	-	-
Total	**1,902**	**1,502**	**1,902**	**1,502**

Key management personnel includes all members of the senior executive.

19 CHILDCARE SUMMARY

	Actual 2011 $'000	Budget 2011 $'000	Actual 2010 $'000
Income			
Government grants (children under two)	154	-	187
Government grants (children over two)	110	-	91
Government grants (free Early Childhood Education)	224	-	217
Government grants (provisionally registered teachers)	6	-	-
Government grants (free subsidy)	33	-	33
Incentive grant	12	-	9
Fees Work and Income New Zealand (WINZ)	161	-	160
Other fees	67	779	92
Other Trading Income	**766**	**779**	**789**
Expenses			
Staffing	631	609	605
Other Costs	76	47	75
Other Trading Expenses	**707**	**656**	**680**
Trading Surplus	**60**	**123**	**109**

Provisionally registered teachers (PRT) support grant

There were $5,627 PRT grants received in 2011 (2010 $nil).

20 EVENTS AFTER THE BALANCE SHEET DATE

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

21 FINANCIAL INSTRUMENT CATEGORIES

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	1,885	2,626	8	664
Debtors and other receivables	12,717	626	14,639	2,230
Other financial assets				
- Term deposits	-	-	-	-
- Loans to related parties	-	741	-	741
- Special funds investments	146	122	146	122
Total	**14,748**	**4,115**	**14,793**	**3,757**
Fair value through other comprehensive income				
Other financial assets				
- Government bonds	-	-	-	-
- Unlisted shares	38	38	38	38
- Listed shares	-	-	-	-
Total	**38**	**38**	**38**	**38**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Bank overdraft	4,996	-	5,000	-
Creditors and other payables	5,779	5,711	5,577	4,748
Secured loans	8,044	10,400	8,044	10,400
Total	**18,819**	**16,111**	**18,621**	**15,148**

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

FINANCIAL INSTRUMENT RISKS

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

Market Risk

Price Risk

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

Cash flow interest rate risk

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

Credit Risk

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

Currency Risk

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

Fair value interest rate risk

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

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

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

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA	-	2,626	-	664
AA-	(3,111)	-	(4,992)	-
Total cash at bank and term deposits	**(3,111)**	**2,626**	**(4,992)**	**664**
COUNTERPARTIES WITH CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	-	741	-	741
Existing counterparty with defaults in the past	-	-	-	-
Total loans to related parties	**-**	**741**	**-**	**741**
Debtors and other receivables				
Existing counterparty with no defaults in the past	12,717	626	14,639	2,230
Existing counterparty with defaults in the past	-	-	-	-
Total debtors and other receivables	**12,717**	**626**	**14,639**	**2,230**

Liquidity risk

Management of liquidity risk

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

The Institute and Group have a maximum amount that can be drawn down against their overdraft facility of $5m (2010 $5m). This facility can be used for a maximum period of 90 days in any twelve month period. The Institute and Group manage liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities for 2011.

Contractual maturity analysis of financial liabilities, excluding derivatives

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

	Carrying amount $'000	Contractual cashflows $'000	<6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	>3 years $'000
Institute 2011							
Bank overdraft	5,000	5,000	5,000	-	-	-	-
Creditors and other payables	5,577	5,577	5,577	-	-	-	-
Accrued pay	819	819	819	-	-	-	-
Secured loans	8,044	8,044	-	-	-	-	8,044
Total	**19,440**	**19,440**	**11,396**	**-**	**-**	**-**	**8,044**
Group 2011							
Bank overdraft	4,996	4,996	4,996	-	-	-	-
Creditors and other payables	5,779	5,779	5,779	-	-	-	-
Accrued pay	819	819	819	-	-	-	-
Secured loans	8,044	8,044	-	-	-	-	8,044
Total	**19,638**	**19,638**	**11,594**	**-**	**-**	**-**	**8,044**
Institute 2010							
Creditors and other payables	4,748	4,748	4,748	-	-	-	-
Accrued pay	620	620	620	-	-	-	-
Secured loans	10,400	10,400	-	-	-	-	10,400
Total	**15,768**	**15,768**	**5,368**	**-**	**-**	**-**	**10,400**
Group 2010							
Creditors and other payables	5,711	5,711	5,711	-	-	-	-
Accrued pay	620	620	620	-	-	-	-
Secured loans	10,400	10,400	-	-	-	-	10,400
Total	**16,731**	**16,731**	**6,331**	-	-	-	**10,400**

Contractual maturity analysis of derivative financial liabilities

The Institute and Group do not have derivative financial liabilities.

Contractual maturity analysis of financial assets

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

	Carrying amount $'000	Contractual cashflows $'000	<6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	>3 years $'000
Institute 2011							
Cash and cash equivalents	8	8	8	-	-	-	-
Debtors and other receivables	14,639	14,639	10,325	4,294	20	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**14,647**	**14,647**	**10,333**	**4,294**	**20**	**-**	**-**
Group 2011							
Cash and cash equivalents	1,885	1,885	1,885	-	-	-	-
Debtors and other receivables	12,717	12,717	8,403	4,294	20	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**14,602**	**14,602**	**10,288**	**4,294**	**20**	**-**	**-**
Institute 2010							
Cash and cash equivalents	664	664	664	-	-	-	-
Debtors and other receivables	2,379	2,379	1,867	111	401	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**3,043**	**3,043**	**2,531**	**111**	**401**	**-**	**-**
Group 2010							
Cash and cash equivalents	2,626	2,626	2,626	-	-	-	-
Debtors and other receivables	626	626	114	111	401	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	-
Total	**3,252**	**3,252**	**2,740**	**111**	**401**	**-**	**-**

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.

	2011 $'000				2010 $'000			
	Surplus	-50bps Other equity	Surplus	+50pbs Other equity	Surplus	-50bps Other equity	Surplus	+50bps Other equity
INTEREST RATE RISK								
Institute								
Financial Assets								
Cash and cash equivalents	25	-	(25)	-	-	-	-	-
Financial Liabilities								
Secured loans	40	-	(40)	-	50	-	(50)	-
Total sensitivity	**65**	**-**	**(65)**	**-**	**50**	**-**	**(50)**	**-**
INTEREST RATE RISK								
Group								
Financial Assets								
Cash and cash equivalents	25	-	(25)	-	(7)	-	7	-
Financial Liabilities								
Secured loans	40	-	(40)	-	50	-	(50)	-
Total sensitivity	**65**	**-**	**(65)**	**-**	**43**	**-**	**(43)**	**-**

Explanation of interest rate risk sensitivity
The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example a decrease in 50bps is equivalent to a decrease in interest rates of 0.5%.

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

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

22 AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Audit of financial statements	112	107	112	107
Prior year audit costs	38	23	38	23
Internal audit services not provided by Audit NZ	69	38	69	38
Other services	-	-	-	-
Total	**219**	**168**	**219**	**168**

23 PERFORMANCE AGAINST BUDGET

Revenue

Year to date revenue was $82m, which is $3.7m (4.7%) favourable to budget and $0.6m lower than the prior year.
The main contributing factors are:

- Tuition fees ($1.2m favourable and $3.1m favourable to the prior year) – due to a combination of higher enrolments in courses that attract higher tuition fees.
- ITO fees ($0.2 m unfavourable) – due to a drop in volumes.
- Other revenue $0.5m better than budget due to PINZ revenue $0.5 million (unbudgeted) as part of the Saudi proposal.

Operating Costs

Total operating costs for the period ending 31 December were $78.7m which is $8.2m unfavourable to budget and $1.4m favourable to the prior year.

Main operating expenditure variances are as follows:

- $5.4m unfavourable relates to the variance in the sale of property, plant and equipment due to the timing of land sales which are expected to occur in 2012.
- $1.2m associated with WITT and NMIT delivery and is offset by revenue increases.
- increase in personnel costs associated with higher student numbers in core programmes and is offset by higher revenue streams.
- accelerated implementation of information technology projects (offset by higher capital project expenditure to increase our PC modernisation and wireless programmes).

Staffing Costs
Total staffing costs were $46.682m for the year, $4.445m more than budget, and $3.1m more than the prior year of which $1.1m related to leave accruals (leave taken in January 2012 rather than December 2011) and a favourable restructuring variance of $0.035m.

Excluding holiday pay accruals and restructuring for the period up to December were $42.7m which is $1.1m unfavourable to budget.

ICT Projects (Capital Expenditure)
ICT projects total $5.01m and are overspent by $1.0m for the year. This was due to inclusion of a new Mac lab for Media Arts in the strategy due to increased student numbers, the acceleration of the PC replacement and wireless campus programmes (again to accommodate increases in student numbers). The increased data centre costs reflect the higher than expected number of servers and their complexity, the remediation of network infrastructure and a different resource mix than planned (requiring a higher use of external labour rate rather than in-house staff).

Current Liabilities
Current liabilities amount to $31.4m against budget of $9.1m and the prior year of $10.4m. The main contributor to the liability is fees revenue received in advance of $12m (which also explains the increase in our student debtors), relating to 2012. In the prior year we did not recognise this liability.

Statement of Cash Flows
Cash balances as at 31 December is $5.0m overdrawn against a budget of $2.5m. The unfavourable variance of $7.5m can be explained as follows:

- Operating flows of $0.5m decreased compared to budget, reflects the increase in tuition fees. This is partially offset by increased expenditure associated with higher revenue streams.
- Investment flows of $5.1m decrease in cash due to delay in land sales $8m
- Financing activities of $2.3m decreased due to repayment of debt.

24 COUNCILLORS FEES

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

Council Member	ACTUAL 2011 $	ACTUAL 2010 $
Income		
Baddeley, Clint*	18,073	12,931
Bennett, Jim	-	640
Bernards, Kristi	-	1,280
Cave-Palmer, Mary*	20,134	16,169
Chesterman, Gordon (Chair)*	32,347	29,785
Cooper, Bryce*	16,000	12,266
Mackenzie, Sam	-	2,453
Moana-Tuwhangai, Maxine*	4,710	-
Papa, Rahui	-	-
Rink, Aaron*	16,400	12,266
Tucker, Steve*	16,400	12,586
Yates, Dianne*	16,000	12,586
Yeung, Deniss	-	1,920
Total Councillors Fees	**140,064**	**114,882**

*Members of council as at 31 December 2011.
The increase in Councillor fees relates to Government approved changes to the Council fee structure that applied to all ITPs.

25 DETAILS OF HOLDINGS IN SUBSIDARIES AND ASSOCIATES

Subsidiary/Associate/Joint Venture	Percentage % Ownership	Balance Date	Business Activity
Wintec			
Soda Inc. Ltd**	60%	31/12	Creative industries business incubator
Motortrain Limited (Joint Venture)	25%	31/12	Developing training materials for motor industry training
Wintec Foundation			
Wintec Foundation	100%	31/12	Charitable Trust
Prima Group Ltd***	100%	31/12	Investment Holding Company
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

*100% owned by Prima Group Ltd

**60% owned by Wintec

***100% owned by Wintec Foundation

2011 STATEMENT OF SERVICE PERFORMANCE

WINTEC'S INVESTMENT PLAN KEY PERFORMANCE INDICATORS

The Investment Plan is the Institute's (Wintec's) funding agreement with the Tertiary Education Commission (TEC). It contains key performance indicators (KPIs) designed to measure overall organisational performance and specific performance commitments agreed between Wintec and TEC for the period of the Investment Plan (2011 – 2013). The KPIs seek to demonstrate Wintec's progress, and success, in: delivering quality provision which is relevant to the needs of the region's learners, communities, employers; driving improved educational outcomes; improving the level of infrastructure and facilities; and increasing financial sustainability and securing greater organisational efficiency.

This is the second Investment Plan for the sector. Base targets for the KPIs were set in 2010 for the entire Investment Plan period. In some cases stretch targets were established to ensure alignment with Wintec's strategic direction. The set of indicators includes the Educational Performance Indicators (EPIs) introduced by TEC in 2009 and released annually.

Additional KPIs are developed through Wintec's annual business plan to complement the Investment Plan KPIs. This complete set of indicators ensures a broad range of KPIs against which we measure the achievement of our strategic priorities.

PARTICIPATION AND PROVISION

In 2010, the trend of increasing volumes of enrolments in level 4+ provision, and decreasing volumes at level 1-3 continued. This has related, in the main, to the closure of a small number of programmes at levels 1-3, some with considerable enrolments. This process was accelerated, and completed, in 2011 and as result, 81% of all provision was at levels 4+. The programmes which were closed either aligned poorly with changing government policy emphases, or had comparatively poorer outcomes. The enrolments these changes freed up under our EFTS cap agreed with TEC were, in the main, redirected into level 4+ provision where there has been strong demand in recent years. Importantly, the majority of our previous level 1-3 programmes has in fact been maintained, and in some cases has grown. We remain committed to this; it now simply constitutes a smaller proportion of our overall provision. We do not plan further reductions to level 1-3 provision, and some areas, for example those relating to government's policy on youth guarantees, are expected to grow in coming years.

This pattern of marked changes in enrolments between levels 1-3 and level 4+ has led to changing patterns of participation of the various sub-groups of interest to Wintec.

Participation overall was positive, especially at the priority area of level 4+. Participation at levels 1-3 has declined for the under-25 student subgroup and for Māori, primarily as a result of the accelerated closure of low-level contract programmes. However, total enrolments for these groups at level 4 and above grew in real (rather than proportionate) terms, in keeping with Wintec's strategy to increase participation and outcomes at higher levels of the framework. There are a number of targeted initiatives in 2012 to enhance Māori student achievement and experience, centred on Te Kopu Mania (Wintec's new marae).

International education has continued to grow. We set ambitious growth targets and, while the target for 2011 was not achieved, the result was a 10% increase on 2010, and this continues the pattern of year-on-year improvement since 2008.

Indicator(s)		Audited 2010 Outcome	Target	2011 Outcome	Comment
Proportion of SAC eligible EFTS delivered at level 4+		n/a	80%+	81%	Target achieved – reflecting strong growth in degree provision in particular.
Proportion of SAC Eligible EFTS enrolled who are aged under 25	Total	n/a	≥67%	63%	Target missed mainly due to the decline in level 1-3 (see below).
	Level 1-3	n/a	≥15%	13%	The accelerated closure of subcontracted provision impacted on this result.
	Level 4 & above	n/a	≥52%	50%	Target narrowly missed due to higher than expected growth in over-25 enrolments at level 4+.
Proportion of SAC Eligible EFTS enrolled who are Māori	Total	n/a	≥25%	24%	Target has been narrowly missed despite Māori enrolments increasing by 3% overall - because of even stronger growth elsewhere.
	Level 1-3	n/a	≥6%	6%	On target, although actual enrolments decreased in line with the overall reduction in level 1-3 provision.
	Level 4 & above	n/a	≥19%	18%	2012 activity to increase Māori enrolments includes partnership initiatives with Tainui, increased Māori trades training and projects to improve Māori retention (e.g. Māori mentoring).
Proportion of SAC Eligible EFTS enrolled who are Pasifika	Total	n/a	4%	4%	Target achieved.
	Level 1-3	n/a	1%	1%	Target achieved.
	Level 4 & above	n/a	3%	4%	Target achieved.
Number of international EFTS		555	≥650	608	The final result, although short of the stretch target set, represents a 10% improvement on the 2010 outcome. We intend to continue building our international numbers in 2012 by further diversifying our markets and increasing our partnerships with offshore institutions.
Percentage of SAC funded TEC students in employment or further study 6 months after completion		85%	≥90%	92%	Target exceeded. This is a 7% improvement on the 2010 outcome and a positive result given that outcomes for this indicator had been declining since 2008.
Percentage of region's school leavers from preceding year attending Wintec in preceding or current year		19%	≥16%	19%	Outcome has exceeded target. Growth in the conversion of school leavers into enrolments has lifted significantly in the last 3-4 years, as reflected in the absolute growth in enrolments of under-25s.
Percentage of region's outlying school leavers from previous year attending Wintec in preceding or current year		12%	≥12%	13%	As above, indicating that, although conversion of outlying school leavers remains lower than the regional average, it has been improving.

EDUCATIONAL OUTCOMES

Overall, educational performance has been strong – as reflected by Wintec's performance in the sector-wide EPI results. This has been led by excellent successful course completions (SCC) across all student subgroups. Improved SCC rates at level 4 and above, in particular, support government's emphasis on raising outcomes at the higher levels of provision.

Not only have more students been successfully completing more of their individual courses, we are also retaining many more students for longer within their qualifications. There has been a significant improvement in our student retention rate reflecting our investment in this area over the last two years.

The logical end point of lifting successful course completions and improving retention is an improvement in the qualification completion indicator – the percentage of students actually completing the qualifications in which they enrol. This outcome, however, is not reflected in the qualification completion rate indicator. The methodology underlying this EPI does mean it is susceptible to changes in enrolment levels across multi-year qualifications. At Wintec we have almost half of all provision at degree level or higher, and the enrolments in programmes at these levels have been growing dramatically over the last 3 years. Our own analysis of likely underlying performance, on a cohort basis, suggests that underlying actual performance has improved over recent years. The improvements in both course completions and retention tend to support this.

Good outcomes are being achieved by the under-25 sub-group. Not only is their participation at Wintec growing, especially in the higher levels of provision, but the outcomes they are achieving are also very good, again, especially at the higher levels of provision.

Outcomes achieved by Māori have, on the whole, increased; in some cases significantly. Some ambitious targets for lifting Māori outcomes have been set across both the last, and current investment plan periods as we seek to 'close the gap' between outcomes achieved by Māori, and students as a whole. While such a gap still remains, it has closed in recent years. And while our outcomes for Māori overall compare favourably with average sector outcomes, we continue to focus on Māori achievement across the institution as we seek to lift it further.

While we have participation indicators for Pasifika students, we do not set separate outcomes indicators for them at the level of the Investment Plan. This is purely due to the relatively small numbers involved, (Pasifika comprise less than 5% of the region's population) which makes the resulting indicators extremely prone to fluctuations. We have a range of partnerships and support mechanisms in place at Wintec to support and improve Pasifika outcomes, which, like the Māori outcomes mentioned earlier also lag outcomes in general. We remain committed to closing these gaps, as we do for our Māori learners.

Indicator(s)		Audited 2010 Outcome	Target	2011 Outcome	Comment
Successful course completion rate for all students (SAC eligible EFTS)	Total	n/a	≥77%	79%	A good result with all targets exceeded.
	Level 1-3	n/a	≥67%	68%	Target achieved.
	Level 4 & above	n/a	≥79%	81%	A very positive result, especially given the importance of higher level provision with the TES, and the increase in enrolments in this level in recent years.

Indicator(s)		Audited 2010 Outcome	Target	2011 Outcome	Comment
Successful course completion for students (SAC eligible EFTS) aged under 25	Total	n/a	≥75%	77%	Very good course completions achieved for U25s overall, lifted particularly by the very high completion rates at level 4+, where the majority of these enrolments lie.
	Level 1-3	n/a	≥67%	68%	Target achieved.
	Level 4 & above	n/a	≥78%	79%	This is extremely positive given the very strong growth in enrolments in this group in recent years.
Successful course completion for Māori students (SAC eligible EFTS)	Total	n/a	≥68%	70%	A good result led especially by outcomes at level 4+.
	Level 1-3	n/a	≥60%	57%	Closure of well performing sub-contracting programmes that did not pathway to level 4+ led to this indicator not being achieved. In 2012 we intend to implement learning support for targeted Māori cohorts to lift successful course completing results.
	Level 4 & above	n/a	≥71%	74%	A strong result.
Successful course completion rate – International students		n/a	85%	87%	Target achieved.
Student retention rate for all students (SAC Eligible student count)		n/a	≥51%	58%	Final result has exceeded target by 7%. This reflects the major improvements in student retention achieved over the last two years.
Qualification completion rate for all students (SAC eligible EFTS)	Total	n/a	≥70%	58%	This indicator has methodological flaws. These are being highlighted by the particularly strong, and continued, growth in degree programme EFTS of 64% from 2008 to 2011.
	Level 1-3	n/a	≥57%	49%	
	Level 4 & above	n/a	≥74%	60%	
Qualification completion for students (SAC eligible EFTS) aged under 25	Total	n/a	≥63%	51%	Analysis of degree programmes (where the bulk of enrolments lie, and which are most affected by this indicator), was undertaken on a cohort basis for 2008 and 2009 intakes (i.e. where students could be expected to complete in 2010 and 2011 respectively). This indicates that degree completions actually improved by 2% over that time. TEC are seeking to improve the indicator.
	Level 1-3	n/a	≥49%	43%	
	Level 4 & above	n/a	≥63%	53%	
Qualification completion for Māori students (SAC eligible EFTS)	Total	n/a	≥62%	48%	
	Level 1-3	n/a	≥53%	35%	
	Level 4 & above	n/a	≥66%	52%	
Student progression for all students (SAC eligible student count) at levels 1-3		n/a	≥38%	42%	This result, for the 2010 cohort progressing into 2011, is based on draft EPI outcome data. It is subject to final confirmation by TEC but unlikely to change.

LITERACY AND NUMERACY EMBEDDING

The intention of TEC's literacy and numeracy embedding project when it was first implemented was 100% coverage of all Wintec programmes at levels 1-3. This target has been achieved and consequently all students at level 1-3 are receiving literacy and numeracy support. TEC has since determined that literacy and numeracy embedding should be extended to all individual courses at level 1-3. Good progress has been made toward this target. At year end, 89% of level 1-3 courses have embedded literacy and numeracy with 100% coverage under the revised definition to be achieved early in 2012.

Indicator(s)	Audited 2010 Outcome	Target	2011 Outcome	Comment
The proportion of level 1 - 3 courses offered that contain embedded literacy and numeracy	n/a	100%	89%	At year end, 89% of level 1-3 courses have embedded literacy and numeracy with 100% coverage under the revised definition to be achieved early in 2012.
The proportion of EFTS assessed as requiring additional literacy and numeracy who are enrolled in level 1 - 3 provision and make literacy and numeracy progress as measured by the Literacy and Numeracy for Adults Assessment Tool.	n/a	Indicator to be developed once National Assessment Tool implemented in 2011 and benchmark data becomes available	n/a	This indicator was not developed for 2011. TEC have indicated that the measure will be defined and implemented for 2012.

CUSTOMERS AND STAKEHOLDERS

Our aim is for regional, national and international recognition of the quality of our graduates, educational products, and related services. Effective engagement with employers, industry and our community ensures our provision of education and services is driven by the needs of the region, and helps deliver employer-preferred, work-ready graduates. All targets for this set of indicators were achieved or exceeded. International students were retained in study and performed above target in terms of course completions while Pasifika student participation achieved target for a second consecutive year. Overall we delivered 81% of SAC eligible EFTS at level 4 or above, reflecting our drive for work-ready graduates who are achieving at higher levels of the framework.

Annual surveys are an important mechanism for gauging customer satisfaction and engagement with key stakeholder groups. Targets have been exceeded for all indicators for a second year in a row, indicating high levels of satisfaction are being maintained for students and key customers.

Indicator(s)	Audited 2010 Outcome	Target	2011 Outcome	Comment
Student satisfaction	91%	≥90%	92%	This result is a 1% improvement on the 2010 outcome.
Graduate satisfaction	92%	≥80%	92%	2010 graduate satisfaction levels have been maintained in 2011.
Employer and industry satisfaction	91%	≥90%	92%	Achieved on the basis of the results being recalculated to exclude the "neither satisfied nor dissatisfied" responses. The recalculation of the results on this basis has been our reporting practice for a number of years and the target was set on this same recalculated basis. The actual result before recalculation is: Satisfied 78% Neither satisfied nor dissatisfied 16% Dissatisfied 7% The final outcome is a 1% increase on the previous year's result.
Employer Partnership Group (EPG) satisfaction	95%	≥90%	91%	Target exceeded.

RESEARCH

Research targets have been exceeded, indicating that the building of institutional research capacity and capability is occurring. It is pleasing to note that the overall quality of outputs is being maintained while a significant growth in the volume of outputs has been achieved. Additionally, external revenue income is beginning to grow.

Indicator(s)	Audited 2010 Outcome	Target	2011 Outcome	Comment
Number of research outputs	505	392	545	Year end result is an improvement of 8% over 2010. This indicates that the work of the last two years to rebuild research activity has been successful. Greater investment in research time, more effective researchers and system improvements are producing high quality outputs.
PBRF weighted points	1,270	1,180	1,622	Target well exceeded. The total weighted outcome is significantly above last year's result.
Average weighted PBRF points per output	2.5	3.0	3.0	This is calculated by dividing the total weighted points by the number of research outputs. The achievement of the target reflects that the overall quality of outputs has not been compromised as growth in outputs has been achieved.
Percentage of Research, Development and Transfer activity undertaken in collaboration with industry/community	30%	32%	32%	Achieved. This continues the pattern of a significant proportion of research activity being driven by industry.
PBRF research revenue	$611,420	$600,000	$607,000	All planned PBRF income has been received.
Value of external (non-PBRF) research contracts gained	$11,500	$80,000	$87,000	Year-end position has improved on the 2010 outcome by $75,500, indicating that the strategy for rebuilding external research income is achieving positive results.

FINANCE, CAPITAL ASSETS AND PERFORMANCE

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

The improved revenue streams are predominately driven by higher tuition fees and other revenue streams and this has resulted in our better than target operating surplus. There has been some increase in personnel costs associated with obtaining the increased revenue. our reputation as an efficient, effective and modern organisation. We have set ourselves a path of continuous modernisation and targets set out below represent our expected revenue streams, expenditure and debt facility.

Indicator(s)	Audited 2010 Outcome	Target	2011 Outcome	Comment
Operating surplus (before revaluations, land sales and asset disposals/write downs) ($m) and %	n/a	> 3.2 and 4.1%	4.2 and 5.1%	Target exceeded though increased revenue stream from student fees (volume growth) and contained delivery costs.
EBITD (Earnings before Interest, Tax, Depreciation and abnormals) ($m)	n/a	> 10.8	10.9	Achieved.
TEO risk rating against the Financial Monitoring Framework	n/a	Medium	Low	Current rating by TEC for 2010 is Low. We have forecast our 2011 position as low due to the improved operating surplus.
Percentage of agreed TEC SAC funding achieved	n/a	= 100%	100%	100% of funding received.
Domestic fees revenue ($m)	17.3	> 18.2	20.4	Increased proportion of students in higher-fee programmes than assumed in budget.
International fees revenue ($m)	7.5	> 8.4	7.5	Overall volumes slightly lower than stretch target assumed.
ITO revenue ($m)	3.1	> 3.0	2.8	Combination of lower numbers and reduced class occurrences as ITO trainee numbers continued to decline in 2011.
Other revenue ($m)	n/a	> 3.9	3.9	At target.
Total revenue ($m)	82.6	> 78.4	82.0	Exceeded target due to higher fees revenue than assumed and the receipt of other revenues confirmed after the budget was set (which also resulted in higher than budgeted expenditure - see below).
Personnel ($m)	43.6	< 41.6	46.7	Higher leave balances occurred in December. Reclassification of risk pay component. Actual result includes salary and wages from our trading activities of $1.4 million which was excluded from our target. The increase in personnel costs is offset by increased revenue streams.
Depreciation ($m)	n/a	< 7.0	6.0	Timing of capital spend has resulted in a lower depreciation spend.
Total expenditure ($m)	75.5	< 75.1	78.6	Mainly due to the addition of expenses related to additional revenues received that were not confirmed at the time the budget was set.
Depreciation as a percentage of expenditure	n/a	< 9.3%	7.6%	Lower due to increased expenditure compared to budget as well as a lower depreciation charge than budget.
Debt/Equity	9.1%	< 11.0%	6.7%	Driven by higher equity through increase in valuations.
Net cashflow from operations	n/a	>116%	114%	TEC guideline is: net cashflow from operations should be greater than 111%.

2011 STATEMENT OF SERVICE PERFORMANCE

WINTEC'S INVESTMENT PLAN KEY PERFORMANCE INDICATORS

Indicator(s)	Audited 2010 Outcome	Target	2011 Outcome	Comment
Liquid assets	n/a	> 12%	8.2%	Timing in cash receipts from land sales and corresponding increase in use of overdraft facility has resulted in lower liquid assets.
Debt cover	n/a	< 1.2x	0.7x	Lower term debt offset by use of overdraft facility.
Interest cover	n/a	> 7.0x	7.8x	Lower borrowing and interest rates.
Working capital ratio	0.47:1	>0.61:1	0.48:1	Primarily driven by lower cash receipts in land sales and therefore increased use of overdraft facility to manage working capital of the December period. Ratio excludes land held for resale.
Maximum term borrowing ($m)	n/a	< 13.0	8.0	Lower debt levels due to higher use of overdraft facility.
Maximum aggregate borrowing ($m)	n/a	< 11.0	13.0	Primarily driven by lower cash receipts in land sales and therefore increased use of overdraft facility to manage working capital of the December period.
Capital Asset Management System implementation	n/a	n/a	n/a	An external review of sector CAMS capability, undertaken in 2010, was very positive overall. Only one attribute, 'description of assets' was assessed at below 'core' performance. Significant activity was undertaken in 2011 to further strengthen CAMS performance generally, and the description of assets in particular. With respect to the description of assets, the activities undertaken included: i. As-built drawings of the total building stock have been reviewed and updated. ii. A physical survey of all in-ground services was carried out for the City and Rotokauri campuses. iii. Plant and Equipment assets have been incorporated into the Asset Management System. Other significant CAMS activity undertaken in 2011 included: i. Space utilisation audits undertaken on City and Rotokauri campuses. ii. A seismic audit undertaken of buildings on the City and Rotokauri campuses. It is intended that all CAMS attributes be rated at core or above in 2013.

HUMAN RESOURCES, ASSETS

We intend to be an organisation characterised by high-performing staff who are well supported in their activities by advanced infrastructure, processes and facilities. Our approach to quality is articulated in the WinQual Excellence Framework and we aim to embed a culture of continuous improvement across the organisation to ensure high standards of quality in all that we do. We are committed to our goal of growing regional success through applied research, development and technology transfer. The overall positive outcomes of this set of indicators represents our continuing focus on building staff capability and identifying organisational efficiencies.

Indicator(s)	Audited 2010 Outcome	Target	2011 Outcome	Comment
Personnel as a % of revenue	52.7%	54.0%	54.2%	Represents the increased efficiency of delivery (average class size efficiencies) as the proportional increase in revenue is greater than the proportional cost of delivery.
Personnel as a % of expenditure	57.7%	56.0%	56.5%	
Personnel costs per full time equivalent (FTE)	n/a	$67,258	$69,617	Higher average costs associated with wage negotiations and wage pressure on replacement staff starting salaries.
Deliver technology training programme to 95% of academic staff by Dec 2011 as part of the technology training strategy.	n/a	95%	95%	Target has been achieved.
Improve academic staff confidence with learning technologies by 25% against 2010 capability reports as part of the technology training strategy.	n/a	25%	20%	End of year result fell short of the stretch target set however strong staff participation in technology training this year has resulted in a 20% increase in technology confidence over 2010 levels.
EFTS: Academic staff FTE ratio (excluding online EFTS)	19.0:1	18.6:1	19.5:1	Reflects ongoing efficiencies through increased average class sizes as enrolments in core programmes continued to grow.
Employee engagement	n/a	2011 action plan developed from the staff focus groups and implemented		Action plan is progressing well with good communication to staff. Key activities include the rollout of the new values, the new team manager structure, and the launch of the management and leadership development programme for 2011.

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