

Annual Report 2017



Wintec
WAIKATO INSTITUTE OF TECHNOLOGY
Te Kuratini o Waikato



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Private Bag 3036,
Waikato Mail Centre
Hamilton 3240

07 834 8800



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Wintec
WAIKATO INSTITUTE OF TECHNOLOGY

Overview



Strategic Direction

Wintec's strategic goals describe the opportunities and challenges ahead. These goals underpin our planning process and guide our direction and decision-making.

Our graduates are highly sought after by employers

Our aim is to ensure our students are successful because they learn industry-relevant skills in innovative ways, in educational settings that reflect 'the real world'.

We help build the economy and strengthen communities

Our aim is to raise our profile and influence, to enable us to work strategically with industry, local government, communities and other tertiary education providers to improve the economic and social wellbeing of our region.

We are a leader in international education, on-shore and off-shore

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

We are a modern organisation

Our aim is to be recognised as a financially well-performing, modern organisation, which delivers

financial, social and environmental benefits for our customers and the wider communities.

Our research and commercialisation deliver real world solutions

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

The Connect Programme – our organisational change programme

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

Connect strengthens our capability and capacity to ensure we deliver on our strategic goals. Using a centralised approach, our change programme is as much about how we work together, as it is about what we are working on.



1924

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

1987

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

1992

First degree, Bachelor of Business, is offered.

2000

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

1968

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

1990

Satellite campuses open in Te Kuiti and Thames.

1994

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

2001

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

1985

Horticulture teaching begins at Hamilton Gardens.

1990s

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

1999

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

2007

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

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.

93 Years of Innovation and Growth



2009

Wintec wins three national tertiary education awards for its global role (particularly its partnership in China), innovation support services (for its creative industries business incubator SODA Inc.) and relevant learning (for its Employer Partnership Groups).

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

2010

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

Wintec House, the historical corner brick building on the city campus is re-opened after a \$17m refurbishment.

2011

Wintec Alumni Circle formed.

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

2012

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

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

2013

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

The first Wintec student ball is held at Wintec House.

Wintec wins the Supreme Award at the 2013 Microsoft Tertiary ICT Innovation Awards.

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

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

2014

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

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

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

2015

Jinhua Polytechnic Wintec International College in China opens.

The first student accommodation complex on our city campus, Wintec Apartments, opens.

Our state-of-the-art Engineering and Trades facility wins the Education Project category and receives a gold medal at the New Zealand Commercial Project Awards.

2016

International student numbers reach an all-time high. Nearly 1800 students enrol in 2016, equating to 1009 equivalent full-time students.

Rotokauri student hub and campus is redesigned and refurbished.

A new programme is developed in collaboration with Waikato-Tainui to increase fluency in te reo Māori.

2017

Wintec wins the Global Operator Award in the 2017 Westpac Waikato Business Awards.

New Bachelor of Design and Bachelor of Communication degrees are developed to prepare students for a rapidly changing workplace.

Wintec joins the Global Design Factory Network and establishes New Zealand's first and only Design Factory, Design Factory NZ.

Ako: Teaching and Learning Directions provides a framework to embed principles and practices into Wintec's future teaching delivery.



**Chair's and Chief
Executive's Reports**

Chair's Report

It's been a solid performing year for Wintec.

Coming in as the new Chair in April, I inherited a sound organisation with a good reputation in the vocational education sector, as well as an engaged and committed Council.

It's been rewarding at a governance level to understand and see the positive impact that Wintec has in the many communities it serves, particularly in the core business of education to develop a skilled workforce in our region.

The tertiary education sector is certainly going through some changes and some challenging times, in particular the falling domestic student numbers. This means at a governance level there is a real focus on clarity, and understanding of what the organisation's needs and priorities are, in light of the fiscally-restrained environment we operate in.

It is pleasing to see there is a commitment at all levels of the organisation to continue to be relevant, improve the learning experiences for our students, connect with industry in meaningful ways and explore new revenue opportunities.

It is the role of governance to oversee the direction of the organisation and help enable robust strategic and operational plans in the context of what is facing the sector.

There's always a balance to be had between commercial, innovative, and further international opportunities, along with the need for a focus on compliance and core operational elements. I'm confident our Council, which experienced some changes this year, will navigate the challenges and opportunities ahead, and support the leadership team to do so as well.

I'd like to acknowledge the out-going Chair, Mary Cave-Palmer, for her sound governance, and passion for Wintec over her 15 years on the Wintec Council, five of those as Chair. Council members Pam Roa and Maxine Moana-Tuwhangai also left this year, both having made a great contribution to Wintec over the past four years, overseeing some major changes and improvements.

We welcomed two new Council members, Margaret Devlin and Niwa Nuri, who were appointed for four-year and three-year terms respectively. Both Margaret and Niwa have brought their experience in governance roles to the table and their skill sets help to ensure a well-rounded Council. The goal for this new Council has been to form quickly and get up to speed on what the organisation's needs are, with a focus on mobilising and supporting the changes needed ahead.

The future sustainability of Wintec is at the heart of what we do. This Council is engaged and supportive of the overall strategic direction for Wintec, and ensuring clarity on the investments we make now and into the future.

“Wintec is certainly innovative and has embraced internationalisation for many years.”

Wintec is certainly innovative and has embraced internationalisation for many years. It was a highlight to see Wintec win the Global Operator of the Year award at our regional business awards. I had the opportunity this year to experience first-hand some of Wintec's off-shore international business operations during a visit to the Kingdom of Saudi Arabia, where we met with partners in the Colleges of Excellence.

Operating in new markets off-shore often has its challenges. I enjoyed seeing the vision and dedication of many Wintec staff, at all levels, who commit to creating the most from these opportunities with benefits including more revenue diversity, as well as increasing staff and organisational business capability in this area.

Celebrating success through education, whether it be graduating thousands of students each year or through honouring key community leaders, contributes to Wintec's reputation as a leading institution of technology. I had the pleasure of conferring honorary degrees for the first time to comedian and media commentator Andrew Lumsden (aka Te Radar) and

*Barry Harris, Chair and
Mark Flowers, Chief Executive.*



sportsperson Liam Messam at a special event in October. The response from these recipients, their supporters and our wider community partners was extremely positive, and it was a highlight event for me, along with our stakeholder breakfast held in the middle of the year.

On behalf of the Wintec Council I'd like to thank our chief executive Mark Flowers for leading Wintec and keeping it relevant and innovative, as well as all Wintec staff, employers, businesses, students and all of those who contribute to Wintec's success and positive profile in the community.

I'm looking forward to the future with Wintec.



Barry Harris
Chair

“The future sustainability of Wintec is at the heart of what we do.”



Chief Executive's Report

2017 has been another year of development and change for Wintec.

2017 has been a year in which we continued to build the success and future sustainability of Wintec during an ongoing period of change. We have taken careful account of developments in our region, emerging new skills for the future, and international considerations and opportunities. In addition, we are embracing significant changes in the delivery of education and training itself.

A number of the year's highlights are outlined in this report, which demonstrate our success and work towards future sustainability. These all, in various ways, align with our overall strategic direction.

We continue to build strong links with employers, strive for student success and work-readiness, modernise our programmes and our campuses, work through our change programme, and be a globally-recognised learning institution.

We are also proud to have achieved a solid financial result, especially given the tight domestic market.

Our net surplus was \$2.2 million or 2.12% of total revenue. This includes one-off adjustments, such as asset sales or costs associated with restructuring. Removing these one-off items reduces our surplus to \$1.6 million or 1.5%.

The sector is experiencing decreases in domestic student numbers which, coupled with no Consumer Price Index increase from the government, has resulted in financial challenges for some years and declining profitability in our domestic market. We have in the main off-set this with increases in our international student revenue and other revenue streams; in all, an increase of over \$4.2 million when compared to 2016.

Good student outcomes are, of course, critical to our success. In 2017 we implemented our Ako:Teaching and Learning Directions, which centres around learner experiences and modernising the way we are delivering education. This has been embedded in teaching delivery, helping to ensure that our programmes are more relevant, and meet the needs of our students now and into the future. I've been impressed with our academic staff's commitment to and understanding of the importance of these directions.

We are particularly proud that Wintec established New Zealand's first and only Design Factory, which creates

exciting opportunities for students from a range of disciplines to work with industry partners in a learning and problem-solving environment. Our work over the past couple of years to join the Global Design Factory Network has paid off, and will pave the way for more innovative learning at Wintec in the future.

I'd like to make particular mention of the generous gift of \$350,000 by the Hamilton Club to our Wintec Foundation. This donation will be an enduring legacy gift which will go towards scholarships for future Wintec students. Watch this space around the Wintec Foundation in coming years, as we look to be more active with investment and opportunities passed onto current and future students.

It's been very gratifying to see the increase in the number of our students experiencing education overseas supported by a number of prestigious scholarships, such as more Wintec students receiving Prime Minister's Scholarships for Asia. These students bring back experiences and valuable insights for their future education, as well as inspiring fellow students to aim for such opportunities.

We were delighted to win the Global Operator Award at the 2017 Westpac Waikato Business Awards; a great achievement and a proud moment for the organisation. Our commitment to international education is well-known within the sector, and we have led the way in some innovative ventures over the years.

Internationalisation is a team effort, and our success in the Chinese, Saudi Arabian, South-East Asian and South American markets is due to the hard-working people across the organisation, who are successfully managing relationships and delivering quality education to students around the world.

In addition, we have seen excellent progress in our subsidiary companies, which together contributed 8% or \$8 million of our 2017 revenue.

Learning Works has continued to provide product development and training services to a number of entities across New Zealand.

Soda Inc. has operated as an excellent business incubator, and contributed to our overall development of research, innovation services and entrepreneurship opportunities for students.

While Wintec KSA, our company in the Kingdom of Saudi Arabia, delivered training and education to over 600 students in that country.

I'd like to acknowledge and thank all of our staff for their hard work during the year; whether it be upskilling to learn new ways of teaching, understanding new technologies, giving support and pastoral care to our students, developing our services internationally, connecting with industry, looking after our facilities, managing and leading our various teams and departments, or working on improving quality and business processes. All their commitment and efforts are very much appreciated.

Finally I'd like to sincerely thank our industry partners and employers, and our regional and international communities, for helping to make Wintec relevant, now and into the future.



Mark Flowers
Chief Executive

“We have taken careful account of developments in our region, emerging new skills for the future, and international considerations and opportunities.”



Members of the Council

MEMBERS OF THE WAIKATO INSTITUTE OF TECHNOLOGY COUNCIL AS AT 31 DECEMBER 2017

Member		Appointed by	Current term ends
Barry Harris	Council Chair	Minister for Tertiary Education	30/04/2021
Desmond Brennan		Wintec Council	30/04/2018
Margaret Devlin		Minister for Tertiary Education	30/04/2021
Sandra Gusscott		Wintec Council	30/04/2019
Stephen Howse	Deputy Chair	Minister for Tertiary Education	30/04/2018
Niwa Nuri		Minister for Tertiary Education	30/04/2020
Aaron Rink	Chair - Wellbeing and Infrastructure Committee	Wintec Council	30/04/2018
Ping S'ng	Chair - Finance and Risk Committee	Wintec Council	30/05/2021

MEMBERS WHO LEFT THE COUNCIL DURING THE YEAR

Member		Appointed by	Current term ends
Mary Cave-Palmer		Minister for Tertiary Education	30/04/2017
Maxine Moana-Tuwhangai		Minister for Tertiary Education	Mid-June
Pam Roa		Minister for Tertiary Education	Mid-June

COMMITTEES OF THE COUNCIL

Executive Committee of Council

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

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

Members are: Barry Harris (Chair), Stephen Howse, Aaron Rink, Ping S'ng, Mark Flowers (Chief Executive).

Wellbeing and Infrastructure Committee*

Functions include consideration of matters affecting the campus development project, capital asset management plans, information technology strategy and management plans; safety and wellbeing.

Members are: Aaron Rink (Chair), Sandra Gusscott, Margaret Devlin, Mark Flowers (Chief Executive).

Note: this committee's name changed on 8 December, 2015 from the Building and Assets Committee to the Wellbeing and Infrastructure Committee.

Finance and Risk Committee*

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

Members are: Ping S'ng (Chair), Desmond Brennan, Stephen Howse, Niwa Nuri, Mark Flowers (Chief Executive).

**Barry Harris, as Council Chair, is an ex-officio member of the Wellbeing and Infrastructure (formerly known as the Building and Assets) and Finance and Risk committees.*



The Wintec Council

From left, standing: Margaret Devlin, Niwa Nuri, Aaron Rink, Ping S'ng.

From left, seated: Desmond Brennan, Sandra Gusscott, Barry Harris, Stephen Howse.



Highlights



Our people

Values and wellbeing high on list for staff

More than 400 staff were nominated in the 2017 Wintec Staff Awards. In the 14 years of the awards, that's a record.

Wintec Staff Awards are an annual event where staff nominate colleagues for awards based on Wintec's values of working together, challenge and innovation, customer focus, taking ownership and valuing people. Other awards are for Best Team, Health and Safety and People's Choice.

Health and wellbeing are a high priority for Wintec and in 2017 the first of a series of Wellness expos was launched. The events at the city and Rotokauri campuses drew 250 staff and put Wintec on track to achieve bronze accreditation from WorkWell, a free workplace wellbeing initiative which supports workplaces in New Zealand.

Awards and accolades

Wintec wins Global Operator Award

Wintec won the Global Operator Award in the 2017 Westpac Waikato Business Awards.

The awards judges' stated "Wintec's investment into internationalisation is impressive. As New Zealand's only tertiary institution operating an international college in China and providing off-shore delivery in Saudi Arabia, Wintec has developed significant expertise in export education.

"The ongoing commitment of the chief executive, dedicated executives, and support and delivery staff is truly outstanding, enabling Wintec to successfully manage relationships and student outcomes which require a galvanised effort and a very clear vision."

Wintec chief executive Mark Flowers was "delighted" to accept the award on behalf of the hundreds of Wintec staff who work hard to share Wintec's vision for international education.

"Internationalisation for Wintec has been a long-term team effort leading to success in the China, Saudi Arabia, South-East Asia and South American markets," he says. "It involves many visits to other countries often in difficult circumstances and demands a high level of quality education and student support, both here and in our overseas markets."

Wintec acknowledges four outstanding leaders with honorary awards

Four Waikato leaders in the fields of media arts, sport, science and health received honorary awards from Wintec for their longstanding contribution to their respective industries.

Liam Messam, rugby and community champion; Susie Ryan, former Clinical Nurse Manager for Waikato Regional Diabetes Service; and Te Radar (Andrew Lumsden), satirist and documentary-maker; received honorary degrees relevant to their fields. Dr Peter

Robinson, nationally renowned scientist, received an Honorary Fellowship.

Some of New Zealand's greatest names make up Wintec's family of honoraries. Wintec awards fellowships, degrees and medals to people who have made a significant contribution to Wintec, the region or the nation through innovation in industry or business, scholarship and research or enhancing New Zealand society.

Another gold for Wintec clinic

Wintec's Centre for Sport Science and Human Performance received international recognition from the American College of Sports Medicine.

For the second consecutive year, the centre was awarded gold level accreditation by the college's Exercise is Medicine initiative for its Biokinetic Clinic.

Centre for Sport Science and Human Performance director, Greg Smith, said Wintec is one of just two New Zealand-based institutes to receive this accolade.

"Gold level accreditation is the highest level of recognition and recognises the work we are doing in creating collaborations between healthcare and exercise professionals to provide physical activity prescriptions."

The Biokinetic Clinic was established in 2015 at Wintec to help treat people suffering from chronic health conditions and sports injuries by prescribing personalised exercise programmes.

Tying the knot at Wintec

Why would anyone want to have their wedding at a technical institute? When blog site Urban List named their top 10 New Zealand wedding venues in 2017 they said "Wintec's Atrium will have you questioning why you even asked that in the first place".

With its floor-to-ceiling windows, exposed brick and industrial vibe, The Atrium has proven itself a blank canvas for creating a host of stunning events.

Wintec venues hosted close to 60,000 people at 1,050 events in 2017. It's not just location, capacity, style and functionality that have contributed to the success of Wintec's venues in 2017 - event hosting requires a level of customer service and creative support Wintec is becoming known for.

Wintec venues include a range of sites at the Rotokauri and city campuses that can accommodate one-room seminars to large conferences and of course, weddings.

Breaking out into the world

More than 1,800 students took to the stage to receive their qualification during Wintec's annual graduation week, from 2,278 eligible. Seven graduation events included the event at Wintec's Te Kōpū Mānia o Kirikiriroa marae, where Māori, Pasifika and local students are being joined by an increasing number of international students keen to experience a New

Zealand cultural experience.

In 2017, Wintec live-streamed ceremonies at Claudelands for the first time on social media enabling friends, relatives and an international audience a view of the ceremonies.

Guest speakers for Wintec's graduation events included musician and writer Lizzie Marvely, microbiologist and Head of the Bioluminescent Superbugs Lab at the University of Auckland, Dr Siouxsie Wiles, and award winning company director Traci Houppapa, named by the BBC in 2017 as one of the world's top 100 most influential women.

A new era of teaching and learning

Student entrepreneurs get lift-off from industry experts

Wintec students get the opportunity to bring their business ideas or existing businesses to life in ways they never thought possible through a new opportunity supported by Wintec and business incubator Soda Inc.

The 12-week Launchpad programme connects student entrepreneurs with business growth advisors, with the aim of making their business ideas or growth plan a reality.

Wintec Media Arts student Torbin Chambers took his business concept through the Launchpad programme last year. He developed a music and relaxation app *ēJourneys* featuring New Zealand landscapes with the support of business growth advisor Kelvin Soh. It's now available on the Apple Store.

Wintec's Director of Products and Planning, Warwick Pitts says Launchpad demonstrates Wintec's drive to develop innovative learning opportunities for students.

"This is an opportunity for students to gain experience from Soda Inc.'s incubation and learning programmes," he says. "It means they can build a company while they're studying at Wintec and in many cases, we can credit that back through their degree."

Wintec and Soda Inc. piloted the scheme in 2016. The initiative was so successful; Launchpad was created in 2017 to offer five incubation opportunities valued at \$20,000 each. Wintec students can apply for Launchpad at any time.

Taking education changes in our stride

Ako: Teaching and Learning Directions provides a framework to embed principles and practices into Wintec's future teaching delivery. The programme launched in 2017 to provide teaching staff with an overview of core principles and specific teaching and learning approaches, along with a revised delivery framework.

The core principles promote authentic experiences and learner engagement to ensure graduates are work-ready. These principles are supported by processes

that enhance learning. Examples are inclusive practice - to recognise the diversity of our students; work-integrated, blended and project-based learning, and flipped classrooms. Here, the traditional learning environment is reversed and education can be delivered outside the classroom (including online) and non-traditional activities like assignments, are brought in.

These approaches are being applied at Wintec to create excellent teachers and better outcomes for students.

New design and communication degrees take a world view

Wintec developed new Bachelor of Design and Bachelor of Communication degrees for 2018 to prepare students for a rapidly changing workplace where a new world of work needs a new way of learning.

Both degrees include a substantial workplace-based component, to ensure students graduate with a strong understanding of freelance and business skills. Opportunities for collaborative projects with industry experts is another point of difference in a move to support and extend classroom-based learning.

Head of Wintec School of Media Arts Sam Cunnane says the challenges we are facing in today's world can't be solved by using old ways of doing things. "We need to be good at change and we need to future-focus what we teach so it will stand up to the needs of rapidly changing workplaces," he says.

"Students also need to learn the soft skills that are going to make them thrive in a range of roles within the creative industries, and as problem-solvers in organisations across many sectors."

Industry feedback has been a critical part of the consultation for the new degrees. Wintec engaged with some of New Zealand's top media people, broadcasters and designers to gain an insight into what needs to be taught now. A future-focussed and competitive programme of product development is a priority for Wintec.

New programme to assist care and support workers

Current and future care and support workers needing to qualify to obtain employment or access higher pay rates can study at Wintec thanks to an affordable training course.

Wintec Centre director for Health and Social Practice Angela Beaton said the decision to make training available and more accessible is a response to the outcome of the Care and Support Workers Pay Equity Settlement.

The Level 4 Certificate in Health and Wellbeing, Social and Community Services is a new and essential qualification at Wintec for current and future workers to pathway their career, and earn higher pay rates.

In developing this new qualification, we've considered



Top: Wintec Launchpad student Torbin Chambers (right) with his business advisor Kelvin Soh at Soda Inc.

Bottom: Wintec developed new design and communication degrees to launch in 2018.



Top: The Atrium has been named one of New Zealand's top 10 wedding venues.

Bottom: Design Factory NZ students work with industry to solve complex real-world problems.

industry requirements, the need for care and support workers to work and study at the same time, individual learning styles, and the intergration of flexible study options.

The new certificate enables graduates to work in the health and wellbeing sectors, including aged care, disability support, mental health and addiction support, social services, and community and whānau health support.

High quality care for the elderly is why we exist, says Louis Fick, Chief Executive of Tamahere Eventide residential care home.

“We’re ready to support our staff to upskill and this new qualification means they can stay employed, develop their skills to a high industry standard and ultimately earn better pay rates,” he said.

New Zealand’s first (and only) Design Factory is at Wintec

Wintec joined the Global Design Factory Network and established New Zealand’s first and only Design Factory. Located at our Hamilton campus, Design Factory NZ is an exciting opportunity for Wintec students and the business community.

The Design Factory concept is where students from a range of disciplines work with industry partners in positive learning environments to solve complex, real-world problems. It brings together research, education and business practitioners to create a new learning culture through hands-on learning experiences.

The Design Factory teaching model at Wintec is based on the growing Design Factory Global Network (DFGN) of design factories that began in Aalto University, Helsinki, Finland. There are 20 innovation hubs in the network across five continents, based in universities and research centres. Together, they are on a mission to create change in the world of learning.

Design Factory NZ students will have the opportunity to work on local industry ‘problems’ and collaborate across the Design Factory Global Network. This means these students get a global perspective and make positive connections, which impacts on the work they do back home.

Feedback from students and industry involved has been positive and the Design Factory influence is impacting on student success. A team of Wintec’s Design Factory NZ students came first in the international Creation and Innovation competition at Chengdu University, China in November 2017.

Creating better spaces

Looking good goes more than skin deep; environment counts too. Wintec’s School of Hair and Beauty moved to newly refurbished premises on the Collingwood Street side of the City Campus. The newly refurbished salon-style training spaces are light and spacious and

also readily accessible to students and their clients.

Campus development in 2017 mainly focussed on planning and prototypes. ‘Test’ teaching and learning spaces were developed to try out formats and technology in preparation for the 2018 teaching year.

Wintec computing degree a global job ticket

Graduates of Wintec’s computing degree can set their sights on international work opportunities now that Wintec has successfully achieved accreditation and endorsement by the IT industry.

Wintec’s Bachelor of Applied Information Technology degree is now accredited and industry-endorsed by IT Professionals NZ (ITP) which is affiliated with similar bodies in 54 countries.

Wintec Dean, Gaye Barton, says the comprehensive degree accreditation programme, run by ITP and aligned with similar accreditations in many other countries around the world, recognises computing and IT degrees that provide the best pathway to work opportunities in New Zealand and overseas.

“This accreditation puts Wintec’s Bachelor of Applied Information Technology degree on a par with degrees from around the world and it means our graduates are receiving internationally-recognised training and a global job ticket.”

ITP chief executive Paul Matthews said Wintec’s Bachelor of Applied IT graduates have the skills the IT industry is looking for. “Wintec’s degree is a great pathway into the IT industry.”

New qualification puts more Māori in primary care careers

New Zealand is well positioned to see more Māori enter the primary health care workforce thanks to a new tertiary qualification developed collaboratively by Wintec and PHO Pinnacle Midlands Health Network (MHN).

The first cohort of six students, all current community health workers, successfully completed the New Zealand Certificate in Health and Wellbeing Primary Care Practice Assistance 4 (Te Mahi Āwhina Tuatahi 4) course.

The one-year course is designed for Māori already working in the health environment who are specifically interested in developing a career in a primary care practice. The course has been developed in response to the low number of Māori currently working in general practice. Successful completion of the qualification can enable course participants to progress on to higher levels of tertiary education. Pinnacle MHN and Wintec are working to replicate this course across the Midland region, which covers the central North Island where nearly a quarter of the population of 853,725 people identify as Māori, a much higher proportion than the national population.

Student success

Wintec students experience Asia on Prime Minister's Scholarships

Six Wintec students headed to China on the learning experience of a lifetime as recipients of prestigious Prime Minister's Scholarships for Asia.

A group of four third-year business students, Jack Hawker, Chanatip Chatchawalit, Andrew Murray and Hanjun Nakauchi set off for Tianjin University of Technology and Education in September to spend five months studying Chinese language and gaining work experience at PetroChina, one of the country's largest oil and gas companies. They joined two Wintec Media Arts students, Mason Holloway and Christopher Singh, who attended Chengdu University as second-time recipients of the prestigious scholarships.

In 2018, a further twelve students will study at universities in Japan and China.

Six post-graduate students will be selected from Wintec's School of Sport Science and Human Performance to attend Teikyo University in Japan, where they will build a performance programme for the Teikyo University Rugby Club.

A further six Bachelor of Applied IT students will travel to Jinhua University where they will further their web and computer programming study and receive tutoring in Chinese language and culture.

Passion for fashion earns coveted scholarship

A budding Hamilton fashion designer with a flair for fancy dress received the Wintec Gordon Chesterman scholarship in 2017.

Twenty-seven year old Brydie Senior is studying a Bachelor of Media Arts, Fashion Design.

In her 18 months of studying she's been the recipient of numerous Wintec awards, has interned for top New Zealand designer Trelise Cooper and been involved in fashion shows like Fashion for a Cure – and still found time to volunteer at the Hamilton Operatic Society costume shop.

She has always liked the idea of costuming and originally believed that would be the industry avenue she would take.

"I have never been a really fashionable person - I was the girl at school on mufti day who wore dress-ups."

Since starting the degree she's had a taste of other areas of fashion and is starting to get an idea of just how broad the industry is.

The scholarship, worth up to \$15,000, is offered in recognition of the significant contribution made by former Wintec chair, Gordon Chesterman. Students enrolled in Wintec's Media Arts or Business, IT and Enterprise schools are eligible to apply.

Going global

Wintec offers education around the world

Wintec continues to expand off-shore, setting up global connections for our students, staff and employers. An ongoing focus is to progress existing partnerships and seek new opportunities around the world.

The Jinhua Polytechnic Wintec International College is now in its third year with 650 students and 10 staff deployed by Wintec. The students are studying English and information technology.

In 2017 more than 6,000 students studied Wintec courses off-shore in China, the Kingdom of Saudi Arabia, Mauritius, Thailand, South America, India and the Solomon Islands.

Wintec employs more than 20 staff in China and the Kingdom of Saudi Arabia. In the past year, Wintec confirmed new education contracts in Mauritius, Thailand, the Kingdom of Saudi Arabia, South America and India.

International (on-shore) student fees provided revenue of \$16.8 million in 2017. Total international off-shore and consultancy revenue was \$6 million in 2017; up from \$3.4 million in 2016.

In 2018, Wintec will open a second international college in Guizhou, China in September. The new college will offer courses in construction management, interior design and accounting management.

Wintec fashion students relish Thai experience

A contingent of Wintec fashion design students experienced an eye-opening tour of Bangkok, Thailand, where they got up close and personal with the country's bustling fashion industry.

The group of nine students and two Wintec tutors spent 10 days touring Bangkok to learn about some of the traditional design and manufacturing techniques used.

Wintec tutor Sally Fitzpatrick said it was an unforgettable learning experience.

"Seeing textile manufacturing first hand was a real highlight - we just don't get to see that in New Zealand."

While there, they were hosted by Rajamangala University of Technology Krungthep and witnessed silk weaving, textile and dyeing processes and visited large-scale factories and a fashion technology expo.



Top: Brydie Senior, pictured here with Gordon Chesterman, is the 2017 recipient of the Gordon Chesterman Scholarship.

Middle: Wintec fashion design students in Bangkok, Thailand got a valuable experience of the Thai textile industry.

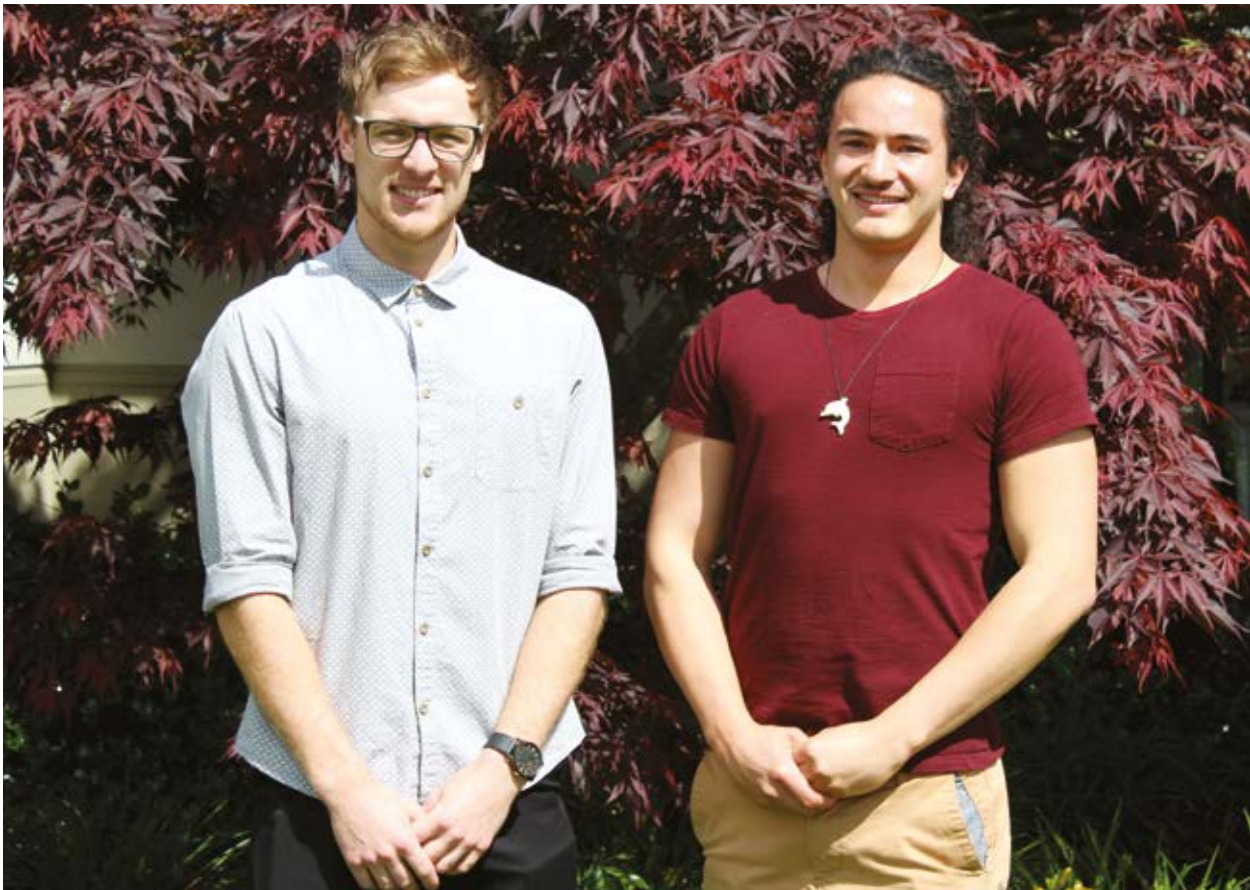
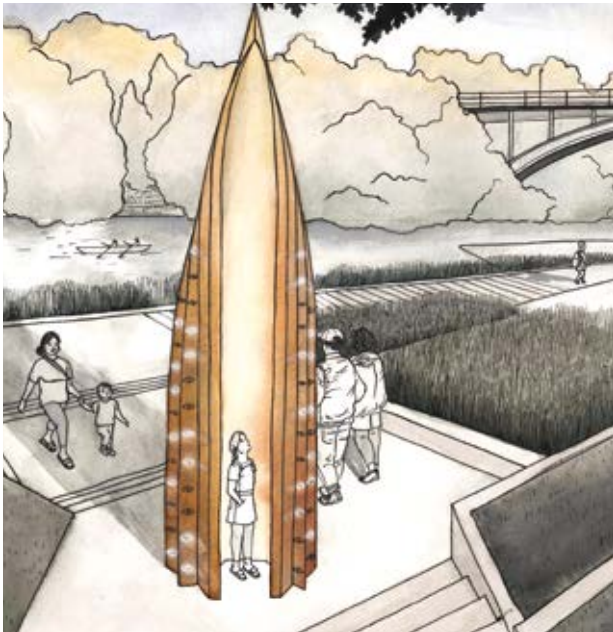
Bottom: From left, Wintec Prime Minister's scholarship recipients, Hanjun Nakauchi, Jack Hawker, Chantatip Chatchawalit and Andrew Murray.



Left: Artist's impression of the Matariki Interactive waka sculpture.

Right: Cambridge High School teachers, (left to right) Aimee Findon, Sara Paris and Roey Gluyas serve up lunch at a train the trainer day for local teachers at Wintec.

Bottom: Wintec engineering students Cameron Foubister and Brendan Koevoet are the first successful applicants for Waikato District Council's new cadetship programme.



Partnerships and community projects create opportunities for real-world learning

Hamilton steels itself for interactive waka sculpture

A highly interactive, seven-metre waka sculpture is evolving through collaboration between Wintec and local industry. Many hands are working to make this project a reality for installation on Hamilton's Ferrybank reserve in time for Matariki 2018.

The Matariki Interactive Waka Project is led by artist, Wintec tutor and PhD student Joe Citizen in partnership with Wintec's Māori Achievement team, Wintec students, staff and industry partners.

"We have a design, we have prototypes, we have an industry partner to mentor the students and we have a massive team of people involved. We also secured Hamilton City Council approval for the site by unanimous decision, which is huge!" says Citizen.

The design is informed by the work of Wintec early childhood educators. The digital and interactive design is the work of Citizen as part of his PhD studies, with Wintec researcher Andy Fendall developing the visual display features.

Engineering for the sculpture's prototyping, civil engineering, power supply and generation, and the development of an environmental sensor network, is being carried out by Wintec engineering students. The construction will be carried out by students from Wintec's Māori and Pasifika Trades Training initiative, under the mentorship of the engineering firm Longveld (see story below).

Last semester six Wintec Māori and Pasifika engineering students volunteered for work experience at Longveld and together they made the framework for the Matariki Interactive Waka sculpture.

Longveld director Pam Roa said, "We're no strangers to interesting projects, in fact we relish the challenge. To work with students who are embarking on a career in engineering, and at the same time help to create something that is so culturally significant for our community, is really inspiring."

The sculpture will have motion sensors, LED lighting and surround sound to encourage visitors to interact with the seven-metre steel structure and engage with the seven stars of Matariki.

Wintec students engineer their future through new scheme

Taking advantage of a chance to gain relevant, practical on-the-job experience has paid off for two Wintec engineering students.

Cameron Foubister and Brendan Koevoet are the first successful applicants for Waikato District Council's

new cadetship programme.

The programme is the result of a partnership with Waikato District Council to create employment opportunities for civil engineering students and develop highly-skilled and well-rounded Council staff members. Cameron and Brendan will work and study part-time for two years before completing one year of bonded employment with Waikato District Council.

Cameron and Brendan start their cadetship in 2018. The programme is open to Wintec students studying the civil elements of the New Zealand Diploma in Engineering and the Bachelor of Engineering Technology courses.

Developing the next generation of Kiwi chefs

When 26 Waikato high school cookery teachers donned their aprons to become students for a day at Wintec, the heat was on to improve their cookery skills to pass on to their students.

HETANZ (Home Economics Teachers Association of New Zealand) member Heather Dixon worked with Wintec hospitality team manager Peter Radojkovich to organise the day. She says opportunities for intensive training are invaluable.

"Going to Wintec is the best day of the year for our teachers. There's a serious shortage of teachers in this field and we now have a mix of 'old school' home economics teachers and new ones who are trained in other subject areas.

"We want higher level learning and these learning days help pull everyone up to the same level. They set a benchmark and set standards, and this sets a standard for our students."

Heather, a Cambridge High School teacher for more than 40 years, sees the value of teaching practical skills like cookery as essential to pathway careers and encourages cooking as a positive lifestyle choice.

"We're helping students who want to become tomorrow's chefs more workplace ready – if they are well-prepared they get an edge in the workplace.

Wintec's Peter Radojkovich says the training days develop the relationship Wintec has with Waikato schools.

"I'm hopeful that the skills and knowledge they take away will also assist these teachers in developing the next generation of Kiwi chefs."

The upskilling day attracted teachers from Hamilton, Tauranga, Mt Maunganui, Tongariro, Te Awamutu, Te Kuiti, Matamata and Cambridge.

"We can go to a cookery school, but our teachers get more practical hands-on experience at Wintec with tutors who have a good rapport and they know what it takes to teach," says Heather.

Scholarships respond to need for more Māori in health careers

Ten Wintec students received Dame Te Ātairangikaahu nursing scholarships from Wintec and the Māori King's Office to encourage more Waikato-Tainui people into health careers.

The scholarships marked the tenth year of Wintec's Dame Te Ātairangikaahu Nursing Scholarship, set up in recognition of Te Arikinui Dame Te Ātairangikaahu's leadership and care for the welfare of her people.

King Tūheitia actively encouraged support for the scholarships to ensure more Māori can pursue health careers.

Wintec Director, Māori, Hera White says the response to the scholarships from Waikato-Tainui people considering a career in health was heartening.

"There was no shortage of qualified applicants and the selection panel were very pleased with the calibre of the students and their motivation to succeed in the health field."

The 2017 Māori nursing and midwifery scholars are aspiring Māori leaders in their chosen fields. They are Vair Jackson, Kohatu Tata, Zaradene McGregor, Airini Thompson, Hollie Scott, Te Waimaarino Winikerei, Joanne Mark, Renata Smith, Kerry Watene, and Dayna Hoey-Samuel.

Each scholarship supports one student, providing a maximum of \$6,000 towards the cost of tuition for a period of up to three years, a total of approximately \$18,000 per scholarship.

Funders of the scholarship include King Tūheitia, the Office of the Kīngitanga, Tūrangawaewae Marae, Staples Rodway Chartered Accountants, Mr Peter Rogers, Te Arataura (Waikato-Tainui Tribal Executive), Ngāti Hauā and Wintec.

NZ wins gold in the world's largest skills competition

Three Wintec tutors attended the 44th WorldSkills International Competition held 15-18 October 2017 in Abu Dhabi, United Arab Emirates. They were there to support plumbing apprentice Hunter Turner, one of five New Zealanders who won a medallion of excellence, and to give expert advice at the competition.

The New Zealand team competed in 13 of 51 skill categories in the competition attended by over 1,300 of the world's finest young skill apprentices. Air New Zealand aircraft engineer, Jarrod Wood, won the gold medal in the aircraft maintenance skill competition. Wood was also awarded Best in Nation, for having the highest marks amongst all competitors from New Zealand. The WorldSkills International Competition occurs every two years and is the biggest vocational education and skills excellence event in the world.

Wintec is a sponsor of WorldSkills New Zealand and we will host the WorldSkills national competition for the second time in 2018.

Wintec's chief executive Mark Flowers says, "We're all about celebrating skills excellence in young people, and our support of WorldSkills is one of the ways to demonstrate this.

"WorldSkills competitions give visibility and importance to professional education. In an increasingly globalised world, highly skilled young talent will lead the way in evolving new technology and our future workforce."

Wintec casts a virtual light on Hamilton's roading history

The projection of time, the way we traverse Hamilton city, and a virtual drive were all part of an exhibition by Wintec staff and students at Waikato Museum in 2017.

Linking the City told the colourful history of the ring road development in unexpected ways. At its centre, a 3D model built by Wintec School of Media Arts lecturer Luke McConnell showed the growth of the city from its beginnings in pre-human times, to recent developments detailing Hamilton's ring road developments.

"It's an exciting project and while the 3D model was the centrepiece for Linking the City, it was created as a long term display piece to be gifted to the city," says McConnell.

"The model takes us on a journey from where we've come from as a city, to where we are now by projecting changes over time in a highly visual and engaging way."

Wintec Media Arts students were also involved in the exhibition. Wintec journalism tutor Richard Walker says, "now the ring road is almost complete. It presented an opportunity to involve students and staff in the creative, visual and writing process in developing an exhibition."

"Developing an exhibition involves the many skills our students are studying including the disciplines of journalism, communications, design and moving image. Projects like this give us scope to take the skills we teach and learn into real-world projects through partnerships, and put our work in front of the public."

Young cooks step up at Culinary Fare

More than 500 secondary school and tertiary students took to the kitchen at Wintec's Centre for Hospitality, Rotokauri campus in July to battle it out in the annual Waikato Culinary Fare.

In its 13th year, the fare promotes cooking as a career and aims to nurture young talent. Innovative challenges included creating cupcakes, creative pizzas, Māori kai and cocktails along with knife skills, mystery box challenges and a table-setting competition.

This year saw a record number of entries with 510 including Wintec, New Zealand Management Academies and Toi-Ohomai Institute of Technology students as well as representation from 22 high schools, with teams travelling from as far as Rotorua, Whakatane, Taumarunui, Whitianga and Auckland.



Top: Recipients of the 2017 Dame Te Ātairangikaahu Nursing Scholarships celebrate with a waiata.



Left: Wintec tutor Luke McConnell and design student Etana Zaguri check out a model of Hamilton which was part of the ring road exhibition.

Right: Wintec Culinary Arts student Sari Leah Steed was awarded Novotel Tainui Hamilton - Junior Hospitality Student Waikato.





Top: Wintec staff and speakers celebrate innovation at the ITPNZ Symposium.

Bottom: The tilapia project team, with Wintec's Dr Debbie Care, Lead Researcher, (second from right) and Nick Borthwick, Project Manager, Wintec (far right)

Waikato Diocesan School for Girls took out the Waikato Top School Award, while Te Awamutu College took home the National Secondary School Culinary Challenge Team Award and first year Wintec Culinary Arts student Sari Leah Steed (pictured) was awarded Novotel Tainui Hamilton – Junior Hospitality Student Waikato.

Innovation

Global innovators joined forces at Wintec

Innovation that transforms societies was the theme for a two-day international symposium at Wintec.

Global innovators from Europe joined sector experts to transform problems into opportunities and create new innovations from challenges.

Organiser and Wintec Research and Development director Mariana van der Walt says Wintec has formed successful working partnerships globally and locally with industry partners and communities and the 2017 ITPNZ (Institutes of Technology and Polytechnics) Symposium brought them together.

“This symposium is a platform for users, providers and thinkers from across the globe. The opportunity for attendees from across the education, government, industry and community sectors to actively explore innovations and solutions is incredibly valuable for our local and global future.”

The event focused on innovative strategies for community impact, health and ageing, waste management and regenerative practices, through presentation and workshops.

An international “who’s who” of speakers at the 2017 Symposium was drawn from organisations working with Wintec on long-term initiatives. They included Alexandra Descamps from Designswarm in the United Kingdom, named top of the list of 100 Internet of Things influencers; Dr Vesa Salminen, research director at HAMK University Finland; Minna Takala, senior advisor at Häme Regional Council in Finland; Ola Svedin, chief executive of Mobile Heights, Sweden and Jesper Kjellerås, Sweden and Wieke van der Zouwen, Holland from Impact Hub.

Wintec takes on the Internet of Things

Innovation and the Internet of Things (IoT) were at the fore in 2017.

Leading innovators joined to launch IoT Waikato in October, a Wintec-led initiative to explore IoT in the region.

Wintec coordinator Jannat Maqbool said IoT Waikato has attracted thought leaders from local government, industry and individuals who are keen to work together, ask hard questions, leverage and develop innovative solutions.

“We’ve started a momentum with a meeting of minds from many disciplines and a shared goal - to make the most of the opportunity IoT presents in enhancing our environment, our lives and our workplaces,” says Jannat.

IoT Waikato aims to provide an opportunity for people to get together on a regular basis to hear about what is happening in the Waikato with the Internet of Things and Smart Cities. The group will gain inspiration from relevant events and projects happening elsewhere in New Zealand and around the world, and raise awareness around areas such as security and privacy.

Aquaculture the answer to an island’s food shortage

A small, bony, oily fish holds great hope for Solomon Islands communities, who are working with Wintec to enhance aquaculture productivity through education and an innovative phone app.

Wintec researchers are working with farmers in Malaita province in the Solomon Islands where tilapia fish are farmed in inland ponds. The aim is to develop better ways of farming and introduce tilapia farming as a training course using the existing farms as demonstration sites. Funding from the New Zealand Aid Programme (administered by the Ministry of Foreign Affairs and Trade - MFAT) has enabled this three-year partnership with Wintec and the Solomon Islands Association of Vocational and Rural Training Centres (SIAVRTC).

Wintec research team manager Dr Debbie Care is one of the team working with Solomon Islands farmers and says offshore fisheries are depleted and a lack of protein in the local diet is causing health issues.

“Not many people can imagine the level of subsistence, but Solomon Islanders are rich in many ways. They don’t have a lot, but they are incredibly generous and very keen to develop their resources.”

Debbie says large scale sea fishing means communities now have to sail further for their catch, requiring boats and equipment the people simply do not have.

Despite a high uptake of mobile technology there is limited internet coverage, and this inspired the Wintec team to develop an offline app with the community to support education.

“The app is instructional and looks at all aspects of fish farming including managing fish ponds, cooking and preserving fish and basic financial literacy,” says Debbie.

The Wintec researchers are part of a team that includes Nick Borthwick from Wintec’s International Development Services. Nick says “Solomon Islanders have great resilience and ingenuity. There is a real thirst for practical knowledge that can be quickly and easily accessed and applied to daily livelihoods.”

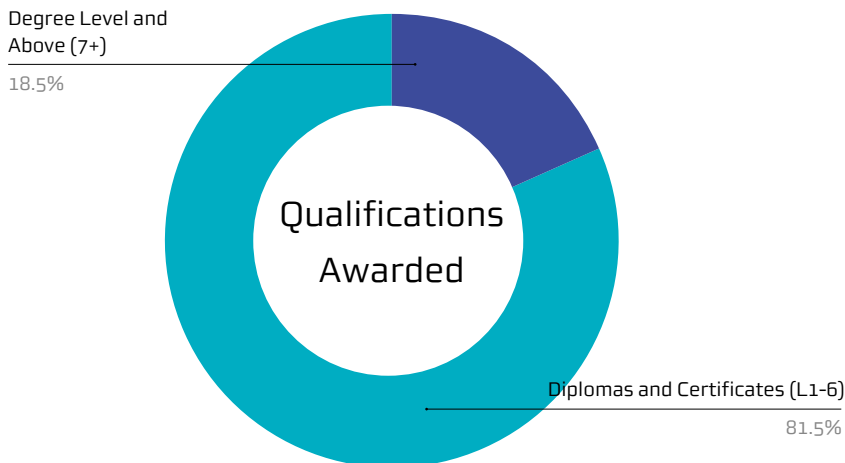
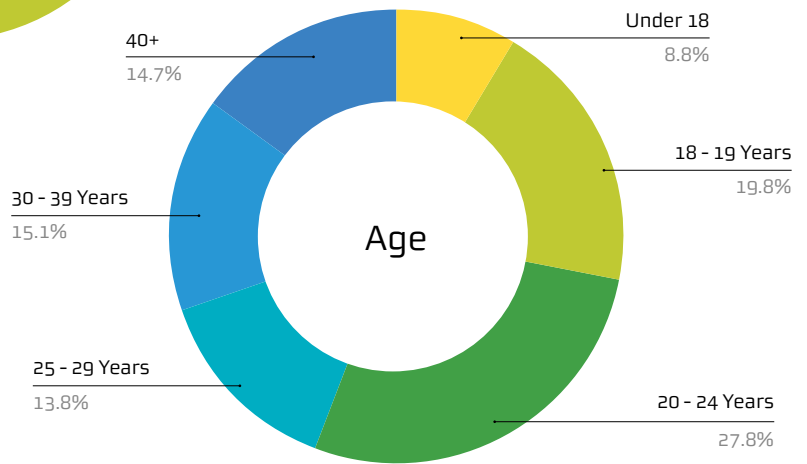
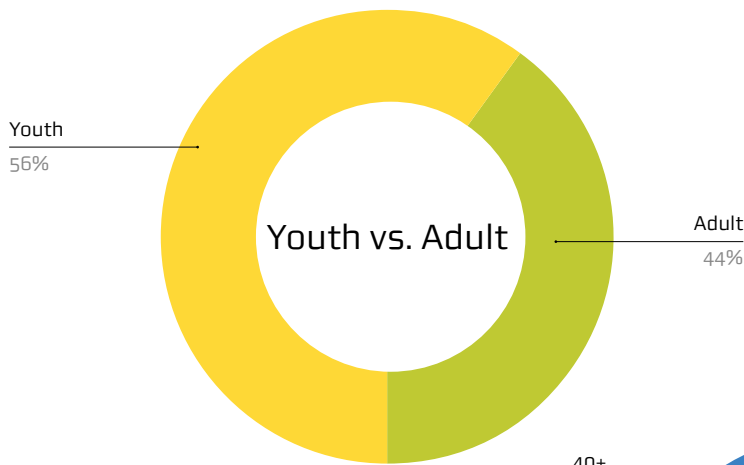
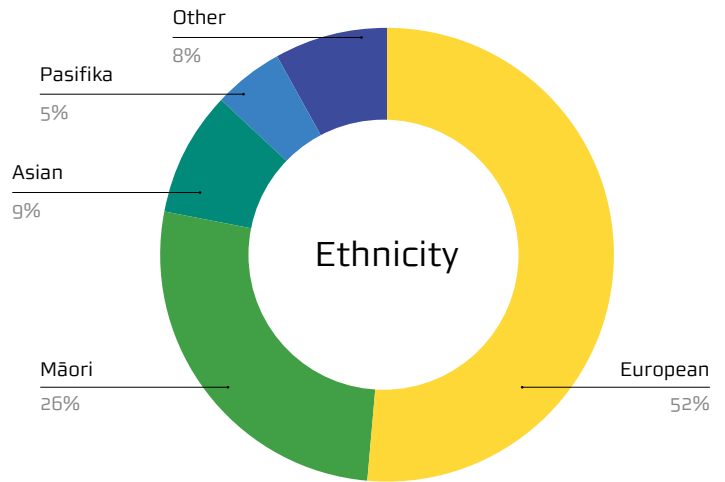
Looking ahead three years, Wintec aims to impact at least 500 community members through the initiatives developed under the scheme.



Student Statistics

Student Statistics 2017 Summary*

*Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Pilot Funding, Training L3 and 4, Māori and Pasifika Trades Training L1 and 2, Māori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.



TEC funded* EFTS by level of study

	2013	2014	2015	2016	2017
Level 1-2	10%	10%	11%	12%	8%
Levels 3-4	27%	28%	30%	33%	34%
Levels 5-6	17%	17%	14%	14%	15%
Levels 7+	46%	44%	43%	41%	43%

*Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Pilot Funding, Training L3 and 4, Māori and Pasifika Trades Training L1 and 2, Māori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.



8%
Level 1-2



34%
Level 3-4



15%
Level 5-6



43%
Level 7+

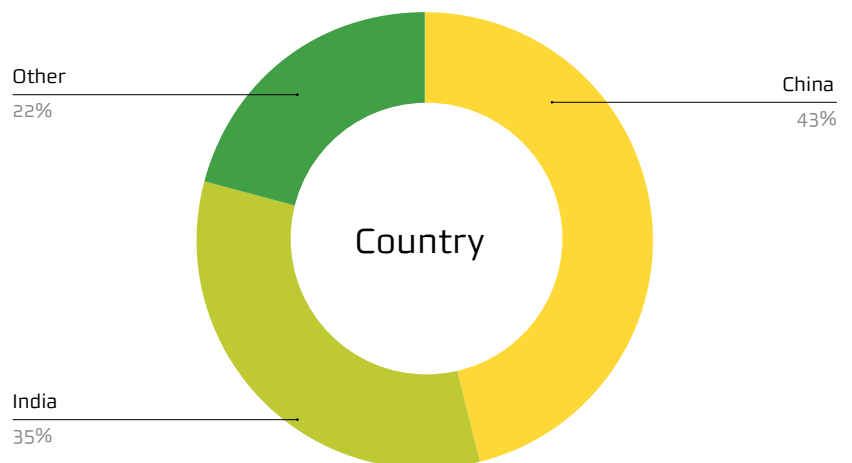




International EFTS by country

	2013	2014	2015	2016	2017
China	344	391	425	463	457
India	178	217	316	331	372
Republic of South Korea	31	17	12	12	37
Saudi Arabia	58	83	44	31	29
Sri Lanka	3	5	13	21	25
Nepal	8	13	20	13	20
Kenya	1	1	6	12	15
Philippines	13	13	14	22	13
Brazil	0	2	9	12	8
Other	70	68	73	92	89
Total	707	810	931	1,009	1,064

Top 9 countries ranked according to EFTS in 2017.





Total Equivalent Full Time Students (EFTS) by source of funding

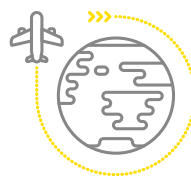
	2013	2014	2015	2016	2017
Adult and Community Education (ACE)	108	111	107	108	105
Student Achievement Component	4,819	4,710	4,501	4,550	4,189
Youth Guarantee and Trades Academy	229	303	346	337	309
Total TEC funded	5,155	5,124	4,954	4,995	4,603
International	707	810	930	1,009	1,064
Industry Training Organisation	764	876	812	714	691
Other	246	263	286	243	120
Total non TEC funded	1,717	1,949	2,028	1,967	1,875
Grand total	6,872	7,073	6,982	6,962	6,478

In 2017 Wintec's total headcount of students (not EFTS) was 14,472 students, with 12,747 domestic students and 1,725 international students.



12,747

Domestic Students



1,725

International Students

TEC funded* EFTS by ethnicity

	2012		2013		2014		2015		2016		2017	
European	57%	2,922	56%	2,829	54%	2,710	53%	2,572	52%	2,541	52%	2,344
Māori	23%	1,197	24%	1,235	25%	1,269	25%	1,215	26%	1,296	26%	1,174
Asian	8%	407	8%	399	8%	419	9%	427	9%	422	9%	407
Pasifika	5%	240	4%	222	4%	225	5%	248	5%	252	5%	228
Other	7%	360	7%	363	8%	389	8%	385	8%	376	8%	345
Total		5,125		5,047		5,013		4,847		4,888		4,498

Notes:

*Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.

Percentage figures may be rounded.

A student may select up to three ethnicities. Only their primary ethnicity has been included in this table.

Those in the "other" category include students entered as non-declared, other and unknown.

TEC funded* EFTS by age group

	2012	2013	2014	2015	2016	2017
17 Years and Under	320	395	412	413	436	395
18 - 19 Years	1,283	1,194	1,161	1,022	1,047	892
20 - 24 Years	1,612	1,559	1,482	1,449	1,407	1,246
25 - 29 Years	593	574	587	583	612	622
30 - 34 Years	367	367	394	356	375	380
35 - 39 Years	274	276	285	312	324	300
40 - 44 Years	277	255	266	261	239	232
45 - 49 Years	195	218	203	200	197	186
50 - 54 Years	119	121	142	157	140	131
55 - 59 Years	53	57	54	63	72	79
60 - 64 Years	25	28	20	25	29	27
65 Years and Over	8	3	7	5	10	6
Total	5,125	5,047	5,013	4,847	4,888	4,498

Notes

*Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.

TEC funded* EFTS for Youth** (under 25) and older students

	2012		2013		2014		2015		2016		2017	
Youth (Under 25)	63%	3,214	62%	3,147	61%	3,055	59%	2,884	60%	2,889	56%	2,534
25 and older	37%	1,911	38%	1,900	39%	1,958	41%	1,963	40%	1,999	44%	1,964
Total		5,125		5,047		5,013		4,847		4,888		4,498

Notes:

*Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.

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

Age in years is counted as at the 1st of July in the year of the class start date of the enrolment, as per reporting requirements to the Tertiary Education Commission.

TEC funded* qualification completions by year

	2012	2013	2014	2015	2016	2017
Masters	20	14	14	13	12	11
Postgraduate Level	57	64	57	50	50	10
Bachelors with Honours	14	19	10	16	8	78
Bachelor Degree Level	560	623	504	464	485	419
Graduate Level	59	62	49	44	57	47
Diploma Level	333	367	299	274	248	264
Certificate Level	1904	1,955	2,024	2,175	2,176	1,918
Training Scheme Level	10	10	23	88	11	48
Total	2957	3,114	2,980	3,124	3,047	2,795

Notes:

This represents the number of qualifications completed for each year.

Figures for qualifications are draft only as of 3 February, 2018. Further qualifications may be awarded for the 2017 year.

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

Qualification types are grouped according to those specified by Wintec's Quality and Academic Unit.

Compulsory Student Services Levy Disclosure

To ensure Wintec has included a description of the services funded out of the compulsory student services (CSS) fee and a statement of the fee income and expenditure for each type of student service in its annual report.

	Advocacy and legal advice	Careers information advice and guidance	Health service, pastoral and care	Counselling	Employment information	Financial support and advice	Media	Childcare service	Clubs and societies	Sports recreation and cultural	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Compulsory Student Service Fees	-	623,801	504,747	84,125	-	-	-	-	-	-	1,212,673
Other	-	121,954	287,582	-	-	-	-	-	-	-	409,536
Total Revenue	-	745,755	792,329	84,125	-	-	-	-	-	-	1,622,209
Expenses	-	1,008,996	564,625	122,965	-	-	-	-	-	-	1,696,585
Total Expenses	-	1,008,996	564,625	122,965	-	-	-	-	-	-	1,696,585
Surplus/(deficit)	-	(263,241)	227,705	(38,840)	-	-	-	-	-	-	(74,376)

Careers advice and guidance

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

Health service, counselling and pastoral care

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

We have counsellors and international advisors available to provide students with pastoral care.

A chaplain is also available to provide pastoral care, spiritual guidance and counselling.

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

Te Kete Kōnae

Te Kete Kōnae is the Māori and Pasifika Learning Support Centre on campus.

It practices and promotes manaakitanga and whanaungatanga to all students at Wintec. Its aim is to empower taurua Māori and Pasifika to get the best out of their time studying.

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

Student Learning Services

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

Kidz@Wintec

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



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 (EEoO) activities and performance.

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

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

In 2017, our equal employment opportunities (EEO) vision was progressed by:

- Making significant progress in the number of our teaching staff having completed the Te Taiuhu course. This course aims to build capability in tikanga and te reo through teaching and learning in a bi-cultural context.
- Officially launching flexible working and career break processes, enabling staff to balance work and life demands.
- Continuing He Manukura Māori – a mentoring-based leadership programme for Māori women at Wintec.
- Launching an emotional intelligence programme for leaders, including development of inter-cultural

communication.

- Awarding ten Dame Te Ātairangikaahu nursing scholarships to Waikato-Tainui students, in partnership with the Māori King's office.
- Awarding two Hare Puke Māori Leadership Scholarships. These are awarded annually to enable staff members of our Māori community to gain leadership skills that in turn will benefit other Māori.
- The annual Culture Fest – an international event open to staff and students, showcasing the many cultures at Wintec through entertainment and food.
- Continuing our involvement with local providers of supported employment services.
- Being a member of Diversity Works NZ (formerly 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 we aim to recruit, reward and develop staff on the basis of merit, recognising that effectively managing New Zealand's diverse population can lead to increased creativity, engagement and productivity.

Our Values

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

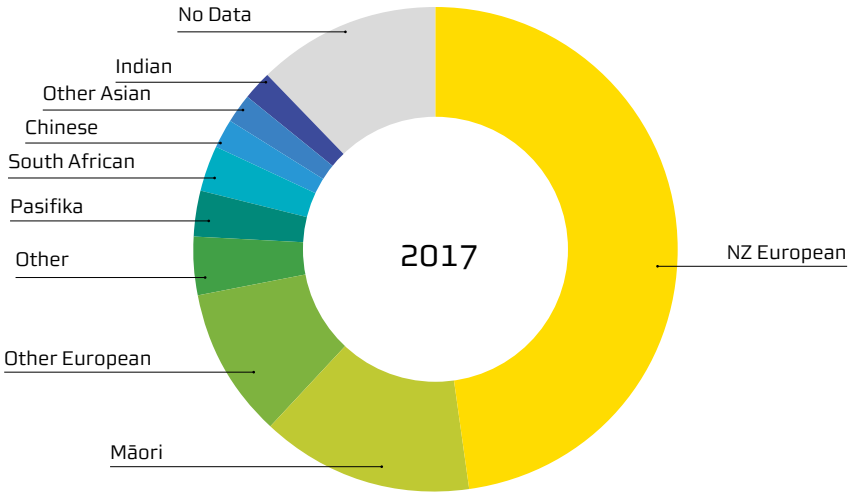
Our staff try to live the values every day and at our annual staff awards we formally recognise staff who demonstrate these values.

Our values are:

Working Together (mahi tahi)
Challenge and Innovation (whakaaro whānui)
Valuing People (whakamana i te tangata)
Customer Focus (manaaki tangata)
Taking Ownership (kia tika) and
Improvement and Opportunity (kia tupu, kia hua).



Ethnicity of Staff



	%	Number	Female	Male		%	Number	Female	Male
NZ European	47.4	362	227	135	South African	2.6	20	8	12
NZ Māori	14.0	107	76	31	Chinese	2.4	18	9	9
Other European	10.0	76	46	30	Other Asian	2.2	17	10	7
Other	4.3	33	16	17	Indian	1.8	14	5	9
Pasifika	3.0	23	12	11	No data	12.2	93	52	41



Equal Education Opportunities

Wintec's Student Learning Services provides quality, student-centred disability support and, along with Te Kete Kōnae, general academic learning services to all enrolled students.

In 2017, Student Learning Services continued to offer a high level of advocacy, information and support to students who disclosed impairments. Eight staff provided 3,180.5 hours of note-taker services to help improve the participation, retention, completion and progression of students who required these services. The Disabilities team also supported students by issuing 71 mobility parking permits, providing arrangements for 72 exams where a reader/writer was required, as well as providing equipment to aid their ability to study at Wintec, including Dictaphones, ergonomic chairs, trolley bags, mobility scooters, lumbar cushions and more. Additionally, peer support services were provided where required.

The Learning Advisors within Student Learning Services and Te Kete Kōnae have continued the emphasis on general learning support towards the provision of proactive student capability-building services. This is to assist students to become independent learners throughout the course of their studies and in the workplace. The Learning Advisors have also worked to embed learning support in targeted programmes, enabling advisors to reach greater numbers of students across Wintec. This shift resulted in Student Learning Services and Te Kete Kōnae providing learning support and proactive Te Kete Kōnae to 341 individual students in 2017, with some students potentially accessing both services. Te Kete Kōnae numbers were considerably lower this year due to staffing levels, and a move to decentralise support for Māori and Pasifika students.

Levels of satisfaction of the support services are consistently high; 95.6% for Te Kete Kōnae, 94.3% for Student Learning Services and 79.3% for Disability Services. Completion rates equalling those of the wider student body were also recorded. Services included writing and study skills courses, workshops, peer tutoring, one-on-one learning support, and the embedding of academic and pastoral support services within priority programmes of study across faculty.

Targeted support was also offered to Māori and Pasifika students through the Māori and Pasifika Trade Training scheme, while many International and New Zealand resident students for whom English is not their first language were also supported in their study through the support services, with workshops, online resources and embedded support available. Disabilities services staff also worked with staff across Wintec to educate on how to support students with disabilities, in one-to-one and group sessions.



A black and white photograph of a man in a suit sitting at a desk, working on a laptop. He is looking down at the keyboard. In the background, there is a window with a grid pattern and a filing cabinet. The overall tone is professional and focused.

Financial Performance

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Independent Auditor's Report

To the readers of Waikato Institute of Technology and group's financial statements and statement of service performance for the year ended 31 December 2017.

The Auditor-General is the auditor of Waikato Institute of Technology (the Institute) and group. The Auditor-General has appointed me, B H Halford, 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 his behalf.

OPINION

We have audited:

- the financial statements of the Institute and group on pages 45 to 84, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expense, 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 87 to 101.

In our opinion:

- the financial statements of the Institute and group on pages 45 to 84:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance of the Institute and group on pages 87 to 101 presents fairly, in all material respects, the Institute and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017.

Our audit was completed on 30 April 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE COUNCIL FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

The Council is responsible on behalf of the Institute and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of the Institute and group for preparing a statement of service performance that is fairly presented.

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

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the Institute and group for assessing the Institute and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the Institute and group or to cease operations, or has no realistic alternative but to do so.

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the Institute and group's Council approved budget for the financial statements, and the investment plan for the statement of service performance.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement

of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 41 and 102 to 106, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Institute and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



B H Halford
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand

Statement of Responsibility

For the year ended 31 December 2017.

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 2017.

Signed by:



Barry Harris
Chair



Mark Flowers
Chief Executive



Paul Holloway
Chief Financial Officer



Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2017.

	Notes	Group			Institute		
		Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Revenue							
Government grants	2(a)	51,195	45,940	48,188	46,086	45,940	48,188
Student tuition fees	2(b)	34,385	35,720	33,073	34,385	35,720	33,073
Other exchange revenue	2(c)	19,576	20,549	17,416	16,628	14,848	14,201
Property and buildings revaluations	12	-	-	2,405	-	-	2,405
Total revenue		105,156	102,209	101,082	97,099	96,508	97,867
Expense							
Employee expense	3	(61,257)	(60,367)	(58,848)	(56,324)	(56,575)	(55,571)
Depreciation and amortisation expense	12, 13	(7,984)	(6,873)	(6,794)	(7,051)	(6,855)	(6,775)
Other expense	5	(32,733)	(32,145)	(30,541)	(31,416)	(30,596)	(30,872)
Finance expense	4	(695)	(1,127)	(989)	(687)	(1,062)	(1,011)
Total expense		(102,669)	(100,513)	(97,172)	(95,478)	(95,088)	(94,229)
Share of associates and joint venture surplus/(deficit)	10, 11	(252)	(100)	(421)	-	-	-
Surplus/(deficit)		2,236	1,596	3,489	1,621	1,420	3,638
<i>Total surplus attributable to:</i>							
The Waikato Institute of Technology		2,228	1,596	3,465	1,621	1,420	3,638
Non-controlling interest		8	-	24	-	-	-
Other comprehensive revenue/(expense)							
Property and building revaluations	12	-	-	12,573	-	-	12,573
Total other comprehensive revenue/(expense)		-	-	12,573	-	-	12,573
Total comprehensive revenue/(expense)		2,236	1,596	16,062	1,621	1,420	16,211
<i>Total comprehensive revenue attributable to:</i>							
The Waikato Institute of Technology		2,228	1,596	16,038	1,621	1,420	16,211
Non-controlling interest		8	-	24	-	-	-

Explanation of major variances against budget are provided in note 24.

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2017

	Notes	Group			Institute		
		Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Assets							
Current assets							
Cash and cash equivalents	6	3,125	1,961	1,862	361	372	659
Receivables	7	18,504	16,401	16,256	17,401	16,034	16,164
Inventories	8	284	284	284	284	284	284
Prepayments		381	232	173	159	232	173
Total current assets		22,294	18,878	18,575	18,206	16,922	17,280
Non-current assets							
Investment in associates	10	-	-	252	-	-	-
Financial assets	9	634	2,195	164	5,579	-	995
Related party term loan		-	-	-	500	985	500
Property, plant and equipment	12	158,446	167,208	165,576	157,158	167,182	165,504
Intangible assets	13	15,448	170	9,655	11,649	-	9,096
Total non-current assets		174,528	169,573	175,647	174,886	168,167	176,095
Total assets		196,822	188,451	194,222	193,092	185,089	193,375
Liabilities							
Current liabilities							
Payables	14	8,524	7,288	6,235	6,512	6,000	6,098
Employee entitlements	15	4,521	3,714	4,607	4,193	3,500	4,327
Provisions		-	921	-	-	-	-
Revenue in advance	16	20,878	22,450	22,315	19,609	22,407	21,393
Interest-bearing loans and borrowings	17	4,951	-	6,194	4,951	-	6,194
Total current liabilities		38,874	34,373	39,351	35,266	31,907	38,012

	Notes	Group			Institute		
		Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Non-current liabilities							
Interest-bearing loans and borrowings	17	13,385	23,575	12,500	13,385	23,200	12,500
Provisions		-	-	-	-	-	-
Employee entitlements	15	197	289	240	197	289	240
Total non-current liabilities		13,582	23,864	12,740	13,582	23,489	12,740
Total liabilities		52,456	58,237	52,091	48,848	55,396	50,752
Total net assets		144,367	130,214	142,131	144,244	129,693	142,623
Equity							
General funds		111,501	108,152	106,569	111,827	107,631	107,502
Restricted reserves		623	137	623	623	137	623
Property revaluation reserve		31,794	21,925	34,498	31,794	21,925	34,498
Total equity attributable to the Institute		143,918	130,214	141,690	144,244	129,693	142,623
Non-controlling interest		449	-	441	-	-	-
Total equity	18	144,367	130,214	142,131	144,244	129,693	142,623

Explanation of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.

These financial statements were approved for signing by the Council on 30/04/2018.



Mark Flowers
Chief Executive



Paul Holloway
Chief Financial Officer

Statement of Changes in Equity

for the year ended 31 December 2017

	Group			Institute		
	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Balance at 1 January	142,131	128,618	126,069	142,623	128,273	126,413
Comprehensive revenue						
Surplus/(deficit)	2,236	1,596	3,489	1,621	1,420	3,638
Other comprehensive revenue		-	12,573	-	-	12,573
Total comprehensive revenue	2,236	1,596	16,062	1,621	1,420	16,211
Balance before non-comprehensive revenue at 31 December	144,367	130,214	142,131	144,244	129,693	142,623
Non-comprehensive revenue items						
Restricted reserves transfers	-	-	-	-	-	-
Capital contributions from owners	-	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Total non-comprehensive revenue items	-	-	-	-	-	-
Balance at 31 December	144,367	130,214	142,131	144,244	129,693	142,623
Total comprehensive revenue for the year	2,236	1,596	16,062	1,621	1,420	16,211
<i>Total comprehensive revenue attributable to:</i>						
The Waikato Institute of Technology	2,228	1,596	16,038	1,621	1,420	16,211
Non-controlling interest	8	-	24	-	-	-

Explanation of major variances against budget are provided in note 24.
The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2017

	Group			Institute		
	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Cash flows from operating activities						
Receipt of government grants	52,930	45,848	48,265	47,821	45,848	48,265
Receipt of student tuition fees	31,488	35,997	36,621	31,488	35,997	36,621
Interest revenue received	88	40	57	26	40	46
Receipt of other revenue	17,758	21,992	14,181	15,536	15,889	10,371
Payments to employees	(61,386)	(62,358)	(58,184)	(56,501)	(57,453)	(54,990)
Payments to suppliers	(32,673)	(32,539)	(29,185)	(32,497)	(31,617)	(29,376)
Interest paid	(695)	(1,020)	(989)	(687)	(1,020)	(1,011)
Goods and services tax (net)	97	(643)	(346)	94	(643)	(345)
Net cash flows from operating activities	7,607	7,317	10,420	5,280	7,041	9,581
Cash flows from investing activities						
Purchase of property, plant and equipment	(4,641)	(8,476)	(6,650)	(3,188)	(8,476)	(6,612)
Purchase of intangible assets	(7,685)	(3,623)	(2,526)	(4,258)	(3,358)	(2,526)
Acquisition of investments	(470)	-	(676)	(4,584)	-	(3)
Receipts from sale of investments	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment	6,810	-	5,443	6,810	-	5,327
Net cash flows from investing activities	(5,986)	(12,099)	(4,409)	(5,220)	(11,834)	(3,814)
Cash flows from financing activities						
Capital contributions received from the Crown	-	-	-	-	-	-
Suspensory loans from the Crown	-	-	-	-	-	-
Proceeds from borrowings	5,885	11,075	-	5,885	10,700	-
Repayment of borrowings	(5,000)	-	(8,000)	(5,000)	-	(8,000)
Payment of finance leases	-	-	-	-	-	-
Net cash flows from financing activities	885	11,075	(8,000)	885	10,700	(8,000)
Net increase/(decrease) in cash and cash equivalents	2,506	6,293	(1,989)	945	5,907	(2,233)
Cash and cash equivalents at the beginning of the period	(4,332)	(4,332)	(2,343)	(5,535)	(5,535)	(3,302)
Cash and cash equivalents at the end of the period	(1,826)	1,961	(4,332)	(4,590)	372	(5,535)

Cash is offset by the overdraft per borrowings note 17. Explanation of major variances against budget are provided in note 24. The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2017

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

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net surplus/(deficit)	2,236	3,465	1,620	3,638
Add/(less) non-cash items				
Share of associates and joint venture surplus/(deficit)	252	445	-	-
Depreciation and amortisation expense	7,984	6,794	7,051	6,775
Increase/(decrease) in non-current employee entitlements	(43)	(49)	(43)	(49)
Property and building revaluations		(2,405)	-	(2,405)
Total non-cash items	8,193	4,785	7,008	4,321
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	(942)	(277)	(942)	(277)
Total items classified as investing or financing activities	(942)	(277)	(942)	(277)
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	(2,249)	4,154	(1,236)	3,997
(Increase)/decrease in prepayments	(208)	59	14	59
Increase/(decrease) in payables	2,100	951	734	1,092
Increase/(decrease) in revenue received in advance	(1,437)	(3,430)	(1,784)	(3,379)
Increase/(decrease) in current employee entitlements	(86)	713	(134)	630
Increase/(decrease) in related party loans	-	-	-	(500)
Net movements in working capital items	(1,880)	2,447	(2,406)	1,899
Net cash flow from operating activities	7,607	10,420	5,280	9,581

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2017

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Waikato Institute of Technology (the Institute) is a Tertiary Education Institution (TEI) that is domiciled in New Zealand. The relevant legislation governing the Institute's operations includes the Crown Entities Act 2004 and the Education Act 1989.

The Institute and Group consist of Waikato Institute of Technology (Wintec) and its subsidiaries, SODA Inc. Limited, LearningWorks Limited, LearningWorks International Limited, Prima Group Limited, Ligar Polymers Limited, Polytechnics Institute New Zealand (PINZ), Wintec KSA, and the Wintec Foundation Trust, our associates Ligar GP Ltd, Ligar LLP, Motortrain Limited, and our 100% subsidiary MondragonWintec SA. These entities are all incorporated in New Zealand with the exception of MondragonWintec SA which is incorporated in Saudi Arabia. Refer to note 25 for further details of all entities included in the Group.

The Institute controls the Wintec Foundation Trust for financial reporting purposes because the Institute predetermined the objectives of the Trust at establishment and all benefits flow back to Wintec.

The primary objective of the Institute and Group is to provide educational and research services for the benefit of the community, it does not operate to make a financial return.

The Institute has designated itself and the Group as public benefit entities (PBEs) for financial reporting purposes. The financial statements of the Institute and Group for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Council on 30 April 2018.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

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 PBE standards.

These financial standards comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values other than the council member

remuneration disclosures and the related party disclosures in note 20 are rounded to the nearest thousand dollars (\$'000). Council member remuneration and related party transaction disclosures are rounded to the nearest dollar.

Standards issued and not yet effective and have not been early adopted

There are no standards issued and not yet effective that are relevant to the Institute or Group.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

Subsidiaries

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.

Associates

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

the investment in the Group financial statements.

If the share of deficits of an associate equals or exceeds an interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of the deficits not recognised.

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

Joint Venture

The Institute's jointly controlled entity interest is accounted for using the equity basis in the consolidated accounts. The investment in the joint venture 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 joint venture after the date of acquisition. The Group's share of the surplus or deficit of the joint venture is recognised in the Group surplus or deficit. Distributions received from a joint venture reduce the carrying amount of the investment in the Group financial statements.

Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Student Achievement Component (SAC) funding

SAC funding is the Institute's main source of operational funding from the Tertiary Education Commission (TEC). The Institute considers SAC funding to be non-exchange revenue and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course.

Student tuition fees

Domestic student tuition fees are subsidised by government funding (SAC) and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when the student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Performance-Based Research Fund (PBRF)

The Institute considers PBRF funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The Institute recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the Institute's financial year. PBRF revenue is measured based on the Institute's funding entitlement adjusted for any

expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Research revenue

The Institute exercises its judgement in determining whether funding received under a research contract is an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the Institute considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange.
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or for applying to a more general research funding pool.
- Nature of the funder.
- Specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied.

Judgement is often required in determining the timing of revenue recognition for the contracts that span a balance date and multi-year research contracts.

Other grants received

Other grants received are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

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

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 Revenue and Expense on a straight-line basis over the lease term.

Cash and equivalents

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

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

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

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Investments and other financial assets

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

Recognition and de-recognition

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

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

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

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

Financial assets at fair value through surplus or deficit

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

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

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

Loans and receivables are non-derivative financial assets

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

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

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated as fair value through other comprehensive revenue and expense 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 revenue and expense, 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 revenue and expense 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 the 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 revenue and expense

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

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, 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 revenue and expense is reclassified from equity to the surplus or deficit.

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

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost using the first in first out method), adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

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

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

Property, plant and equipment

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

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

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

- Land is measured at fair value. Buildings and infrastructure are measured at fair value less accumulated depreciation and accumulated impairment losses.
- All other assets are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

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

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

Revaluation of property, plant and equipment is carried out on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense, 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 revenue and expense 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 revenue and expense.

Additions

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

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

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

Disposals

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

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Class of assets	Rate (pa)
Land	0%
Furniture and equipment	5%-33.33%
Motor vehicles	20%
Library	20%
Computer hardware	10%-33.33%
Buildings	
Structure	1-58 years
Fit out	1-58 years
Services	1-58 years
Infrastructure	10-60 years

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

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

Held for sale

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

Intangible assets and goodwill

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, annual operating licenses are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Course development costs

Course development costs are recognised as an expense in the Statement of Comprehensive Revenue and Expense in the year in which they are incurred unless the development is for a new product or requires more than 50% redevelopment to bring course materials up to date.

Intellectual Property Development

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

Amortisation

The carrying value of an intangible asset with a finite life

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

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

Intangible Assets	Method	Useful life	Internally generated/acquired
Computer software	Straight line	Finite 2 - 10 years	Internally generated Separately acquired
Goodwill	Cost less impairment	Indefinite	Separately acquired

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

Goodwill

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

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

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

An impairment loss recognised for goodwill is not reversed.

Impairment

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

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

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

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive revenue and expense 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.

Payables

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

Interest-bearing loans and borrowing

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

After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

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, and annual leave earned but not yet taken at balance date. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses and at risk components where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

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

Equity

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

- general funds;
- property revaluation reserve; and
- restricted reserves.
- Share capital
- Non-controlling interests

Property revaluation reserves

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

Restricted reserves

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

Non-controlling interests

Non-controlling reserves represent the value of funds belonging to the other entities outside of the Wintec Group that arise on consolidation.

Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except

receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Budget figures

The budget figures are those approved by the Council on 13 December 2016. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Key judgements, estimates and assumptions

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

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

Impairment of non-financial assets

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

Classification of assets and liabilities as held for sale

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

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) 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 12 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings and infrastructure.

Capital management

The Institute and Group's capital is its equity, which comprises general funds, property revaluation and restricted reserves and non-controlling interests. Equity is represented by net assets.

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2017

2 REVENUE

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(a) Government grants				
<i>Non-exchange revenue</i>				
Student Achievement Component (SAC) Funding	38,206	39,923	38,206	39,923
Other international funding	5,109	-	-	-
Other grants	7,880	8,265	7,880	8,265
Total government grants non-exchange revenue	51,195	48,188	46,086	48,188
(b) Student tuition fees				
<i>Non-exchange revenue</i>				
Fees from domestic students	17,625	17,925	17,625	17,925
<i>Exchange revenue</i>				
Fees from international students	16,760	15,148	16,760	15,148
Total tuition fees from non-exchange and exchange revenue	34,385	33,073	34,385	33,073
(c) Other exchange revenue				
Childcare operations	812	804	812	804
Student services levy	1,205	1,198	1,205	1,198
Gain on disposal of property, plant and equipment	942	277	942	277
Interest earned on bank deposits	88	57	26	46
Revenue from other operating activities	16,529	15,080	13,643	11,876
Total other exchange revenue	19,576	17,416	16,628	14,201

Notes to the Financial Statements

for the year ended 31 December 2017

3 EMPLOYEE EXPENSE

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Employee benefits expense				
Wages and salaries	(59,897)	(56,759)	(55,081)	(53,638)
Defined contribution plan employer contributions	(1,446)	(1,376)	(1,377)	(1,303)
(Increase)/decrease in employee entitlements	86	(713)	134	(630)
Total employee benefits expense	(61,257)	(58,848)	(56,324)	(55,571)

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

4 FINANCE EXPENSE

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Bank loans and overdrafts	(693)	(989)	(685)	(1,011)
Debt collection fees	(2)	-	(2)	-
Other finance costs	-	-	-	-
Total finance expense	(695)	(989)	(687)	(1,011)

Notes to the Financial Statements

for the year ended 31 December 2017

5 OTHER EXPENSE

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fees to Audit New Zealand for the audit of financial statements	(161)	(192)	(161)	(157)
Fees to Audit New Zealand for audit of subsidiaries	(125)	-	(125)	-
Loss on disposal of property, plant and equipment	-	-	-	-
Donations and koha	(5)	(16)	(5)	(16)
Impairment of receivables	(21)	(10)	(21)	(10)
Aggregate research and development costs	(967)	(855)	(967)	(855)
Operating lease payments	(2,071)	(1,805)	(1,768)	(1,714)
Occupancy costs	(4,098)	(3,241)	(3,299)	(3,219)
Administration costs	(12,649)	(10,751)	(10,508)	(9,833)
Other costs	(12,636)	(13,670)	(14,562)	(15,068)
Total other expense	(32,733)	(30,541)	(31,416)	(30,872)

Notes to the Financial Statements

for the year ended 31 December 2017

6 CASH AND CASH EQUIVALENTS

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and in hand	3,125	1,862	361	659
Call deposits	-	-	-	-
Term deposits with maturities less than 3 months at acquisition	-	-	-	-
Total cash and cash equivalents	3,125	1,862	361	659

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

The carrying value of cash at bank, call deposits, and term deposits with maturities less than 3 months approximates their fair value.

Reconciliation of cash for the purpose of the statement of cash flows.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at 31 December.

	Notes	Group		Institute	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and on hand		3,125	1,862	361	659
Short-term deposits		-	-	-	-
Bank overdrafts	17	(4,951)	(6,194)	(4,951)	(6,194)
Total cash and cash equivalents including overdrafts		(1,826)	(4,332)	(4,590)	(5,535)

Financial assets recognised subject to restrictions.

Included in cash and cash equivalents are unspent funds with restrictions that relate to the delivery of educational services and research by the Institute. Other than for Trust funds, it is not practicable for the Institute to provide further detailed information about the restrictions. Further information about Trust funds is provided in Note 9.

Notes to the Financial Statements

for the year ended 31 December 2017

7 RECEIVABLES

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Student fees receivables				
Non exchange student receivables	10,847	8,573	10,847	8,573
Exchange student fees receivables	883	2,122	883	2,122
Less provision for impairment	-	-	-	-
Net student fee receivables	11,730	10,695	11,730	10,695
Other receivables				
Related party receivables	-	423	1,225	805
Other receivables	6,774	5,138	4,446	4,664
Less provision for impairment	-	-	-	-
Total other exchange receivables	18,504	16,256	17,401	16,164

Fair Value

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

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

The ageing profile of receivables as at 31 December 2017 and 2016 are detailed below:

	2017			2016		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Not past due	10,840	-	10,840	11,458	-	11,458
Past due 1-30 days	3,219	-	3,219	1,396	-	1,396
Past due 31-60 days	804	-	804	901	-	901
Past due 61-90 days	68	-	68	81	-	81
Past due over 90 days	2,470	-	2,470	2,328	-	2,328
Total	17,401	-	17,401	16,164	-	16,164

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2017

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

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	-	-	-	-
Additional provisions made during year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Receivables written-off during the year	-	-	-	-
Total impairment of receivables	-	-	-	-

The Institute holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

8 INVENTORIES

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Commercial inventories	284	284	284	284
Total inventories	284	284	284	284

No inventories are pledged as security for liabilities (2016 \$nil).

9 OTHER FINANCIAL ASSETS

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Special funds investments (term deposits) with maturities greater than 3 months	634	164	634	164
Shares in subsidiaries (cost)	-	-	4,945	831
Total other financial assets	634	164	5,579	995

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.

Loans to subsidiaries

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 loans on demand reflects their fair value.

Unlisted shares are held in non-commercial entities and are carried at cost because:

- the fair value of the investment cannot be reliably determined using a standardised valuation technique; or
- we cannot determine the fair value

There is currently no intention to dispose of these assets.

Impairment

There were no impairment provisions for other financial assets, (2016:nil). None of the other financial assets are either past due or impaired, (2016:nil).

Notes to the Financial Statements

for the year ended 31 December 2017

10 INVESTMENT IN ASSOCIATES

	Group	Group
	2017 \$'000	2016 \$'000
Investment in Ligar Limited Partnership (cost)	673	673
Equity accounted carrying amount	-	252

Group's share of summarised financial information of associate

Assets	465	438
Liabilities	626	213
Revenues	30	98
Surplus/(deficit)	(673)	(421)

Group's Interest	26.77%	26.77%
Share of associate's contingent liabilities		-
Contingent liabilities that arise because of several liability		-

LearningWorks Limited's share of the results of Ligar Limited Partnership is as follows:

	Group	Group
	2017 \$'000	2016 \$'000
<i>Investment in associate</i>		
Opening balance	673	375
Investment	-	298
Share of retained surplus/(deficit)	(808)	(421)
Closing balance	-	252
<i>Represented by:</i>		
Share of increase in net assets of associate (carrying value)	-	252

The investment of \$673,000 in Ligar Limited Partnership has been written down to \$0 in the group and the remaining deficit of \$135,000 will be noted and carried forward to be written down against future surpluses until the balance is positive and then will be reflected in the financial statements.

During the year Ligar Limited Partnership changed its financial year end from 31 December to 30 September to align with its major stakeholder.

Ligar GP Limited is an associate, however it has been dormant since inception so there are no values to equity account for in the group financial statements, and no cost value to recognise in the Institute's financial statements.

Notes to the Financial Statements

for the year ended 31 December 2017

11 INVESTMENT IN JOINTLY CONTROLLED ENTITY

The Institute had a 28% interest with a joint venture, MondragonWintec teaching tertiary level students at 3 colleges in Saudi Arabia. Wintec purchased the remaining 72% of the Company from the other shareholders on 31 July 2017 and is now wholly owned by Wintec. Wintec has consolidated this Company from 1 August 2017 into these financial statements. The following represent the Group's share of the assets, liabilities, revenue and expenses of the joint venture.

	2017 \$'000	2016 \$'000
Institute		
Investment in MondragonWintec	-	50
Group		
Assets		
Current assets	-	1,894
Non-current assets	-	853
Total assets	-	2,747
Liabilities		
Current liabilities	-	1,548
Non-current liabilities	-	2,130
Total liabilities	-	3,678
Revenue	-	2,632
Expenses	-	2,492
Net surplus/(deficit)	-	140
Impairment of asset in the group	-	-
Deficit noted	-	(935)
Institute's capital commitments in relation to the joint venture	-	-
Share of joint ventures commitments	-	-
Institute's contingent liabilities incurred in relation to the joint venture	-	(\$USD)911k
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Institute is liable for	-	-
The Institute's contingent asset arising in relation to the joint venture	-	-
Share of joint ventures' contingent assets	-	-

Notes to the Financial Statements

for the year ended 31 December 2017

12 PROPERTY, PLANT AND EQUIPMENT

	Cost 01/01/2017 \$'000	Accumulated Depreciation 01/01/2017 \$'000	Carrying Amount 01/01/2017 \$'000	Additions \$'000	Disposals at cost \$'000	Depreciation on disposal \$'000	Impairment/ Depreciation Charge \$'000	Reversal of Depreciation on revaluation \$'000	Revaluation Surplus \$'000	Reclassification of assets between classes cost \$'000	Reclassification of assets between classes depreciation \$'000	Cost 31/12/2017 \$'000	Accumulated Depreciation 31/12/2017 \$'000	Carrying Amount 31/12/2017 \$'000
2017														
Group														
Land	27,443	-	27,443	-	(5,868)	-	-	-	-	-	-	21,575	-	21,575
Buildings	105,702	-	105,702	3,097	-	-	(2,670)	-	-	-	-	108,799	(2,670)	106,129
Infrastructure	15,904	(1,318)	14,586	32	-	-	(402)	-	-	-	-	15,936	(1,720)	14,216
Computer hardware	10,954	(6,776)	4,178	1,132	-	-	(1,295)	-	-	-	-	12,086	(8,071)	4,015
Furniture & equipment	17,033	(8,236)	8,797	1,613	-	-	(1,079)	-	-	-	-	18,646	(9,315)	9,331
Motor vehicles	315	(252)	63	-	-	-	(17)	-	-	-	-	315	(269)	46
Library collection	3,975	(3,678)	297	128	-	-	(120)	-	-	-	-	4,103	(3,798)	305
Work in progress	4,510	-	4,510	2,576	(4,257)	-	-	-	-	-	-	2,829	-	2,829
Total Group	185,836	(20,260)	165,576	8,578	(10,125)	-	(5,583)	-	-	-	-	- 184,289	(25,843)	158,446
Institute														
Land	27,443	-	27,443	-	(5,868)	-	-	-	-	-	-	21,575	-	21,575
Buildings	105,702	-	105,702	3,097	-	-	(2,670)	-	-	-	-	108,799	(2,670)	106,129
Infrastructure	15,904	(1,318)	14,586	32	-	-	(402)	-	-	-	-	15,936	(1,720)	14,216
Computer hardware	10,890	(6,750)	4,140	296	-	-	(1,173)	-	-	-	-	11,186	(7,923)	3,263
Furniture & equipment	16,988	(8,217)	8,771	996	-	-	(964)	-	-	-	-	17,984	(9,181)	8,803
Motor vehicles	307	(252)	55	-	-	-	(17)	-	-	-	-	307	(269)	38
Library collection	3,975	(3,678)	297	128	-	-	(120)	-	-	-	-	4,103	(3,798)	305
Work in progress	4,510	-	4,510	2,576	(4,257)	-	-	-	-	-	-	2,829	-	2,829
Total Institute	185,719	(20,215)	165,504	7,125	(10,125)	-	(5,346)	-	-	-	-	- 182,719	(25,561)	157,158

	Cost 01/01/2016 \$'000	Accumulated Depreciation 01/01/2016 \$'000	Carrying Amount 01/01/2016 \$'000	Additions \$'000	Disposals at cost \$'000	Depreciation on disposal \$'000	Impairment/ Depreciation Charge \$'000	Reversal of Depreciation on revaluation \$'000	Revaluation Surplus \$'000	Reclassification of assets between classes cost \$'000	Reclassification of assets between classes depreciation \$'000	Cost 31/12/2016 \$'000	Accumulated Depreciation 31/12/2016 \$'000	Carrying Amount 31/12/2016 \$'000
2016														
Group														
Land	16,334	-	16,334	-	-	-	-	-	11,109	-	-	27,443	-	27,443
Buildings	107,733	(2,866)	104,867	838	(4,242)	375	(2,603)	4,799	3,869	(2,495)	295	105,702	-	105,702
Infrastructure	14,292	(857)	13,435	82	-	-	(400)	-	-	1,530	(61)	15,904	(1,318)	14,586
Computer hardware	9,695	(5,474)	4,221	1,259	-	-	(1,302)	-	-	-	-	10,954	(6,776)	4,178
Furniture & equipment	16,503	(7,095)	9,408	432	(867)	-	(907)	-	-	965	(234)	17,033	(8,236)	8,797
Motor vehicles	307	(235)	72	8	-	-	(17)	-	-	-	-	315	(252)	63
Library collection	4,252	(3,489)	763	82	(359)	43	(232)	-	-	-	-	3,975	(3,678)	297
Work in progress	363	-	363	4,510	(363)	-	-	-	-	-	-	4,510	-	4,510
Total Group	169,479	(20,016)	149,463	7,211	(5,831)	418	(5,461)	4,799	14,978	-	-	185,836	(20,260)	165,576
Institute														
Land	16,334	-	16,334	-	-	-	-	-	11,109	-	-	27,443	-	27,443
Buildings	107,733	(2,866)	104,867	838	(4,242)	375	(2,603)	4,799	3,869	(2,495)	295	105,702	-	105,702
Infrastructure	14,292	(857)	13,435	82	-	-	(400)	-	-	1,530	(61)	15,904	(1,318)	14,586
Computer hardware	9,661	(5,460)	4,201	1,229	-	-	(1,290)	-	-	-	-	10,890	(6,750)	4,140
Furniture & equipment	16,458	(7,081)	9,377	432	(867)	-	(902)	-	-	965	(234)	16,988	(8,217)	8,771
Motor vehicles	307	(235)	72	-	-	-	(17)	-	-	-	-	307	(252)	55
Library collection	4,252	(3,489)	763	82	(359)	43	(232)	-	-	-	-	3,975	(3,678)	297
Work in progress	363	-	363	4,510	(363)	-	-	-	-	-	-	4,510	-	4,510
Total Institute	169,400	(19,988)	149,412	7,173	(5,831)	418	(5,444)	4,799	14,978	-	-	185,719	(20,215)	165,504

Notes to the Financial Statements

for the year ended 31 December 2017

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation

The last valuation of land and buildings was performed by an independent registered valuer, Telfer Young (Waikato) Limited. The valuation was effective as at 31 December 2016. The most recent valuation for infrastructure assets was performed by Klu'd up. The valuation is effective as at 31 December 2014.

Land

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

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

Buildings

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

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

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The property has been valued on the basis that the buildings meet the current earthquake standards.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

Infrastructure

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

Restrictions on title

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

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

Work in progress

The total amount of property, plant, and equipment and intangible assets in the course of construction is \$5.570 million (2016 \$4.737m million).

Work in progress relates to the following asset classes:

	Actual 2017 \$'000	Actual 2016 \$'000
Property, plant and equipment		
Buildings	2,366	3,097
Furniture and Equipment	254	1,285
Library	209	128
Intangible assets		
Computer software	2,741	227
	5,570	4,737

Notes to the Financial Statements

for the year ended 31 December 2017

13 INTANGIBLE ASSETS

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 \$2.741m for a number of upgrade projects. (2016: \$nil).

	Cost 01/01/2017	Accumulated amortisation 01/01/2017	Carrying amount 01/01/2017	Additions	Impairment at cost	Impairment amortisation on disposals	Amortisation	Disposal	Cost 31/12/2017	Accumulated amortisation 31/12/2017	Carrying amount 31/12/2017
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group											
Computer software	19,004	(9,983)	9,021	1,744	-	-	(1,746)	-	20,748	(11,729)	9,019
Work in progress	227	-	227	4,258	-	-	-	(1,744)	2,741	-	2,741
Purchased goodwill	407	-	407	-	-	-	(407)	-	407	(407)	-
Identifiable Intangible Assets				2,690					2,690		2,690
Qualifications				1,246			(248)		1,246	(248)	998
Total Group	19,638	(9,983)	9,655	9,938	-	-	(2,401)	(1,744)	27,832	(12,384)	15,448
Institute											
Computer software	18,770	(9,901)	8,869	1,744	-	-	(1,705)	-	20,514	(11,606)	8,908
Work in progress	227	-	227	4,258	-	-	-	(1,744)	2,741	-	2,741
Purchased goodwill	-	-	-	-	-	-	-	-	-	-	-
Total Institute	18,997	(9,901)	9,096	6,002	-	-	(1,705)	(1,744)	23,255	(11,606)	11,649
	Cost 01/01/2016	Accumulated amortisation 01/01/2016	Carrying amount 01/01/2016	Additions	Impairment at cost	Impairment amortisation on disposals	Amortisation	Disposal	Cost 31/12/2016	Accumulated amortisation 31/12/2016	Carrying amount 31/12/2016
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group											
Computer software	15,614	(8,650)	6,964	3,506	-	-	(1,333)	(116)	19,004	(9,983)	9,021
Work in progress	1,207	-	1,207	1,253	-	-	-	(2,233)	227	-	227
Purchased goodwill	407	-	407	-	-	-	-	-	407	-	407
Total Group	17,228	(8,650)	8,578	4,759	-	-	(1,333)	(2,349)	19,638	(9,983)	9,655
Institute											
Computer software	15,264	(8,570)	6,694	3,506	-	-	(1,331)	-	18,770	(9,901)	8,869
Work in progress	1,207	-	1,207	1,253	-	-	-	(2,233)	227	-	227
Purchased goodwill	-	-	-	-	-	-	-	-	-	-	-
Total Institute	16,471	(8,570)	7,901	4,759	-	-	(1,331)	(2,233)	18,997	(9,901)	9,096

Notes to the Financial Statements

for the year ended 31 December 2017

14 PAYABLES

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<i>Payables under exchange transactions</i>				
Creditors	2,347	2,095	2,522	3,073
Accrued expenses	5,475	3,535	3,366	2,495
Total payables under exchange transactions	7,822	5,630	5,888	5,568
<i>Payables under non-exchange transactions</i>				
Taxes payable	702	605	624	530
Total payables	8,524	6,235	6,512	6,098

Payables are non-interest bearing and are normally settled on 30 day terms. Therefore the carrying value of payables approximates their fair value.

Notes to the Financial Statements

for the year ended 31 December 2017

15 EMPLOYEE ENTITLEMENTS

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current portion				
Accrued pay	2,512	2,460	2,312	2,297
Annual leave	2,009	2,147	1,881	2,030
Total current portion	4,521	4,607	4,193	4,327
Non-current portion				
Long service leave	70	113	70	113
Retirement gratuities	127	127	127	127
Total non-current portion	197	240	197	240
Total employee entitlements	4,718	4,847	4,390	4,567

The present value of the retirement gratuities depends on factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the amount of the liability. Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand Government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining independent advice from an independent actuary.

If the salary inflation factor were to increase or decrease by 1% from that used, with all other factors held constant, the carrying amount of the retirement gratuity liability would be an estimated \$1,448 higher/lower (2016 \$1300).

If the discount rates used were to increase or decrease by 1% from that used, with all other factors held constant, the carrying amount of the retirement gratuity liability would be an estimated \$1,507 higher/lower (2016 \$1,363).

16 REVENUE IN ADVANCE

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Tuition fees non-exchange	10,371	11,795	10,371	11,795
Tuition fees exchange	9,057	9,495	9,057	9,495
Other exchanges revenue received in advance	1,450	1,025	181	103
Total revenue in advance	20,878	22,315	19,609	21,393

Revenue in advance from tuition fees includes both liabilities recognised for domestic student fees received for which the course withdrawal date has not yet passed and for international student fees, which is based on the percentage completion of the course.

Notes to the Financial Statements

for the year ended 31 December 2017

17 BORROWINGS

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Bank overdraft	4,951	6,194	4,951	6,194
Secured loans				
Total current portion	4,951	6,194	4,951	6,194
Non-current				
Secured loans	13,385	12,500	13,385	12,500
Total non-current portion	13,385	12,500	13,385	12,500
Total borrowings	18,336	18,694	18,336	18,694

Interest Terms for 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 \$18,336,000 as at 31 December 2017 (2016 \$18,694,000).

Security

The overdraft and secured loans are secured by a negative pledge agreement between the Bank of New Zealand and the Institute. The maximum amount that can be drawn down against the overdraft facility is \$8,500,000.

Secured loan covenants

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

Bank covenants

- As at 30 June and 31 December: Term Debt/ (Term Debt + Equity) <=20%
- As at 30 June and 31 December: EBITDA/Gross Interest >= 3.00x
- Non BNZ Debt not in excess of \$250,000

TEC conditions of consent

- Net Surplus ratio of at least 2.5%
- Cash Flow ratio of at least 111%
- Debt Equity (Gearing) ratio of 20% or less until 2019 and 15% or less from 2020
- Leverage ratio of no more than 3.0 times until 2018 and 2.5 times from 2019
- Maintain a liquidity ratio of 10% or higher
- Interest Cover ratio of no less than 2.5 times

The Institute and Group have no finance leases.

Notes to the Financial Statements

for the year ended 31 December 2017

18 EQUITY

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
General funds				
Balance at 1 January	106,569	103,590	107,502	104,350
Surplus/(deficit) for the year	2,228	3,465	1,621	3,638
Transfer from revaluation reserve on disposal	2,704	-	2,704	-
Transfers to restricted reserves	-	(486)	-	(486)
Balance at 31 December	111,501	106,569	111,827	107,502
Property revaluation reserves				
Balance at 1 January	34,498	21,925	34,498	21,925
Land net revaluation gains/(losses)	-	11,109	-	11,109
Buildings net revaluation gains/(losses)	-	1,464	-	1,464
Transfer to general funds on disposal of land	(2,704)	-	(2,704)	-
Balance at 31 December	31,794	34,498	31,794	34,498
Restricted reserves				
Balance at 1 January	623	137	623	137
Application of trusts and bequests	-	486	-	486
Balance at 31 December	623	623	623	623
Non-controlling interest				
Balance at 1 January	441	417	-	-
Surplus/(deficit) for the year	8	24	-	-
Balance at 31 December	449	441	-	-
Total equity	144,367	142,131	144,244	142,623
Property revaluation reserves consists of:				
Land	28,513	31,217	28,513	31,217
Infrastructure	1,817	1,817	1,817	1,817
Buildings	1,464	1,464	1,464	1,464
Total property revaluation reserves	31,794	34,498	31,794	34,498

Restricted reserves consist of bequest and trust funds held by the Institute on behalf of others.

Notes to the Financial Statements

for the year ended 31 December 2017

19 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Institute and group as lessee

The Institute has entered into commercial campus leases. The Institute is able to exit leases with a right of 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 ten 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:

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within one year	1,754	1,379	1,653	1,277
After one year but not more than five years	3,473	3,558	3,085	3,164
More than five years	9,120	9,845	8,820	9,450
Total non-cancellable operating leases	14,347	14,782	13,558	13,891

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 Lessor

All leases are operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of one lease that has a non-cancellable term of 48 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within one year	99	126	99	126
After one year but not more than five years	-	99	-	99
More than five years	-	-	-	-
Total non-cancellable operating leases	99	225	99	225

No contingent rents have been recognised in the statement of comprehensive revenue and expense during the year.

Finance lease and hire purchase commitments

The Institute and Group have no finance leases or hire purchase contracts (2016:nil).

Capital commitments

At 31 December 2017 the Institute has \$0m commitments (2016: nil).

Contingent assets

The Institute and Group have no contingent assets (2016: nil).

Contingent liabilities

The Institute is aware of potential payments to be made for employment-related matters. Financial exposure is unable to be quantified at this point in time. The Institute and Group do not have any other contingent liabilities, (2016: as disclosed in note 11.).

Employee settlement payments

During the year ended 31 December 2017, 15 (2016: 11) employees received compensation and other benefits in relation to cessation totalling \$436,299 (2016: \$519,372). This includes redundancy payments, retirement payments and other severance payments.

Notes to the Financial Statements

for the year ended 31 December 2017

20 RELATED PARTY DISCLOSURE

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Institute would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with Government agencies (for example, Government departments and Crown entities) are not disclosed as a related party when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

There are no related party transactions other than those noted below which require disclosure.

Key management personnel compensation

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Council members				
Full time equivalent members	1	1	1	1
Remuneration	160	160	160	160
Executive management team, including the Chief Executive				
Full time equivalent members	13	14	11	12
Remuneration	2,778	2,920	2,507	2,563
Total full time equivalent members	14	15	12	13
Total key management personnel compensation	2,938	3,080	2,667	2,723

The full-time equivalent for Council members has been determined based on the frequency and length of Council meetings and the estimated time for members to prepare for meetings.

Councillors' remuneration

Councillor remuneration paid or payable during the year was:

Council member	Actual 2017 \$	Actual 2016 \$
Brennan, Desmond	17,120	17,120
Cave-Palmer, Mary (Chair)*	11,984	35,952
Devlin, Margaret****	9,273	-
Gusscott, Sandra	17,120	17,120
Harris, Barry (Chair)***	23,968	-
Howse, Steve (Deputy Chair)	21,400	21,400
Moana-Tuwhangai, Maxine**	7,847	17,120
Nuri, Niwa****	9,273	-
Rink, Aaron	17,120	17,120
Roa, Pam**	7,847	17,120
S'ng, Ping	17,120	17,120
Total councillors' fees	160,072	160,072

*term ended 30 April 2017

**term ended mid June 2017

***commenced 1 May 2017

****commenced mid June 2017

Notes to the Financial Statements

for the year ended 31 December 2017

21 CHILDCARE SUMMARY

	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Revenue			
Government grants (children under two)	243	245	235
Government grants (children over two)	92	81	100
Government grants (free Early Childhood Education)	209	221	207
Government grants (provisionally registered teachers)	-	-	-
Government grants (free subsidy)	36	29	30
Incentive grant	-	-	-
Fees Work and Income New Zealand (WINZ)	133	109	126
Other fees	99	103	104
Other trading revenue	812	788	802
Expenses			
Staffing	669	706	629
Other Costs	50	43	51
Other trading expenses	719	749	680
Trading surplus	93	39	122

Provisionally registered teachers (PRT) support grant.

There were no PRT grants received in 2017 (2016 nil).

Notes to the Financial Statements

for the year ended 31 December 2017

22 EVENTS AFTER THE BALANCE SHEET DATE

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

23 FINANCIAL INSTRUMENT CATEGORIES

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

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	3,125	1,862	361	659
Receivables	18,504	16,256	17,401	16,164
Other financial assets				
-Loans to related parties				
- Special funds investments	634	164	634	164
- Other investments	-	-	-	-
Total loans and receivables	22,263	18,282	18,396	16,987
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Bank overdraft	4,951	6,194	4,951	6,194
Creditors and other payables	8,524	6,235	6,512	6,098
Secured loans	13,385	12,500	13,385	12,500
Total financial liabilities	26,860	24,929	24,848	24,792

Notes to the Financial Statements

for the year ended 31 December 2017

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

Financial instrument risks

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

Market risk

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

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.

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.

The Institute and Group limit the amount of credit risk exposure to any one financial institution for term deposits to no more than 40% of total investments held. The Group invests funds only with registered banks that have a Standard and Poor's credit rating of at least AA for short term and AA - for long-term investments. The Institute and Group hold no collateral or other credit enhancements for financial instruments that give rise to credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to standard and Poor's credit ratings (if available) or to historical information about counterparty default rates (table below).

Liquidity risk

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

The Institute and Group have a maximum amount that can be drawn down against their overdraft facility of \$8.5m (2016 \$8.5m). The Institute and Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities for 2017.

	Group		Institute	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Counterparties with credit ratings				
Cash at bank and term deposits				
AA	-	-	-	-
AA-	3,125	1,862	361	659
Total cash at bank and term deposits	3,125	1,862	361	659
Counterparties with credit ratings				
<i>Loans to related parties</i>				
Existing counterparty with no defaults in the past	-	-	-	-
Existing counterparty with defaults in the past	-	-	-	-
Total loans related to other parties	-	-	-	-
<i>Receivables</i>				
Existing counterparty with no defaults in the past	18,504	16,256	17,401	16,164
Existing counterparty with defaults in the past	-	-	-	-
Total receivables	18,504	16,256	17,401	16,164

Notes to the Financial Statements

for the year ended 31 December 2017

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 2017							
Bank overdraft	4,951	4,951	4,951	-	-	-	-
Payables	6,512	6,512	6,512	-	-	-	-
Accrued pay	2,312	2,312	2,312	-	-	-	-
Secured loans	13,385	13,385	-	-	-	13,385	-
Total	27,160	27,160	13,775	-	-	13,385	-
Group 2017							
Bank overdraft	4,951	4,951	4,951	-	-	-	-
Payables	8,524	8,524	8,524	-	-	-	-
Accrued pay	2,512	2,512	2,512	-	-	-	-
Secured loans	13,385	13,385	-	-	-	13,385	-
Total	29,372	29,372	15,987	-	-	13,385	-
Institute 2016							
Bank overdraft	6,194	6,194	6,194	-	-	-	-
Payables	6,098	6,098	6,098	-	-	-	-
Accrued pay	2,297	2,297	2,297	-	-	-	-
Secured loans	12,500	12,500	-	-	-	-	12,500
Total	27,089	27,089	14,589	-	-	-	12,500
Group 2016							
Bank overdraft	6,194	6,194	6,194	-	-	-	-
Payables	6,235	6,235	6,235	-	-	-	-
Accrued pay	2,460	2,460	2,460	-	-	-	-
Secured loans	12,500	12,500	-	-	-	-	12,500
Total	27,389	27,389	14,889	-	-	-	12,500

Contractual maturity analysis of derivative financial liabilities.

The Institute and Group do not have derivative financial liabilities.

Notes to the Financial Statements

for the year ended 31 December 2017

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 2017							
Cash and cash equivalents	361	361	361	-	-	-	-
Receivables	17,401	17,401	17,401	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	634	634	-	634	-	-	-
Total	18,396	18,396	17,762	634	-	-	-
Group 2017							
Cash and cash equivalents	3,125	3,125	3,125	-	-	-	-
Receivables	18,504	18,504	18,504	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	634	634	-	634	-	-	-
Total	22,263	22,263	21,629	634	-	-	-
Institute 2016							
Cash and cash equivalents	659	659	659	-	-	-	-
Receivables	16,164	16,164	16,164	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	164	164	-	164	-	-	-
Total	16,987	16,987	16,823	164	-	-	-
Group 2016							
Cash and cash equivalents	1,862	1,862	1,862	-	-	-	-
Receivables	16,256	16,256	16,256	-	-	-	-
Government bonds	-	-	-	-	-	-	-
Term deposits	164	164	-	164	-	-	-
Total	18,282	18,282	18,118	164	-	-	-

Notes to the Financial Statements

for the year ended 31 December 2017

SENSITIVITY ANALYSIS

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

	2017 \$'000				2016 \$'000			
	Surplus	-50bps Other equity	Surplus	+50bps Other equity	Surplus	-50bps Other equity	Surplus	+50bps Other equity
Interest rate risk - Institute								
Financial assets								
Cash and cash equivalents	(2)	-	2	-	3	-	(3)	-
Financial liabilities								
Secured loans	67	-	(67)	-	93	-	(93)	-
Total sensitivity	65	-	(65)	-	96	-	(96)	-

Interest rate risk - Group

Financial assets								
Cash and cash equivalents	(24)	-	24	-	9	-	(9)	-
Financial liabilities								
Secured loans	67	-	(67)	-	93	-	(93)	-
Total sensitivity	43	-	(43)	-	102	-	(102)	-

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.

Notes to the Financial Statements

for the year ended 31 December 2017

24 PERFORMANCE AGAINST BUDGET

Operating Performance

Revenue

Revenue for the year was \$105.1 million which is which is \$3 million favourable to budget with the main variance being the increase in offshore activity and the profit on sale of surplus land. Domestic grant revenue being close to budgeted levels although this does represent a reduction of \$2.2 million.

Tuition fees revenue were \$1.3 million lower than budget due to increased fee free delivery changes in our fee mix within the domestic market (\$1.1 million). Our international volumes were on budget, with the budgeted revenue being \$0.2 million unfavourable.

Operating Costs

Operating expenditure was \$102,669 and \$2 million more than budget, due to the increased costs associated with improvements in our revenue streams in particular personnel costs which were \$0.890 million over budget and increased depreciation costs.

The earlier than budgeted sale of surplus land \$6 million had enabled us to pay down debt resulting in lower than budgeted interest costs.

Total Assets

Capital Expenditure was \$2.2 million under budget with the main driver being delays in our building programme, this is now due to commence in 2018.

Fixed assets were \$4.5 million more than budget with the main variance being the inclusion of revaluations which were not carried out when the budget was produced, the sale of land and recognising the 100% ownership of the Mondragon Wintec Saudi Arabia whereas this has been budgeted as a joint venture (28%).

Total Liabilities

Total liabilities are \$6.7 million under budget and driven off by the sale of surplus land with the proceeds being applied to reducing debt.

Notes to the Financial Statements

for the year ended 31 December 2017

25 DETAILS OF HOLDINGS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES ARE SHOWN BELOW

Subsidiary/Associate/Joint Venture	% Ownership	Balance date	Business activity
Wintec			
Soda Inc Ltd*	100%	31/12	Creative industries business incubator
Motortrain Limited	25%	31/12	Developing training materials for motor industry
MondragonWintec Saudi Arabia LLC*	100%	31/12	Education
Wintec KSA Limited*	100%	31/12	Education
Ligar Limited Partnership	26.77%	30/09	Research
Ligar Polymers Limited***	50%	31/12	Research
Ligar GP Limited***	26.77%	30/09	Research
Polytechnics International New Zealand (PINZ)*	100%	31/12	Off-shore consultancy
Wintec Foundation	100%	31/12	Charitable Trust
Prima Group Ltd**	100%	31/12	Investment Holding Company
LearningWorks Ltd*	100%	31/12	Developing and delivering training to industry
Prima Innovation Ltd****	100%	31/12	Identifying and commercialising intellectual property
Learning Works International Ltd***	100%	31/12	Developing and delivering training to industry
Wintec Education and Training Associates Ltd****	100%	31/12	Investment Holding Company
Waikato International Ltd****	100%	31/12	Investment Holding Company

* 100% owned by Wintec

** 100% owned by Wintec Foundation

*** owned by LearningWorks Ltd

**** wound up in 2016



Statement of Service Performance





Statement of Service Performance

The Statement of Service Performance (SSP) comprises the set of key performance indicators (KPIs) for 2017

It includes:

- Investment Plan KPIs (including the targets for 2017) approved as part of the Investment Plan process, and
- Business Plan KPIs, which are a subset of the total number of KPIs contained in the annual business plan.

The Investment Plan is Wintec's funding agreement with the Tertiary Education Commission (TEC). It contains the key performance indicators agreed between Wintec and the TEC for the period of the Investment Plan (2017-2018).

The KPIs demonstrate Wintec's progress towards success in:

- delivering quality provision which is relevant to the needs of the region's learners, communities, and employers;
- driving improved educational outcomes, improving infrastructure and facilities to enable quality teaching and learning, and enhance work and social environments;
- increasing financial sustainability, and
- securing greater organisational efficiency.

In addition to the Investment Plan, Wintec also has a strategic plan. While the audience for the Investment Plan is government, the strategic plan is written to engage staff, students, employers, community organisations, international partners and other stakeholders with Wintec's strategic vision and our strategies for achieving success. Under our strategic plan, our annual business plan contains additional KPIs to complement those from the Investment Plan to ensure that we have a complete set of indicators against which to measure the achievement of our strategic goals.

Key Terms

EFTS	Equivalent Full Time Student/s
EPI	Educational Performance Indicators
FTE	Full Time Equivalent
ITP	Institutes of Technology and Polytechnics
MPTT	Māori Pasifika Trades Training
PBRF	Performance Based Research Fund
PTE	Private Training Establishment
SAC	Student Achievement Component
SCC	Successful Course Completion
STP	Secondary Tertiary Partnerships
TEC	Tertiary Education Commission
TRoQ	Targeted Review of Qualifications
WTA	Waikato Trades Academy

Note: Some indicators are marked as "N/A". This reflects that these are no longer measured.

Strategic Goal: Our graduates are highly sought after by employers

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

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

Participation and Provision

We continue to maintain strong relationships with secondary schools, through a range of initiatives including Secondary Tertiary Partnerships (STP) and the Waikato Trades Academy (WTA). All places in WTA programmes were filled, and we have maintained our funding levels year on year.

A total of nearly 4,189 Student Achievement Component (SAC) funded Equivalent Full Time Students (EFTS) were generated in 2017, which is a decrease of 8% on 2016 levels (4,550 EFTS). This is due to decreased provision at Levels 1 and 2 (in part attributed to the loss of competitive process funding, equalling 40 EFTS, and decreased on-plan Level 1-2 funding from 254 EFTS in 2016 to 129 EFTS in 2017). Provision at Levels 3 and above also decreased by approximately 5%, despite large growth in Māori and Pasifika Trades Training (MPTT) provision at Levels 3 and 4. Feedback from the Tertiary Education Commission suggests that there has been decreased participation across the sector due to a buoyant economy and decreasing numbers of school leavers. This is reflected in the decline in the number of new enrolments in 2017.

These decreases in provision contributed to Wintec achieving only 98.6% of SAC funding at Levels 3 and above (the financial allocation provided by the Tertiary Education Commission).

Likewise the targets of 53% and 48% for under-25s at level 3+ and 4+ were also not achieved. While provision at levels 3+ were consistent with previous years, provision at levels 4+ has decreased from over 48% in 2016 to only 45% in 2017. This again impacted by the removal of the Certificate

of University Preparation (CUP) and decreased provision in other programmes.

As well as decreased provision at levels 1-2, there has been a decline in the number of students enrolled in programmes at levels 4-7 (certificate, diploma and degree level provision). The exceptions are in Level 3 Certificates, which have experienced growth in 2017 (from 378 EFTS in 2016, increasing to 542 EFTS in 2017). This is primarily within the Centre for Trades, reflecting a movement of programmes offered at Level 2 being redeveloped and taught at a higher level. A steady and significant increase in SAC funded enrolments at postgraduate levels (90 EFTS in 2015, 100 EFTS in 2016, and 127 EFTS in 2017) is pleasing, and reflects Wintec's strategic direction in delivering more EFTS at higher levels.

A large decrease in enrolments delivered via Youth Guarantee funding was observed in 2017, from 174 EFTS in 2016 to 129 EFTS in 2017. This is due to a variety of reasons, including fewer programmes offered in 2017 due to the TRoQ process and fewer students meeting the funding conditions to enter these programmes. We have been informed that provision in this fund is low nation-wide.

Participation rates of Māori and Pasifika students, particularly at Level 4 and above, remain consistent with previous years. Increased provision through Māori Pasifika Trades Training (MPTT), which is designed to ensure students meet present and future skill shortages in specific industries, while maintaining levels of provision overall, has seen the participation targets, in most parts, achieved.

However, the target of 21% Māori (of all SAC funded students) studying at levels 4 and above was narrowly missed. While this result is consistent with previous years, it was impacted by the removal of CUP and decreased provision in other programmes. It is pleasing to note that nearly 81% of SAC funded Māori students are studying at Levels 4 and above, demonstrating a shift for this cohort to higher levels of study.

PARTICIPATION AND PROVISION

Indicator(s)		2017 Outcome	2017 Target	Audited 2016 Outcome
Proportion of SAC eligible EFTS enrolled who are aged under 25	Level 3+	52%	53%	53%
	Level 4+	45%	48%	48%
Proportion of SAC eligible EFTS enrolled who are Māori	Levels 1 - 2*	N/A	N/A	2%
	Level 3+	24%	24%	24%
	Level 4+	20%	21%	21%
Proportion of SAC eligible EFTS enrolled who are Pasifika	Levels 1 - 2*	N/A	N/A	0.4%
	Level 3+	7%	5%	6%
	Level 4+	6%	5%	6%
Delivery of provision targeted to meet Youth Guarantee (YG) priorities	All 570 Trades Academy positions were filled. Only 128.7 EFTS, of 221 allocated via Youth Guarantee.	100%	100%	89%
Percentage of agreed TEC SAC funding achieved		98.6%	102%	N/A
* No longer required by TEC				



We're New Zealand's largest trades academy.



Educational Outcomes

The 2016 Educational Performance Indicators (EPIs), published in September 2017, demonstrated that Wintec is at, or above, the sector median for student course completion, student retention and student progression.

Student retention and qualification completion indicators have both increased by a percentage point. The loss of the Certificate in University Preparation (CUP) led to a drop in our student progression, resulting in a drop from first to second place on the rankings. Notwithstanding this, our 2017 provisional EPI results show that our educational performance has remained consistent with our 2016 results*.

Successful Course Completion

Overall, successful course completion rates have remained steady year on year, with a slight decrease in Level 3 and above. Level 4 results are consistent with previous years, and are meeting the targets set.

The successful course completion target of 79% for Under-25s at Level 4 and above has been exceeded, with a result of 80%, which is consistent with that achieved in 2016. However, the course completion rates for Level 3 qualifications have declined (from 78% in 2016 to 77% in 2017). This has caused the Level 3 and above result for this age group to drop by 1 percentage point. Although some programmes have shown improvement, others have contributed to the drop from 2016 to 2017.

The successful course completion rate for Māori students at Level 4 and above lifted slightly to 73%; however, it is still below target. Again, as with the Under-25 cohort, this was particularly the case for Level 3 programmes, resulting in a drop in Level 3 and above results for Māori to 70%. Although some Level 3 programmes have shown improvement, others have contributed to the drop from 2016 to 2017.

Among these are some programmes with higher EFTS numbers (more than 10 EFTS), including Business 3 and the National Certificate in Computing (Level 3). The Certificate in Pre-Trade Painting (Level 3) decreased from 94% in 2016 to 81% in 2017. However, the Certificate in Trade Technology improved significantly, from 65% in 2016 to 83% in 2017.

Level 3 and above, and Level 4 and above course completion rates for Pasifika have increased on 2016 results, and exceeded the targets set. However, small fluctuations in the absolute number for this small cohort can have a significant

impact on percentage outcomes for this group.

Qualification Completion

Qualification completion rates for all students at Level 3 and above are on target, and consistent with 2016 results. An increase of three percentage points at Level 4 and above is pleasing to note.

Although the Under 25 cohort at Level 4 increased three percentage points to 69%, it is disappointing to note that the drop in Level 3 and above and Level 4 and above means that qualification completion rates for Māori are below 2016 results, and the target set. We continue to invest resources to improve the student experience, to lift performance, and to ensure parity of outcomes across all student groups.

Student Progression

Student progression rates for levels 1 to 3 to a higher level have improved by seven percentage points for all SAC funded students (47% in 2016 to 54% in 2017) although internal progression for Māori has decreased slightly from 45% to 43%.

Student Retention

Retention rates for all students (SAC eligible EFTS) are consistent with previous years, although slightly below target. Retention at Levels 3 and above for Māori and Pasifika have not improved.

* Note: For 2017, the Course completion, qualification completion and retention EPI results are based on internal calculations, and the student progression rate EPI results are based on data obtained by TEC. The 2016 EPI results represent the final results published by TEC.

EDUCATIONAL OUTCOMES

Indicator(s)		2017 Outcome	2017 Target	2016 Outcome
Course Completion (SAC Eligible EFTS)				
Successful course completion rate for all students	Levels 1 - 2*	N/A	N/A	69%
	Level 3+	79%	79%	79%
	Level 4+	81%	80%	80%
Successful course completion rate for students aged under 25	Level 3+	77%	78%	78%
	Level 4+	80%	79%	80%
Successful course completion rate for Māori students	Level 3+	70%	73%	71%
	Level 4+	73%	74%	72%
Successful course completion rate for Pasifika students	Level 3+	72%	72%	71%
	Level 4+	76%	72%	72%
Qualification Completion (SAC Eligible EFTS)				
Qualification completion rate for all students	Levels 1 - 2*	N/A	N/A	55%
	Level 3+	71%	71%	71%
	Level 4+	74%	71%	73%
Qualification completion rate for students aged under 25	Level 3+	66%	65%	64%
	Level 4+	69%	65%	66%
Qualification completion rate for Māori students	Level 3+	55%	63%	56%
	Level 4+	56%	63%	58%
Qualification completion rate for Pasifika students	Level 3+	58%	60%	62%
	Level 4+	61%	60%	63%
Student Progression and Retention				
Student progression for all students (SAC eligible student count) at Levels 1-2, to a higher level	All students	N/A	N/A	55%
Student progression for all students (SAC eligible student count) at Levels 1-3, to a higher level	All students	54%	55%	47%
	Māori	43%	50%	45%
	Pasifika	41%	42%	38%
Student retention rate for all students (SAC eligible EFTS)	Level 1 - 2	N/A	N/A	56%
	Level 3 and above	70%	71%	69%
Student retention rate for Māori students (SAC eligible EFTS) at Level 3 and above	Level 3 and above	61%	65%	62%
Student retention rate for Pasifika students (SAC eligible EFTS) at Level 3 and above	Level 3 and above	63%	65%	67%

*No longer measured by TEC.

Student and Employer Satisfaction

Effective engagement with employers, industry and our community enables our provision of education to be driven by the needs of the region and ensures our graduates are work-ready with relevant professional and vocational skills.

Annual surveys are used to gauge customer satisfaction and engagement with key stakeholder groups.

Student Satisfaction

Students in all programmes leading to a formal qualification are surveyed on an annual basis. Students are asked questions regarding their satisfaction with various elements of their programme of study. A total of 7022 students were surveyed and 3325 responses received. The margin of error for the survey is $\pm 1.2\%$.

Our student satisfaction levels were over 90 percent for quality of teaching, programme content, programme facilities and overall satisfaction. Favourable feedback was received from students regarding the practical and industry-relevant programme content, flexible delivery options (including online learning) as well as the knowledgeable and supportive teaching staff.

Graduate Destination Survey: Wintec graduates are surveyed approximately six months after they complete their studies. All graduates who have successfully completed a Wintec programme that leads to a formal qualification the previous year are included in the survey, which includes questions regarding employment, further study and the programme recently completed. In 2017 a total of 3188 graduates were surveyed and 970 responses were received. The margin of error for the survey is $\pm 2.6\%$.

Graduate Destination Survey: satisfaction levels above 90 percent were recorded for four of the seven indicators measured in the survey: quality of teaching, programme content, development of skills and knowledge, and overall programme satisfaction. The highest level of satisfaction (93.4%) was with the development of skills and knowledge, which reflects Wintec's role as a provider of vocational and professional education. Respondents commented favourably on how the practical components of their programmes

prepared them for the workplace. Graduates also highly valued the quality of knowledge and support provided by tutors as well as enhanced self-confidence gained through completing a qualification.

Employer and Industry Satisfaction and Employer

Engagement Group Satisfaction Survey: These are measured through an annual online survey of our Employer Engagement Group (EEG) members, relevant industry associates and employers identified through the graduate survey. A total of 479 were surveyed and 80 responses received. The margin of error for the entire survey is $\pm 10.0\%$, while the margin of error for the Employer Engagement Group (EEG) members (a subset of the survey respondents) was $\pm 15.3\%$. The margin of error shows the level of accuracy that a sample of a given population has. This means that if the survey was repeated 100 times (with the same population), 95% of the time the result would be within $\pm 10\%$ of the survey result. There is an inverse relationship between the margin of error and sample size, i.e. the larger the sample size, the smaller the margin of error. Employers commented favourably on the work-readiness of Wintec graduates in terms of their industry, relevant skills and knowledge gained through field based training.

In 2017 Wintec trialled a new Customer Insights Framework for gathering real-time feedback from students. This framework will be implemented in 2018 and involves surveying students at key interaction points of their journey via EvaluationKit software. This software enables students to respond to surveys through a pop-up in the Moodle platform. Once surveys are closed the results are made immediately available to staff through a series of customised reports. This framework will allow Wintec to respond to student feedback in a timely manner; and demonstrate that Wintec is listening and using student feedback to directly inform decision-making.



92% Student satisfaction in 2017

EDUCATIONAL OUTCOMES

Indicator(s)	2017 Outcome	2017 Target	2016 Outcome
Student satisfaction	92%	Implement insights framework, and establish baseline ratings.	91%
Graduate satisfaction	91%	90%	93%
Employer and industry satisfaction*	82%	90%	84%
Employer Engagement Group (EEG) satisfaction	75%	90%	77%

* The 2016 survey results were based on the question:

Overall, of the Wintec graduates you have employed, how satisfied are you with their work readiness in terms of technical skills and knowledge?

The 2017 survey results were based on the above question and the following:

How satisfied are you with: How Wintec works with your business/organisation to deliver the appropriate courses and qualifications?



Strategic Goal: We are a leader in international education, on and off-shore

Our expertise in export education and our focus on strengthened local and global alliances will enable us to continue to provide internationally-relevant, quality education services wherever they are needed in the world.

By extending our organisational capability beyond the delivery of internationally quality assured programmes, on-shore and off-shore, to the successful management of off-shore projects and campuses, consultancies and joint venture activities, we will further strengthen our global brand.

International Student Outcomes and Partnerships

Internationalisation is the process through which we ensure we are a key part of New Zealand's diverse, internationally-connected education system, and further strengthen our capability in, and capacity for, export education. It is also the process through which we transform our organisation – making it truly a global operator, offering high quality international programmes and services, and preparing all graduates for employment in increasingly globalised workplaces, both here and internationally.

We continue to be actively engaged with the global environment with which tertiary providers, employers and our graduates will increasingly interact. We provide education and training that effectively addresses the needs of our customers, regardless of their country of origin or their geographical location. Our ongoing commitment to building our capability to deliver programmes to international students, both on, and off-shore, ensures we further strengthen our capacity to compete in the global market. Our internationalisation activities also provide us with alternative revenue options to ensure our financial viability and enable us to pursue opportunities for improvement and innovation.

On-shore

In 2017, we continued the trend of recent years; of steady, managed annual growth. As in previous years, we set an ambitious stretch target of 1,100 EFTS. For 2017 we achieved 1064 EFTS, representing an increase of 5.5% for the second year in a row. We believe a level of consistent growth like this is manageable while maintaining a quality student experience, and also making a positive and valuable contribution to our wider internationalisation goals.

Students from 60 different countries enrolled in 2017. While China and India are Wintec's key international markets, 25% of international enrolments were outside of these countries,

indicating a conscious effort to diversify and expand our international student market.

Off-shore

We had a strong year with regard to our expanding offshore international activities. During the year we assumed sole operational responsibility for our three vocational colleges in the Kingdom of Saudi Arabia (KSA). Following that, we reviewed the colleges' operations, improved some aspects of their operations and infrastructure and, in September, increased enrolments.

Our most significant offshore operation in China – the Jinhua Polytechnic Wintec International College - successfully enrolled its third intake. This, combined with ongoing growth in the number of joint programmes (there are now five), saw total enrolments continue to grow, from around 420 to nearly 650. Additionally we received approval for a second international college, in Guizhou, which will commence operation in September 2018.

We were successful in bidding, along with a new KSA partner, for a major health-related contract. This saw us delivering English and Health content to over 4,000 students across approximately 20 locations in KSA. These students will now progress into employment within the KSA health system – a significant contribution to the growing employment of young people in KSA.

Other offshore work was carried out in Mauritius and Thailand during the year.

Commercial Initiatives

During 2017 we have continued to strengthen our relationships with key government parties including the Ministry of Foreign Affairs and Trade (MFAT), G2G (Government to Government), New Zealand Trade and Enterprise, and the Agricultural Partnership Group (AGP), both as partners and funders.

We have increased our deployment of Wintec staff into consulting and development work, with new projects in Indonesia, Kiribati, Samoa and the Solomon Islands. We have progressed relationships in Japan and East Africa and identified new opportunities to broaden our product range, and our commitment to renewable/geothermal energy development has seen us join MFAT's Energy Panel.

We also enjoyed considerable growth in our study tour and short course activities during the year. We continue to build an increasingly diversified customer base for these activities, with clients from China, the Solomon Islands, Japan, Korea and Thailand.

INTERNATIONAL STUDENT OUTCOMES AND PARTNERSHIPS

Indicator(s)	2017 Outcome	2017 Target	Audited 2016 Outcome
International fees revenue(\$m)	16.8	17	15.1
Number of international EFTS	A total of 1064 EFTS was reached. This represented 5.5% growth on 2016 levels.	1100	1009
Non-traditional EFTS revenue (short courses, consultancy and funded projects) (\$m)	N/A	N/A	4.8
Number of students enrolled at Wintec off-shore delivery ventures	6028 students were enrolled in various off-shore delivery ventures- including 4828 in Saudi Arabia, and 1200 in China.	2000	1500 - Target was not reached, largely due to a proposed international college in China not gaining approval during 2016. It is not currently clear if the project will gain approval.
Establish additional PTE pathways	New agreement with Kiwi Institute of Education (KITE), pathway for students from KITE to level 6 of the Bachelor of Applied Management.	Enhanced pathways of provision from PTEs across Waikato Region.	MOU signed with AWI International Education Group, and ongoing discussions with Waikato Institute of Education.
Increasing the number of international delivery sites, collaborative ventures and partnerships	Note 1	Note 1.1	Note 1.2
	Note 2	Note 2.1	Note 2.2
			Note 3

Notes

1. Approval for an international college in Guizhou was received.

1.1 Pursue one additional approval for off-shore delivery in China.

1.2 A number of additional contracts were pursued. Two opportunities are still under development and we hope to secure at least one during 2017.

2. An MoU was signed to develop an English off-shore training initiative in Thailand with a partner institute. A health upskilling contract in KSA has commenced. We commenced 100% control of three COE colleges in Saudi Arabia.

2.1 Secure a new opportunity in one or more of: ASEAN (Malaysia, Thailand, Indonesia), South America, other (including Mauritius).

2.2 An application for an additional international college was submitted but has not yet been approved by the Chinese Authorities. A number of new institutional partnerships were developed, and significant commercial activity associated with those was achieved.

3 New opportunities were explored in Malaysia, Thailand and Indonesia - and these opportunities will continue to be developed through 2017. A preliminary market assessment visit to South America was completed. This will be followed up during 2017 as we seek to expand our activities in this region.

Strategic Goal: Our research and commercialisation deliver real world solutions

We continue to develop a vibrant and innovative research community with a reputation for high-value impact and relevance to 'real world' environments.

Our approach to research and innovation is globally connected, and helps people to develop the skills to be naturally innovative and able to function across multiple disciplines to generate new value as responsible global citizens. This leads to 'real world' impact that grows thriving communities and develops the economy.

Wintec has a clustered and increasingly impact-focused research and applied innovation capability. We aim for both high academic standards in applied research, which raises the profile as a tertiary institution offering higher level programmes domestically and internationally, and high impact, issue-focused, applied innovation that grows the economy and builds thriving communities.

We now have a number of multi-year initiatives and projects in the research and applied innovation environment. Some of these are regional and domestic, but a growing number have an international footprint. In both cases we use research and applied innovation to spearhead collaboration with the view that it may lead to more diverse interaction between Wintec and future customers. It is also increasingly used as a platform for externally embedded undergraduate and postgraduate study, where our students work in the workplace or real-world environments. This assists with employment opportunities, facilitates work readiness and improves the relevance of our research and innovation capability.

There is now a growing and diverse innovation ecosystem at Wintec, providing our students and staff with opportunities to participate in relevant types of innovation that best suit their particular interests and future work environment. Wintec champions multi-disciplinary and transdisciplinary research and innovation capabilities to enable this initiative.

We successfully launched the New Zealand Design Factory, and the new Centre for Research and Applied Innovation,

expanding our regional, national and international long-term initiatives. New educational products are increasingly developed to be positioned beyond and across disciplinary clusters, making use of our externally-focused and internationally embedded ecosystem.

These developments have led to further opportunities for commercialisation, with two possible opportunities currently being evaluated, drawing interest from international partners for collaboration and participation.

During 2017, we were pleased to host a second cohort of six students from Kyungpook University, South Korea, as international research interns. These students worked on real-world projects, provided by Wintec and supervised by our researchers, over a period of 16 weeks. This internship programme is likely to expand in future, providing a new revenue stream via our research and applied innovation capability.

In July, Wintec hosted a two-day international symposium, "Innovations that Transform Societies", which brought global innovators from Europe to inspire more than 150 sector experts to transform problems into opportunities and create new innovations from challenges. Wintec has formed successful working partnerships globally and locally with industry partners and communities and the 2017 ITPNZ (Institutes of Technology and Polytechnics) Symposium brought them together.

Collectively, these initiatives ensure Wintec is well placed to build an internationally unique and vibrant research and innovation ecosystem, with a significant postgraduate profile that provides a pathway to full-time research careers.



Our students work in the workplace or real world environments

RESEARCH AND COMMERCIALISATION

Indicator(s)	2017 Outcome	2017 Target	Audited 2016 Outcome
Number of research outputs	230	380	327
Output value indicator (OVI)	0.5	1.08	1.6
PBRF research revenue	\$658,331	\$665,000	\$585,000
Value of external (non-PBRF) research contracts gained	\$949,146	\$770,000	\$1,227,000
Value of external research income earned	\$917,000	\$500,000	\$398,000
The number of research degrees completed	21	30	36
Implement Te Whanaketanga strategy	This will now be picked up in 2018 as the strategy is under review.	Three new rangahau collaborations are identified, and implemented by year end 2017.	Achieved

Note: the indicators “number of research outputs” and “output value indicator” should be taken together.



Strategic Goal: We are a modern and financially sustainable organisation

Our focus on financial sustainability, continued high performance, and modern facilities, technology and infrastructure ensures we continue to deliver financial, social and environmental benefits for customers and the wider community.

Our high-performing workforce demonstrates passion for education and the business of education. New learning technologies and environments complement our teaching and learning practices to build our students' understanding of the work skills and workplaces of today and the future. We continually work to improve our whole organisation for the benefit of our customers.

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

In September we launched Ako: Teaching and Learning Directions, 2017-2020, replacing and updating the 2015 Teaching and Learning Directions, providing clearer pathways for progression of programmes and delivery. The Directions provide an overview of the foundation of ako, outlining three core principles (learner centred, authentic, inquiry based) and five approaches (project-based learning, blended learning, work-integrated learning, inclusive practices, flipped classrooms) that underpin Wintec's teaching and learning approach.

In 2017, we received approval from NZQA for two new creative degrees; Bachelor of Design and Bachelor of Communications. Approval for these developments is significant as they are the first new qualifications to incorporate our revised teaching roles, embed future work skills in the graduate profile, and focus on cross-disciplinary project experiences for students.

Continuing our work in improving customer experience, we introduced a new mechanism for engaging students in decision-making processes at Wintec. The Student Voice system was developed and piloted to ensure students could engage with us, 24 hours a day, about the quality of their experience. The system allows us to have an ongoing dialogue with students and poll them on our ideas and developments being considered in response to student feedback. This initiative, together with a new electronic student survey system, will provide Wintec with evidence of good practice as well as areas for improvement.

FINANCE, CAPITAL ASSETS AND PERFORMANCE

Indicator(s)	2017 Outcome	2017 Target	2016 Outcome
Non-traditional EFTS revenue (short courses, consultancy and funded projects) (\$m)	2.1	2	4.9
Net cash flow from operations	108%	111%	112%
Liquidity ratio	24.6%	24%	24%
Debt cover (long term debt / EBITDA)	1.18X	N/A	1.11X
Interest cover	3.3	3.5	4.43X
Domestic fees revenue (\$m)	N/A	N/A	17.9
ITO and other revenue (\$m)	N/A	N/A	3.3
TEO risk rating against the Financial Monitoring Framework	High	High	High
EBITDA (Earnings before Interest, Tax, Depreciation and abnormals) (\$m)	10.6	10.6	11.2
Debt / Debt and Equity	11.2%	15.2%	12%
EBITDA / Gross Interest	15.71%	10.0%	11.4%
EFTS: Academic staff FTEs ratio (excluding online EFTS)	18:1	N/A	17.8:1
Increased industry engagement	N/A	N/A	Industry Secondment and Industry Teaching Partnership Guidelines drafted, to be implemented in 2017.
Investment and Asset Management performance*	2017 target achieved	Align Capital Asset Management Plan with Treasury guidelines.	2016 actions achieved.
Improved space utilisation	N/A	N/A	20.21%
Improved building performance technology*	Achieved. Data continues to be collected and evaluated.	Trial new power and water consumption monitoring technologies to determine campus-wide efficiency and cost saving potential.	Achieved.

*2017 Business Plan targets reflected here.

Strategic Goal: We help build the economy and strengthen communities.

We continue to build our profile and influence to enable us to develop productive, collaborative relationships with industry, local government, international partners, community, and other tertiary education providers to further improve economic and social wellbeing.

We ensure that organisations and businesses have access to the best graduates, and a range of educational services and applied research that make a positive contribution. We continue to take leadership roles in a variety of settings, strengthening relationships that improve outcomes, create efficiencies, and enhance performance.

We have continued our focus on community connections, demonstrated by our strategic alliances with five not-for-profit community organisations: Habitat for Humanity (Central North Island), Community Living, Child Matters, Sport Waikato and Community Waikato. Continued participation in the Hamilton City Council-facilitated leadership groups for Social Wellbeing and Active Communities strategies also provided regular alignment opportunities.

We have maintained our collaborative relationships in the delivery of programmes with partner institutions, including the University of Waikato, Bay of Plenty Polytechnic, Northland Polytechnic, Otago Polytechnic, Western Institute of Technology, Manukau Institute of Technology, Dairy Training Limited and New Zealand Management Academies, and we are looking to develop some of these further.

Some examples of strengthening our connections in the community in 2017 include:

- The annual Waikato Culinary Fare, hosted by our Centre for Hospitality, involved more than 500 secondary school and tertiary students. In its 13th year, the Fare promotes cooking as a career and aims to nurture young talent. A record number of entries with 510 participants including Wintec, New Zealand Management Academies and Toi Ohomai Institute of Technology students as well as representation from 22 high schools, meant that teams travelled from as far as Rotorua, Whakatane, Taumarunui, Whitianga and Auckland.

- Hosting an event to mark ShadowTech Day, providing young women in years 9-11 with an opportunity to experience what working in the tech sector could be like, encouraging them onto education pathways that lead into tech sector roles. The event was attended by 37 secondary school students from around the Waikato and saw them gain insight into a day in the life of an IT professional, with a range of women involved in the tech industry acting as mentors.

- In March, in partnership with the Waikato Pacific Business Network, we hosted our first Pasifika Pathways Expo at our Rotokauri campus. The expo was focused on connecting Pasifika communities with Pasifika employers and education providers to gain employment and study advice, and was well attended by members of the Pasifika community, employers, and Members of Parliament.

Engagement with Waikato Tainui was a little slower in 2017 with the organisation undergoing changes in leadership and restructuring. As we move into 2018, engagement activities will be co-created based on the needs of Waikato Tainui and supported by Wintec.

A Joint Venture and Amalgamations Project (JVAP), submitted by Primary ITO and DairyNZ, was approved by TEC in late 2017. Wintec is a partner on this project alongside DairyNZ, Primary ITO and Dairy Training Limited, which seeks to develop:

- An industry led approach to the delivery and assessment of recognized prior experiential learning; and

- An effective and innovative approach to short course delivery of formal and non-formal learning (including micro-credentials).

Many other examples are referenced throughout the Annual Report, particularly in the "Highlights" section.

BUILD THE ECONOMY AND STRENGTHEN COMMUNITIES

Indicator(s)	2017 Outcome	2017 Target	2016 Outcome
Implement collaborative agreements with WITT and NorthTec	WITT- BAppIT was developed and approved for delivery in Semester 1 2018, though this was put on hold due to lack of enrolments. NorthTec - significant restructuring and retrenching at NorthTec meant no developments could be undertaken	Our new collaborative programme is offered at WITT and one new collaborative programme is offered at NorthTec.	N/A
Increase staff capability with teaching and Maori and youth	26 staff completed 2 Kaitirotiro workshops as part of their capability development. We continue to offer Te Taihau workshops with priority offered to staff teaching programmes with a high proportion of Māori students. 80 staff are yet to complete Te Taihau by YE 2018.	Implement Faculty workforce capability plan, and schedule for staff to complete Te Taihau.	N/A
Expand Youth Pathways from school to tertiary to work.	1. STEM partnership school bid was withdrawn by Wintec due to the high cost of investment, relative to return on that investment. 2. The total number of secondary schools involved in STP programmes with Wintec has increased from 31 to 37 schools in 2017.	1. Develop Waikato STEM Academy programmes, with a first cohort of 50 students. 2. Increase number of Waikato secondary schools engaged in STP programmes by 10%	N/A
Enhanced pathways of provision from PEs across Waikato region	Kershaw Training and Wintec are developing an agreement to pathway their level 2 graduates into Wintec Trades programmes.	Develop three new pathway agreements with a focus on students progressing to level 4 and above at Wintec.	N/A
Contribute to increased industry productivity and performance by building products delivering targeted workforce development.	N/A	N/A	Achieved
Contribute to regional workforce capability development	N/A	N/A	Did not proceed in 2016 due to reprioritisation of resources into Product Development.
Engagement activities with Waikato Tainui to drive enhanced collaboration, partnership and provision.	1. 504 EFTS at 31 December 2017 2. Due to strategic changes taking place for the Waikato Tainui Education Team, product developments have (at the request of Waikato Tainui) been placed on hold.	1. Increase number of Waikato Tainui EFTS delivered by 10% on 2016 levels (target = 636 EFTS for 2017) 2. Deliver two new products or services specifically for Waikato Tainui.	1. 578 EFTS delivered in 2016 2. He Reo Aratau Certificate in Te Reo and Tikanga Māori (Waikato Tainui) launched. A three day engineering professional development workshop for secondary school teachers was held in September. 3. Deferred until 2017.
Targeted delivery and expansion of Māori Pasifika Trades Training (MPTT) programmes	7.8 EFTS enrolled in L1 and L2 programmes. 283.5 enrolled in L3 and L4 programmes.	Increase MPTT offerings, and achieve 100% of increased allocation in 2017. L1-2 allocation- 14 EFTS. Level 3-4 allocation- 225 EFTS.	Achieved



Acknowledgements

Wintec gratefully acknowledges:

Our 300 Employer Engagement Group members for all of their industry and community expertise and support, enabling us to ensure our qualifications and training are current and meet the needs of employers in the region

The Gallagher Group for its ongoing support of our activities.

The continuing support from Ag Research for the Agritec Centre at their Tokanui farm.

WECA [Waikato Engineering Careers Association] for their continued support for engineering and trades at Wintec.

The Ethics Committee members for their continued support of Wintec.

DairyNZ, Primary ITO and Dairy Training Ltd for their ongoing commitment to the agribusiness management project.

The Waikato Chamber of Commerce for their support and partnership in the business hub located at Wintec.

The Department of Corrections, Ministry of Social Development, Competenz, Smart Environmental, Otorohanga District Development Board and Otorohanga, Waitomo, South Waikato and Thames Coromandel District Councils for their support of our satellite campuses.

Habitat for Humanity, Community Living Trust, Child Matters, Community Waikato, and Sport Waikato as our strategic community partners for their ongoing engagement with Wintec.

Soda Inc. and its stakeholders and partners for their contribution to innovation and entrepreneurship in the Waikato region.

LearningWorks, its staff and clients who we regularly collaborate with.

Waikato-based private training establishments (PTEs) who work with us to pathway students into Wintec: NZMA, Vision College, Fairview Educational Services, Responsive Trade Education, South Pacific Institute, K'aute Pasifika Trust, Education Action, Kershaw Training Enterprises, Morrinsville Training Centre, Valley Education and Training Enterprises, Waikato Institute for Leisure and Sports, Waikato School of Hairdressing, Waikato Institute of Education, Salvation Army Employment Plus.

The many partnerships including scholarships, internships, inter-agency support, and employment opportunities that benefit our students from ethnic groups including the Saudi, Afghani, Somali, Colombian, Korean, Filipino, Pasifika and Chinese communities. The Red Cross, Settlement Centre Waikato, the Office of Ethnic Communities and Hamilton City Council, among others.

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

Tertiary Education Commission, Ministry of Education and Engineering Education-to-Employment (E2E).

Other New Zealand Institutes of Technology and Polytechnics (NZITP) partners and tertiary partners: University of Newcastle (Australia), Menzies Centre for Health Policy at University of Sydney, and University of Waikato.

Waikato Means Business, The Waikato Plan and Co-members of the Engineering Secondary Tertiary Partnership Consortium.

Waikato, Hawkes Bay, Hauora Tairāwhiti, Lakes, Bay of Plenty and Taranaki District Health Boards for their assistance in delivery of education relating to nursing, midwifery, social work and mental health and addictions in their regions. In addition, private hospitals, aged care providers, Māori health and social care providers, birthing facilities, community midwives and a wide range of health and social service providers for their support of the Centre for Health and Social Practice education, research and practice activities.

Waikato-Tainui and Tainui Group Holdings for their invaluable advice and collaboration on our Māori Pasifika Trades Training initiative.

Hamilton City Council, for collaboration on multiple projects.

Our internship hosts and the multitude of other industry partners who worked with the School of Media Arts.

Longveld, ACLX, and MechEng for their support and collaboration on the Matariki Waka project, and Perry's, Trust Waikato and WEL Trust, for their donations and grants to this project.

Modern Transport Group for their partnership in having a Wintec Engineering training Centre on their Te Rapa manufacturing site.

Hyundai New Zealand for their continued support of the Waikato Trades Academy.

Plumbing World for hosting the Young Plumbers of the Year event at our Rotokauri campus.

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

Social service agencies and organisations who support our programmes and offer fieldwork, placements, practicum and work experience to our students.

Our Waikato and regional Trades Academy secondary school partners. Ngāruawāhia High School for the use of their school facilities to provide tertiary training in their community.

Mighty River Power and Contact Energy for their support and engagement in teaching the electrical apprentice intake.

Our industry research partners including Beef and Lamb, New Zealand New Zealand, Waikato River Authority, Ligar Polymers, Fundi Holdings, Waikato DHB, Hospice Waikato, Department of Corrections, Gallagher Group, Community Waikato.

WorldSkills New Zealand through our ongoing partnership.

The Hamilton Club for the generous gift of \$350,000 to our Wintec Foundation.

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

The many suppliers of goods and services to Wintec.

Wintec also acknowledges the international partners we have worked with in 2017.

Our international partners in China including: Beihua University, Beijing Business School, Beijing Contemporary Music Academy, Beijing Fengtai Vocational High School, Beijing Polytechnic, Beijing Sports University, Changchun University of Science and Technology, Chengdu University, Chengdu University of Information Technology, Guizhou Light Industry Vocational Technical College, Hebei Sports University, Institute of Vocational and Adult Education of Beijing Academy of Educational Sciences, Jiang Men Xin Hui Gang Zhou Vocational and Technical School, Jilin Engineering Normal University, Jinhua Polytechnic, Meizhou Agricultural School and Meizhou Polytechnic School, Mianyang Polytechnic, Pingdingshan University, Qilu University of Technology, Qingdao Technical College, Qiqihar Medical University, Sanjiang University, Shandong University of Technology, Shangdong University of Finance and Economics, Shandong Jiaotong University, Shenzhen Bao'an Central Hospital, Shenzhen Continuing Medical Education Centre, Shenzhen Medical School, Shenzhen People's Hospital, Tianjin Academy of Fine Arts, Tianjin Light Industry Technical College, Tianjin University of Technology and Education, Tianjin Administrative Institute (TAI), Zhuhai Polytechnic Vocational School, University of Jinan, Wuhan No.1 Commercial School.

Wuxi Institute of Technology as well as our Guangdong and Beijing Cluster partners: Shenzhen No.1 Vocational School of Technology, Shenzhen No.2 Vocational School of Technology, Shenzhen Bolun Vocational and Technical School, Shaanxi Polytechnic Institute, Changsha University, DongGuan Science and Technology School, Nanhai Information Technology School, Guangdong Foreign Trade School, Guangdong Finance and Economics Vocational School, Guangdong Commercial Vocational School, Beijing Information Management School.

Our international partners at: Universitas Gadjah Mada (Indonesia) Gyeongju University (South Korea), Shimane University (Japan), DUOC UC (Chile), Semyung University (South Korea), Matsue College of Technology; Institute of National Colleges of Technology (Japan), Thakur Institute of Management Studies and Research (India), Praboromarajchanok Institute (Thailand), Semyund AMATA Corporation (Thailand), Butter and Olive College of Pastry and Culinary Arts (Malaysia), Rajamangala University of Technology Krungthep (Thailand), Ministry of Education, HR, Tertiary Education and Scientific Research (Mauritius), Teikyo University (Japan) Fiji National University (Fiji), The University of the South Pacific, K J Somaiya Institute of Management Studies and Research (India), Polytechnics Mauritius.

Our international partners who provided student exchange and study abroad opportunities in South Korea, France, Austria, Finland, Sweden, Canada, China, Denmark, the Netherlands, Chile, and Poland.

Our ongoing support from the Saudi Arabian Cultural Mission (SACM), Technical and Vocational Training Corporation (TVTC), and the Colleges of Excellence (CoE). All of the support from our international Education Advisors. Our delivery partners Al Khaleej Training and Education.



