AORAKI POLYTECHNIC

supporting your success

ANNUAL REPORT 2012

Our Vision

To be the tertiary education provider of choice in the Aoraki community and make a vital and necessary contribution to the economic, educational, social and cultural development of the region.

Strategic Goals

Achieving the vision is supported by six strategic goals:

Goal 1	Excellence in educational performance
Goal 2	To have active and effective engagement with our stakeholders – industry, community and iwi
Goal 3	To maintain long term sustainability
Goal 4	Excellence in staff capability - stakeholder engagement, new technologies, educational delivery and customer service
Goal 5	To reposition Aoraki Polytechnic as the region's preferred choice for vocational education and a vital part of the region's economic, social and cultural development
Goal 6	To improve our effectiveness as a Treaty of Waitangi partner

CONTENTS >

CHAIRPERSON'S REPORT >

It is my pleasure to present the 2012 annual report on behalf of the Council of Aoraki Polytechnic.

2012 was a year with successes celebrated by students and staff. I look back at the qualifications, jobs, awards, medals and opportunities awarded to Aoraki Polytechnic students in 2012. However, it was also a challenging year.

Aoraki Polytechnic worked closely with its stakeholders in 2012, including employers, iwi, community leaders and schools. We recognised the need to provide an almost seamless flow for students who are moving from high school into tertiary education, then into employment, and met this need with several new initiatives including a secondary school engagement plan.

Aoraki Polytechnic always seeks to be the preferred tertiary institution for all students within our region. Continuous quality improvement helps us achieve this goal. Aoraki continues to work with the New Zealand Qualifications Authority (NZQA) to provide national qualifications of a high standard. In 2012 the Polytechnic submitted a new accreditation and approval process. This was approved by NZQA on first application.

The Council also has a responsibility to ensure the organisation operates successfully and efficiently, while fulfilling the requirements of the Tertiary Education Commission.

Aoraki Polytechnic has met many of our stakeholders' expectations by:

- Strengthening relationships with industry leaders and schools
- Providing qualified tutors focussed on the best outcomes for our students

Looking ahead the key drivers are:

- Building strategic partnerships with our regional industries
- Developing new programmes and increasing enrolments
- Strengthening financial performance
- Building relationships and pathways to higher learning with our tertiary partners
- Keeping up with technology

Our aim is to provide the community with a wide range of courses that meet employers' needs. We have put careful consideration into deciding our priorities each year and the resulting actions, these decisions are not easy.

At the end of 2012 Alex Cabrera became the Acting Chief Executive Officer, succeeding Kay Nelson who had held the position for the previous three and a half years.

The Council has a diverse range of backgrounds and skills. Each person brings a unique perspective to the table. I thank the Council for its support and the support they have shown to each other during the 2012 year. Together we have met many challenges.

My thanks to my Deputy Chair, Gerald Morton; Chair of Audit, Graeme McNally; Acting Chief Executive, Alex Cabrera and Aoraki Polytechnic staff for their work in 2012.

May the successes continue for Aoraki Polytechnic students in 2013.

Kevin Cosgrove
Chair of Council

CHIEF EXECUTIVE'S REPORT >

2012 has been a challenging year for Aoraki Polytechnic, as well as for the whole of the Institutes of Technology and Polytechnics (ITP) sector.

We have particularly seen growth in our service industries programmes, with unprecedented demand for hairdressing, beauty, hospitality and photography across our five campuses.

The research shows that fewer students took up tertiary study in 2012, the lowest numbers since 2002, and with the smaller demographics of Mid and South Canterbury, as well as North Otago, and the exodus of people from Canterbury as a whole. Despite growth in on campus delivery students, Aoraki Polytechnic was not able to fulfil the planned student numbers that the Government invested in us for. This drop in numbers has made it more difficult to cope with rising costs, and all the staff have worked extremely hard with limited resources to deliver a quality vocational outcome for Aoraki Polytechnic.

During 2012, we worked closely with the Tertiary Education Commission to put together our investment plan for the next triennium. In consultation with our stakeholders we continue to make significant progress in re-shaping our programme portfolio to better meet the needs of our students and community, and to more closely align our delivery with our region's high schools and industry demands. We have met frequently with our stakeholders across our region and remain committed to providing high quality vocational education that will drive our region's economic growth.

While we knew our targets for 2012 were stretch targets, we continue to increase the proportion of students being taught on campus, and were successful in winning a bid for over half a million dollars of level one and two funding in the Government's competitive process.

Whilst it is unfortunate that we did not manage to meet all of our financial targets in 2012 it is an absolute credit to the management and staff of Aoraki Polytechnic that we have continued to serve our students and stakeholders so well in a challenging financial environment.

I wish to offer my sincere thanks to the entire staff for their hard work and support of the students and Aoraki Polytechnic.

Kay Nelson
Chief Executive

Renae Clark
Winner of Regional Wendy Hill Bridal Makeup Competition 2012
Certificate in Beauty Therapy Graduate

"This course is really helping me because it's enabling me to pursue my dream of becoming a beauty therapist and eventually owning my own clinic or salon."

FINANCIAL PERFORMANCE SUMMARY >

2012 was characterised as a year of "catch up". Revenue continued to be under pressure, largely due to missing student enrolment targets in semester one and increased direct teaching costs as Aoraki Polytechnic moves to diversify income.

Uncertainty about the potential achievements on the second semester led to the development of a series of initiatives aimed at reducing the shortfall.

Key strategies were put in place involving extreme austerity measures on all activities not directly related to education delivery, including maximising investment returns and putting on hold capital expenditure projects, except for implementation of the Technology One financial information system.

Technology One was seen as a corner stone project to the future of the organisation, with key objectives of improving controls, procurement, reporting, forecasting and long term planning. This project has been a major undertaking for all involved.

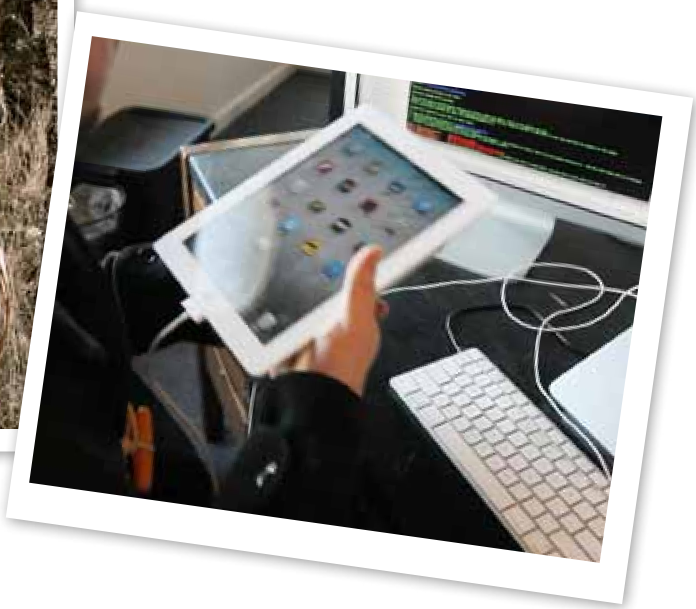
Aoraki Polytechnic forecasted an operating deficit for 2012 similar to 2011. The main components of this were based on risk surrounding income because of 2011 results, reductions in funding, non-achievement of investment plan targets and the likelihood that additional expenditure would be required to generate the income and address imbalances in the overall cost structure.

Initiatives to reduce the operating costs achieved significant cost reductions in corporate services areas of marketing, facilities, printing and photocopying amongst others.

Aoraki Polytechnic continues to enjoy the benefit of cash reserves. These funds contribute to the strong working capital base and provide significant non student based income, which all supports the on-going tertiary education delivery in the Aoraki region.

While Aoraki Polytechnic's expenses exceeded revenue for most of the reporting period, end of the year results show a break-even position largely due to exceeding its performance on cost saving initiatives and the reduced depreciation charge. In addition end of year enrolment numbers strengthened, and there were postponements in capital expenditure now expected to be in 2013. There were also some savings from salaries and a reduction in operational expenses.

	2008	2009	2010	2011	2012
Proportion of Government Grants to Total Income (%)	75%	78%	76%	70%	70%
Total Cost of Operations per EFTS ($)	9,289	9,904	10,869	12,093	11,749
Average Government Grant per MOE EFTS ($)	8,089	9,426	9,311	8,446	8,788
Total Assets ($,000)	57,258	62,887	64,560	56,383	57,509
Capital Expenditure per EFTS ($)	1,460	1,202	783	1,099	556
Staff FTEs	147.1	163.4	184.9	191.6	174.5
Tutor : Student Ratio	1:16	1:15	1:15	1:15	1:15
Government Grants ($,000)	17,981	21,114	21,396	17,264	16,451
Total Revenue ($,000)	23,982	27,397	28,137	24,640	23,664
Net Surplus / (Deficit) ($,000)	2,538	4,322	1,988	(1,660)	26
Total Equity and Reserves ($,000)	54,309	59,667	62,001	53,505	53,387
Liquidity Ratio	4.59:1	6.41:1	9.09:1	7.05:1	7.19:1
(Current monetary assets/current liabilities)					
Return on Income	10.5%	15.8%	7.1%	-6.7%	0.1%
Salaries % / Total Expenditure	39.6%	38.9%	39.7%	48.9%	52.2%
EFTS – Summary					
MOE - Funded	2,223	2,240	2,298	2,044	1,872
International	25	30	24	28	34
ITO (off job)	26	32	37	15	18
STAR	37	33	38	27	30
Other	-	2	10	61	58
Total EFTS	2,311	2,337	2,407	2,175	2,012



YEAR IN REVIEW >

Academic Quality

Aoraki Polytechnic not only educates students, it also trains staff to improve the quality of their teaching practice and the programmes they run.

Staff training is encouraged and supported at Aoraki Polytechnic. 2012 was a busy year for staff training with an emphasis on improving adult literacy and numeracy teaching skills. A group of staff trained towards the Certificate in Adult Learning and Teaching (Level 5). These courses were followed up by teaching observations and professional discussions to provide evidence that literacy and numeracy practices are embedded in teaching practice at Aoraki Polytechnic.

Aoraki Polytechnic also hosted several professional development workshops for managers and staff. One was facilitated by the National Centre for Adult Literacy and Numeracy. Another was a professional development workshop on Kia eke ki te taumata, or success for Māori in tertiary education.

Another initiative to improve programme quality in 2012 was the application of an assessment tool and mapping process across all level 1 to 3 programmes.

Work to improve all aspects of academic quality will continue into the 2013 academic year.

Community Engagement

Aoraki Polytechnic is well placed to support students, industry, iwi, community and government. Working closely with stakeholders is vital. Special events and community engagement improved community awareness in 2012.

A new marketing campaign featuring real students and their successes was developed to appeal to the needs of the community. The Aoraki Polytechnic brand was also further developed.

Programme information was made more available to potential students and an effort was made to ensure they received the help they needed to enrol. Market research was conducted to find out what happened to people who enquired about courses but did not enrol. This helped Aoraki Polytechnic better understand barriers to enrolment.

Helping students access courses more conveniently was the aim of bus transport, which continued to bring students to the Timaru campus from Ashburton, Oamaru and outlying areas.

In 2012, student work was showcased across all campuses in collaboration with industry. For the first time, a digital outdoor art show was projected onto a building in Timaru featuring student work. Aoraki Polytechnic also organised the Timaru Careers Expo, an event aimed at people seeking career and course information.

Events hosted by Aoraki Polytechnic in 2012 included the South Canterbury International Festival, a Leader's Forum with engagement from business and community leaders, a World Skills Regional Competition, workshops and open days. A joint student orientation day was held at the Timaru campus for students across all campuses.

Aoraki Polytechnic also improved its links with secondary schools by implementing an organisation-wide secondary school engagement plan. The purpose is to work strategically and in partnership with schools, increase the number of school leavers entering higher level programmes and ensuring the academic alignment of courses.

Various programme tutors and student groups also engaged the community as part of their learning experience in 2012. Subject specific information sessions were held for potential students at each campus and staff joined an education fair at the South Canterbury District Health Board, where there was an excellent level of interest from health professionals.

Sport and fitness tutors were involved in an open day at Christchurch Park that provided an interactive day for prospective students from secondary schools. Another successful event, called "Sport Spectacular 2012", was organised and run by Aoraki Sport and Fitness students for hundreds of local primary school children.

These events are just a sample of the many ways Aoraki Polytechnic staff and students are involved with the wider community and industry stakeholders.

Operational Highlights

Good corporate practice is just as vital as good teaching to ensure the viable success of a large organisation like Aoraki Polytechnic.

2012 saw operational efficiencies implemented across the organisation, along with improvements in the processes used to effectively manage day-to-day business.

In 2012 some new technology was rolled out across the Polytechnic. Moodle is an internet-based system for delivering e-learning programmes. The introduction of Moodle 2.1 saw a Moodle support group convened to train and support tutors who are working online. A new system called Liberty 5 became operational in the library with library staff trained and inducted. APlus+ software training was also provided across the campuses in 2012. A new group, the Education Technologies Group, was formed in 2012 to look at the big picture of technology use within Aoraki Polytechnic.

Campus classrooms are designed to provide a practical learning environment similar to what students will experience when they move into their chosen industry. In 2012, many of these facilities were enhanced with the installation of up to date equipment and work spaces.

Aoraki Polytechnic continues to strive for financial excellence. A new comprehensive finance system was installed and implemented, improving financial control and reporting. The use of assets was also surveyed to ensure they are being used efficiently and productively.

Other operational highlights included continued collaboration with other tertiary education providers, for the benefit of everyone. Aoraki Polytechnic has productive relationships at many levels with other tertiary institutions. For example, the sharing of facilities in Christchurch with the Southern Institute of Technology (SIT), allowing both organisations to deliver qualifications to Canterbury students.

Individual schools and courses also work collaboratively. There is a high level of engagement with the Open Polytechnic in the field of early childhood education.

Our Success

Each year our students and tutors make us proud with many successes in education and employment.

Highlights in 2012 came from across the organisation:

- The hospitality programmes were vibrant and successful. Delivery of the patisserie course highlighted the talents of head chef Steve Le Corre. It offered a new, specialist pathway choice for cookery and bakery students.
- Chef Le Corre was also the captain of the New Zealand Culinary Team in 2012 and was awarded the Culinarian of the Year Award, a peer voted award by the New Zealand hospitality industry. This accolade is a credit to Steve Le Corre's success with students and high level of industry engagement.
- The French exchange programme saw two hospitality students travel to Notre Dame in France, and two French hospitality students travel to Timaru with their tutor.
- The introduction of a Diploma in Cookery at Level 5 improved student retention, with all diploma students securing employment while on the course. One is now working at Shed 5 with Simon Gault and another works at a prestigious restaurant in Sydney.
- Bakery students won seven medals at a national open competition. This generated new interest in the programme and various articles in trade magazines. In total, the hospitality programmes produced medal winning students in all disciplines in 2012.
- Four tourism students secured job interviews to work with the Disney Corporation in 2013, and all four got a job. They will be working at Disney World, Florida in 2013.
- Diploma of Outdoor Education students also succeeded in 2012, with all students graduating and finding employment.
- National Diploma in Journalism students took responsibility for producing the Taieri Herald for three weeks and received great praise for their professionalism. Most of these students have already successfully found employment at the completion of their course.
- Digital photography students snapped up two silvers, nine bronze and merit awards at the New Zealand Institute of Professional Photography (NZIPP) Iris Awards. Organised by NZIPP for more than 30 years, these annual awards celebrate the excellence of New Zealand's professional photographers, providing a platform for recognition within the industry and the wider public.
- Beauty therapy students had an unprecedented level of success in 2012. Aoraki Polytechnic is fast becoming a centre of excellence in beauty. The beauty school is now the largest in New Zealand and has the highest rate of student success within the institution.
- Trades graduates were in high demand from employers, with most getting jobs or apprenticeships in or near their specialist industry,

Elias Toa
Certificate in International Tourism

"I've always had a passion to travel, and with the help of Aoraki Polytechnic's International Tourism course it's allowed me to chase that passion. With next year working at Disney World it will prepare me for the future goal of becoming the best travel presenter in the tourism industry."

GOVERNANCE AND ACCOUNTABILITY STATEMENT >

Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of Aoraki Polytechnic's activities. This responsibility includes areas of stewardship such as:

- Formulating the strategic direction
- Managing principal risks facing Aoraki Polytechnic
- Administering various regulations and meeting legislative requirements
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of appointed members
- Reporting to students and community

Council Operations

The Council has appointed a Chief Executive to be in charge of Aoraki Polytechnic operations and delegates certain powers of management to them as required under Section 196 of the Education Act 1989. The Chief Executive has in turn appointed Heads of School and other Senior Managers to manage the significant activities of Aoraki Polytechnic.

Council Committees

The Council has set up standing committees to monitor and assist in the effective discharging of its specific responsibilities.

The Audit Committee monitors financial and risk management and meets as required.

The Aoraki Polytechnic Academic Board reports to Council on its operations and advises Council on academic matters.

The Chief Executive's Performance Committee monitors the Chief Executive's performance.

Committee Constitution of Council

The Council's constitutional requirements are specified under Section 171 of the Education Act 1989. Aoraki Polytechnic believes that its balance of membership of eight councillors ensures that it is able to operate in the best interests of students and the diverse communities of learners and to function independently of management.

Communication / Reporting

Council met 11 times in 2012 to monitor management activities and to ensure that the business interactions of Aoraki Polytechnic were being conducted in accordance with legislative mandate and Council objectives.

Division of Responsibility between Council and Management

A key to the efficient running of Aoraki Polytechnic is that there is a clear division between the role of Council and that of Management. The Council of Aoraki Polytechnic concentrates on setting policy and strategy, then reviews progress. Management is concerned with implementing Council policy and strategy.

While many of the Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. Council and Management acknowledge their responsibility with the signing of the Statement of Responsibility contained in this report.

Risk Management

The Council acknowledges that it is ultimately responsible for the management of risks to Aoraki Polytechnic.

Legislative Compliance

The Council acknowledges its responsibility to ensure the organisation complies with all relevant legislation. The Council has delegated responsibility to the Chief Executive for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them. Council receives a quarterly report on legislative compliance from Management.

Ethics

The Council has approved a Code of Practice for staff and contractors which outlines expected standards of behaviour and practice.

Monitoring compliance with these standards is done through such means as monitoring trends in complaints and disciplinary actions, internal audit reports, or any reports or indications that show non-compliance.

STATEMENT OF RESPONSIBILITIES >

In the financial year ended 31 December 2012, and in accordance with Section 155 of the Crown Entities Act 2004, the Council and Management of Aoraki Polytechnic were responsible for:

- The preparation of the financial statements and Statement of Service Performance and the judgements used therein
- Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Aoraki Polytechnic the financial statements and the Statement of Service Performance for the financial year fairly reflect the financial position and operations of Aoraki Polytechnic and group for the year ended 31 December 2012.

Kevin Cosgrove
Chair of Council

Alex Cabrera
Acting Chief Executive

30 April 2012

Tim Shaw
Diploma in Outdoor Education (Level 6)

"In the future I have aspirations to be a kayak instructor and Aoraki has really helped me down the path to working towards that goal."

Independent Auditor's Report

To the readers of Aoraki Polytechnic and group's financial statements and non-financial performance information for the year ended 31 December 2012

The Auditor-General is the auditor of Aoraki Polytechnic (the Polytechnic) and group. The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the Polytechnic and group on her behalf.

We have audited:

- the financial statements of the Polytechnic and group on pages 15 to 49, that comprise the balance sheet as at 31 December 2012, the income statement, statement of comprehensive income, statement of movements in equity and cashflow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Polytechnic and group that comprises the statement of objectives and service performance and public objectives and performance measures on pages 51 to 71.

Opinion

In our opinion:

- the financial statements of the Polytechnic and group on pages 15 to 49:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Polytechnic and group's:
    - financial position as at 31 December 2012; and
    - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the Polytechnic and group on pages 49 to 57 fairly reflects the Polytechnic and group's service performance achievements and outcomes measured against the performance targets adopted in the investment plan for the year ended 31 December 2012.

Our audit was completed on 30 April 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Polytechnic and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that fairly reflects Polytechnic and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

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

Responsibilities of the Auditor

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

Independence

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

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

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

INCOME STATEMENT

For the year ended 31 December 2012

Parent and Group 2011 $		Notes	Parent and Group Budget 2012 $	Parent and Group 2012 $
	Revenue			
17,264,310	Government Grants	3	17,497,000	16,450,688
3,402,433	Student Tuition Fees - Domestic		4,214,000	3,234,043
347,243	Student Tuition Fees - International		388,000	416,902
1,264,022	Other Fees and Charges		1,318,000	1,343,126
1,677,837	Interest Income		1,104,000	1,514,884
38,344	Dividend Income		38,000	-
4,780	Donations		-	3,168
640,578	Sundry Income		863,000	701,553
24,639,546	Total Operating Revenue		25,422,000	23,664,364
	Less Cost of Operations			
665,818	Advertising/Marketing		705,000	375,715
1,506,520	Class Materials		1,780,000	1,435,021
8,677,198	Cost of Services	4	7,289,000	7,444,935
2,052,748	Depreciation and Amortisation	11 & 12	2,100,000	1,718,038
532,481	Maintenance		536,000	321,778
12,865,265	Salaries and Wages	5	12,288,000	12,342,589
26,300,030	Total Cost of Operations		24,698,000	23,638,075
(1,660,484)	**Net Surplus/(Loss) for the period**		724,000	26,289

Variance Report

Aoraki achieved 92.7% of Student Component Funding approved in the Investment Plan due to lower student numbers than anticipated. This resulted in unfavourable variances in Government Grants, Domestic and other fees.

In response to shortfalls Capital Expenditure was put on hold. This improved the overall investment holdings and generated higher than budgeted Interest Income.

To address shortfalls in on Campus based student numbers, additional student places were allocated to external providers. This means Non Payroll based Salaries and wages and Payments to subcontractors exceeded planned levels.

Management instigated a major drive to minimise expenditure to offset the income short fall, resulting in significant savings in Cost of Operations.

Depreciation was less than budgeted due to the impact of the $6.8 million impairment of buildings at 31 December 2011 and the planned expenditure on capital projects being put on hold.

Assets that were in Science Alive at the time of the February 2011 earthquake, have been written off as a result of them being unrecoverable and the building being demolished. The replacement of these assets are subject to an Insurance claim which remains outstanding at balance date. Details of this claim are disclosed in notes 21 and 26.

The accompanying accounting policies and notes on pages 21 - 49 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

Parent and Group 2011 $		Notes	Parent and Group Budget 2012 $	Parent and Group 2012 $
(1,660,484)	Net Surplus/(Deficit)		724,000	26,289
	Other Comprehensive Income			
(13,430)	Investment write up (down)	18	-	21,918
(35,831)	Bond revaluation movement	18	-	(27,000)
(6,786,722)	Increase(decrease) in asset revaluation reserves (net)	17	-	(138,773)
(6,835,983)	Total Other Comprehensive Income		-	(143,855)
(8,496,467)	**Total Comprehensive Income**		724,000	(117,566)

Variance Report

The ANZ Perpetual Bond holding was revalued as at 31 December, with a decrease in the market value reflected in the financial statements.

During 2012 the Blue Stone building was found not to meet minimum earthquake strength standards and was vacated. At year end, the full scope of works required and cost estimates to make it habitable have not been established. As a result we have assessed the buildings based on its current economic return and reduced it to a nil value.

The accompanying accounting policies and notes on pages 21 - 49 form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN EQUITY

For the year ended 31 December 2012

Parent and Group 2012	Notes	General Equity	Asset Revaluation Reserves	Fair Value through Other Comprehensive Income	Total	Budget
		$	$	$	$	$
Balance at 1 January		43,863,905	9,670,174	(29,476)	53,504,603	60,871,000
Net Surplus/(Deficit)		26,289	-	-	26,289	724,000
Transfer Between Revaluation Reserve and		-	-	-	-	-
Capital Grant from the Crown		-	-	-	-	-
Investment write up (down)	18	-	-	21,918	21,918	-
Bond revaluation movement	18	-	-	(27,000)	(27,000)	-
Increase(decrease) in asset revaluation	11 & 17	-	(138,773)	-	(138,773)	-
Balance at 31 December		43,890,194	9,531,401	(34,558)	53,387,037	61,595,000

Parent and Group 2011	Notes	General Equity	Asset Revaluation Reserves	Fair Value through Other Comprehensive Income	Total
		$	$	$	$
Balance at 1 January		45,524,389	16,456,896	19,785	62,001,070
Net Surplus/(Deficit)		(1,660,485)	-	-	(1,660,485)
Transfer Between Revaluation Reserve and		-	-	-	-
Capital Grant from the Crown		-	-	-	-
Investment write up (down)	18	-	-	(13,430)	(13,430)
Bond revaluation movement	18	-	-	(35,831)	(35,831)
Increase(decrease) in asset revaluation	11 & 17	-	(6,786,722)	-	(6,786,722)
Balance at 31 December		43,863,905	9,670,174	(29,476)	53,504,603

The accompanying accounting policies and notes on pages 21 - 49 form an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2012

Parent and Group 2011 $		Notes	Parent and Group Budget 2012 $	Parent and Group 2012 $
	Assets			
	CURRENT ASSETS			
1,774,378	Cash and Cash Equivalents	6	550,000	1,565,745
1,633,135	Student Fees and other Receivables	7	1,400,000	1,362,780
19,001	Prepayments		49,000	-
26,901	Inventories		-	69,478
108,827	Livestock	8	50,000	-
18,500,000	Other Financial Assets	9	13,416,000	28,090,986
22,062,242	Total Current Assets		15,465,000	31,088,989
	NON CURRENT ASSETS			
6,817,000	Other Financial Assets	9	10,500,000	-
129,767	Investments	10	143,000	151,685
27,061,726	Fixed Assets	11	37,546,000	25,427,611
-	Capital Work in Progress		-	127,234
312,104	Intangible Assets	12	150,000	713,958
34,320,597	Total Non Current Assets		48,339,000	26,420,488
56,382,839	TOTAL ASSETS		63,804,000	57,509,477
	Liabilities			
	CURRENT LIABILITIES			
433,454	Revenue Received in Advance	13	150,000	372,745
1,630,571	Trade and Other Payables	14	1,214,000	2,997,033
813,618	Employee Entitlements	15	830,000	752,662
2,877,643	Total Current Liabilities		2,194,000	4,122,440
	NON CURRENT LIABILITIES			
593	Employee Entitlements	15	15,000	-
593	Total Non Current Liabilities		15,000	-
2,878,236	TOTAL LIABILITIES		2,209,000	4,122,440
53,504,603	NET ASSETS		61,595,000	53,387,037
	Public Equity			
43,863,905	General Equity	16	44,928,000	43,890,194
9,670,174	Asset Revaluation Reserves	17	16,667,000	9,531,401
(29,476)	Fair Value through Other Comprehensive Income	18	-	(34,558)
53,504,603	TOTAL PUBLIC EQUITY		61,595,000	53,387,037

Variance Report

All significant expenditure was placed on hold as a result of the not meeting Investment Plan targets. This means that Cash and Cash Equivalents, Other Financial Assets Current and Non-Current exceeded budget due to planned capital expenditure work during the year not being carried out.

Fixed Assets were less than budgeted due to the timing of the 2011 revaluation process and planned capital expenditure being put on hold.

Trade and Other Payables include a $1.1million refund to the Crown for non-delivery of investment plan targets

Kevin Cosgrove
Chairperson

Alex Cabrera
Acting Chief Executive

Date 30 April 2013

Date 30 April 2013

The accompanying accounting policies and notes on pages 21 - 49 form an integral part of these financial statements.

CASHFLOW STATEMENT

For the year ended 31 December 2012

Parent and Group 2011 $		Parent and Group Budget 2012 $	Parent and Group 2012 $
	Cashflows from Operating Activities		
	Cash was provided from :		
17,260,377	Government Grants	17,491,000	17,565,781
5,663,006	Tuition Fees and Other	6,789,000	5,799,914
1,458,017	Interest and Dividends Received	1,104,000	1,602,914
67,512	Goods and Services Tax (Net)	-	80,247
24,448,912	Total Cash Inflows from Operations	25,384,000	25,048,856
	Cash was applied to :		
12,887,453	Payments to Employees	12,192,000	12,404,138
11,496,992	Payments to Suppliers	10,310,000	8,934,147
24,384,445		22,502,000	21,338,285
64,467	Net Cash Flows from Operating Activities	2,882,000	3,710,571
	Cash Flows from Investing Activities		
	Cash was provided from :		
6,897	Sale of Assets	8,000	217
3,299,669	Investments	2,596,000	-
3,306,566		2,604,000	217
	Cash was applied to :		
-	Investments		2,800,985
2,224,573	Purchase of Fixed Assets	5,420,000	496,468
166,039	Purchase of Intangibles	100,000	621,968
2,390,612		5,520,000	3,919,421
915,954	Net Cash Flows from Investing Activities	(2,916,000)	(3,919,204)
	Cash Flows from Financing Activities		
	Cash was provided from :		
-	Capital Grant from the Crown	-	-
-		-	-
-	Net Cash Flows from Financing Activities	-	-
980,421	Net increase/(decrease) in cash held	(34,000)	(208,633)
793,958	Plus Opening Cash	584,000	1,774,378
1,774,379	Closing Cash Balance	550,000	1,565,746
	Represented by :		
1,774,378	Bank Account/(Overdraft)	550,000	1,565,745
-	Bank Deposits	-	-
1,774,378	Closing Cash Balance	550,000	1,565,745

Variance Report

All significant expenditure was placed on hold as a result of underachieving Investment Plan targets for EFTS.

Government Grants include $1.1million timing variance to be refunded to the Crown for non-delivery of investment plan targets.

Cashflow from Operations and Investments was to be used to fund the budgeted Capital Expenditure which was scaled back, resulting in additional investments and lower purchase of Fixed Assets.

Purchase of Intangibles reflects investment in the TechnologyOne Financial Information System, with the variance arising as a reallocation of the Capital Expenditure budget from Fixed Assets..

The accompanying accounting policies and notes on pages 21 - 49 form an integral part of these financial statements.

RECONCILIATION OF NET SURPLUS ON OPERATIONS WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

Parent and Group 2011 $		Parent and Group 2012 $
(1,660,484)	**Surplus/(Loss) on Operations**	26,289
	Add/(Less) Non Cash Items :	
2,052,748	Depreciation and amortisation expense	1,718,038
	Add/(Less) Movements in Working Capital Items:	
396,461	Increase/(Decrease) in Fees in Advance	(35,496)
(695,489)	Decrease/(Increase) in Receivables	245,141
8,508	Decrease/(Increase) in Prepayments	19,001
(56,241)	Decrease/(Increase) in Inventories and Livestock	66,253
(11,609)	Increase/(Decrease) in Payables	1,525,541
(22,189)	Increase/(Decrease) in Staff Entitlements	(61,549)
(380,559)		1,758,891
	Add/(Less) Items Classified as Investing Activities:	
52,762	Net Loss/(Gain) on Sale/Disposal of Assets	207,354
52,762		207,354
64,467	Net Cash Flows from Operating Activities	3,710,571

The accompanying accounting policies and notes on pages 21 - 49 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Reporting Entity

Aoraki Polytechnic is a Tertiary Education Institute domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The group consists of Aoraki Polytechnic and its wholly owned subsidiary, Training Solutions (NZ) Ltd (dormant).

The primary objective of the Polytechnic is to supply educational and training, providing full-time and part-time tertiary education services locally, regionally and nationally.

The financial statements of Aoraki Polytechnic for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the council on 30 April 2013.

Aoraki Polytechnic does not have the power to amend the financial statements after this date.

2. Summary Of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting practice in New Zealand as appropriate for public benefit entities, and the requirements of Section 220 of the Education Act 1989 and Section 154 of the Crown Entities Act 2004.

The primary objective of Aoraki Polytechnic is to provide tertiary education services for the benefit of the community rather than making a financial return. Therefore Aoraki Polytechnic is a public benefit entity for the purpose of complying with generally accepted accounting practice in New Zealand.

The financial statements have been prepared on a historical cost basis except for land, buildings, financial assets and certain items of property, plant and equipment which have been measured at fair value.

The financial statements are presented in New Zealand dollars.

New standards and Interpretations issued and not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these consolidated financial statements.

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Institute is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Institute expects to transition to the new standards in preparing its 31 December 2015 financial statements. As the PAS are still under development, the Aoraki Polytechnic is unable to assess the implications of the new Accounting Standards Framework at this time.

NOTES TO THE FINANCIAL STATEMENTS continued

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The Polytechnic has not yet determined the potential impact of the new standards, interpretations and amendments.

(b) Statement of compliance

The financial statements comply with Applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as appropriate for public benefit entities.

(c) Basis of consolidation

A subsidiary is consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements comprise the financial statements of Aoraki Polytechnic and Training Solutions (NZ) Ltd (dormant).

All inter-entity balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Unrealised losses are eliminated unless costs cannot be recovered.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which Aoraki Polytechnic has control.

(d) Foreign currency transactions

Both the functional and presentation currency of Aoraki Polytechnic and its subsidiary are New Zealand dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS continued

(e) Property, plant and equipment

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

- Land is measured at fair (market) value, less subsequent accumulated impairment losses.
- Buildings are measured at fair value, less subsequent accumulated depreciation and subsequent accumulated impairment losses.
- Plant and equipment, motor vehicles, furniture and fittings and library collection are stated at cost, less accumulated depreciation and any accumulated impairment in value.
- Art collection is measured at fair value, less subsequent accumulated impairment losses.

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

Class of assets	Rate
Buildings	1%-10% per annum
Land Improvements	2% per annum
Plant and equipment	4%-50% per annum
Motor vehicles	20% per annum
Furniture & Fittings	5-33% per annum
Library Collection	10% per annum
Art Collection	Nil

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 Aoraki Polytechnic and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at 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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS continued

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential of the item will flow to Aoraki Polytechnic 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.

(f) Impairment

The carrying values of plant, equipment and intangibles 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.

For revalued assets the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

All assets are primarily held for the purpose of providing education and related activities.

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.

(g) Revaluations

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

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

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 reproduction cost of the specific assets with adjustments where appropriate for obsolesce due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Revaluation of land and buildings is carried out on a class of asset basis.

Land and buildings were revalued to fair value as at 31 December 2011 by Valuer, Gerald Morton (Registered Public Valuer, SNZPI, ANZIV, FREINZ) of Morton Co Limited, who is a member of the Council. The valuation was independently reviewed by Gary Sellars (Registered Valuer, FNZIV, FPINZ, PINZ) of Colliers International.

The net revaluation results are credited or debited to other comprehensive income and is accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit, up to the amount previously expensed, and then recognised in other comprehensive income.

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

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

(h) Intangible assets

Computer Software

Computer software is separately acquired and capitalised at its cost as at the date of acquisition.

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

Course Development costs

Course development costs relate to development of educational courses and are capitalised when it is probable that future economic benefit arising from use of the intangible asset will flow to the Polytechnic.

Following the initial recognition of the course development expenditure, the cost model is applied and the asset is carried at cost less accumulated amortisation and accumulated impairment losses.

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

	Course development costs	**Computer Software**
Useful lives	Finite – 3-5 years	Finite – 3-5 years
Method used	Straight line method from the commencement of the course	Straight line method
Internally generated/ Acquired	Separately acquired	Separately acquired

The amortisation period and amortisation method for each class of intangible asset having a finite life is reviewed at each financial year-end. If the expected useful life or expected pattern of consumption is different from the previous assessment, changes are made accordingly.

The carrying value of each class of intangible asset is reviewed for indicators of impairment annually. Intangible assets are tested for impairment where an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the surplus or deficit when the asset is derecognised.

Research costs

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable business assets purchased by the Polytechnic. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period. Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the acquisition that gave rise to goodwill.

NOTES TO THE FINANCIAL STATEMENTS continued

(i) Financial Assets

Aoraki Polytechnic classifies its financial assets into the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured 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.

Purchases and sales of investments are recognised on trade-date, the date on which Aoraki Polytechnic commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Aoraki Polytechnic has transferred substantially all the risks and rewards of ownership.

The four categories of financial assets are:

i) Financial assets at fair value through the surplus or deficit

Currently, Aoraki Polytechnic does not hold any financial assets in this category.

ii) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Aoraki has trade and other receivables, and bank deposits entered into during the 2012 and 2011 financial year in this category.

iii) Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Aoraki Polytechnic has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Aoraki Polytechnic has no new bank deposits in this category. Only those that were entered into in the prior financial year or earlier remains in this category.

iv) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above.

This category encompasses:

- Investments that Aoraki Polytechnic intends to hold long-term but which may be realised before maturity. These include the investments in PINZ, ABT Limited and perpetual bonds.

Shareholdings that Aoraki Polytechnic holds for strategic purposes. After initial recognition these investments are measured at their fair value.

Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS continued

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

Impairment of financial assets

At each balance sheet date Aoraki Polytechnic assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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 Aoraki Polytechnic will not be able to collect amounts due according to the original terms of the debt. 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. The amount of the loss is recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists the cumulative loss (measured as the difference between the acquisition cast and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is re-classified 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.

(j) Inventories

Inventories are valued at the lower of cost and current replacement cost.

Costs incurred in bringing each product to its present location and condition is 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.

Current replacement cost is the cost Aoraki Polytechnic would incur to acquire the asset on the reporting date.

Livestock is valued at its fair value less estimated point of sale costs.

(k) Student Fees and other receivables

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

An estimate for doubtful debts is made when the collection of the full amount is no longer probable i.e. over 90 days overdue. Bad debts are written off when identified.

(l) Cash and cash equivalents

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

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

(m) Provisions

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

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

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

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

(n) Employee entitlements

Annual and discretionary leave have been calculated on an actual entitlement basis at current rates of pay.

Long service leave is calculated on an actuarial method.

Sick leave is calculated on a 3 year history of leave taken in excess of annualised entitlement.

Superannuation Schemes

Defined contribution schemes

Employer contributions to Kiwisaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

(o) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term.

(p) Revenue

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

i) Government Grants

Government grants are recognised as income on enrolment entitlement, when eligibility to receive the grant has been established and it is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the balance sheet date.

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

Where funds have been received but not earned at balance date Revenue in Advance liability is recognised.

ii) *Student Tuition Fees*

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

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

Where funds have been received but not earned at balance date, a Fees in Advance liability is recognised.

iii) Interest

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

iv) Other Revenue Received

Revenue for the sale of goods is recognised in the surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(q) Creditors and other payables

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

(r) Income and other Taxes

Tertiary institutions are exempt from the payment of income tax and fringe benefit tax (FBT). Accordingly, no charge for income tax has been provided for.

GST

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

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

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

Cash flows are included in the Cash Flow Statement on the same basis as other statements.

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

(s) Budget Figures

The budget figures are those approved by Council on 9 December 2011.

(t) Critical Accounting Estimates and Assumptions

In preparing these financial statements, Aoraki Polytechnic has made estimates and assumptions concerning the future. These estimates and assumptions may differ for the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of 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:

Property, Plant and Equipment (PPE)

There are a number of estimates and assumptions used when performing depreciated replacement cost valuations of PPE.

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then Aoraki Polytechnic could be over or under estimating the annual depreciation change recognised as an expense in the surplus or deficit.

(u) Critical judgements in applying account policies

Crown owned Land and Buildings

Property in the legal name of the Crown that is occupied by the Polytechnic and group is recognised as an asset in the statement of financial position. Aoraki Polytechnic considers it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

Distinction between Revenue and Capital Contributions

Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, Aoraki Polytechnic accounts for the funding as a capital contribution directly in equity.

NOTES TO THE FINANCIAL STATEMENTS continued

(v) Changes in Accounting Policies

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

The polytechnic has adopted the following revision to accounting standards during the financial year, which have had only a presentational or disclosure effect:

FRS 44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments). The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and eliminate many of the differences between accounting standards in each jurisdiction. The main effect of the amendments on the polytechnic is that donations are no longer required to be separately disclosed and certain information about property valuations is no longer required.

3. Government Grants

Parent and Group 2011 $		Parent and Group 2012 $
16,115,578	Student Achievement Component (SAC) funding	15,425,958
1,005,781	Other On Plan funding	876,746
0	Other Off Plan funding	74,453
142,951	Other Grants	73,531
17,264,310	Total Government Grants	16,450,688

4. Cost of Services

Parent and Group 2011 $		Parent and Group 2012 $
82,195	Audit fees for financial statement audit	112,297
3,881,933	Payments to subcontractors	3,109,897
11,452	Change in provision for doubtful debts	23,238
20,841	Bad debts written off	2,223
555,383	Information technology	527,885
23,946	Donations and Sponsorship	20,208
589,805	Rent	328,416
258,017	Travel/Accommodation	155,028
897,010	Contractors and Professional Fees	573,552
109,664	Insurance	205,504
266,827	Energy costs	321,531
1,980,126	Other expenditure	2,065,156
8,677,198		7,444,935

NOTES TO THE FINANCIAL STATEMENTS continued

5. Salaries and wages

Parent and Group 2011 $		Parent and Group 2012 $
5,489,667	Academic Salaries	5,019,916
6,061,672	General Salaries and Wages	5,817,132
1,212,818	Non Payroll Personnel	1,306,058
160,956	Defined contribution superannuation employer contributions (net)	160,123
(59,849)	Increase/(Decrease) in Employee Entitlements	39,360
12,865,265		12,342,589

Employer contributions to defined contribution plans include net contributions to Kiwisaver and the Government Superannuation Fund.

6. Cash and Cash Equivalents

Parent and Group 2011 $		Parent and Group 2012 $
1,774,378	Cash at bank and in hand	1,565,745
1,774,378	Total Cash and Cash Equivalents	1,565,745

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

7. Student Fees and Other Receivables

The carrying value of trade and other receivables approximates their fair value. There is no concentration of risk with respect to receivables outside the group.

Parent and Group 2011 $		Parent and Group 2012 $
1,059,925	Accrued Interest	971,896
370,628	Student Fees	438,760
247,152	Other Receivables	19,934
(44,571)	Provision for Doubtful Debts	(67,809)
1,633,135	Total in Balance Sheet	1,362,780

The ages of Student Fees receivables are as follows:

225,931	Not past due	270,260
25,360	Past due 1 - 30 days	10,348
6,414	Past due 31 - 60 days	6,150
9,167	Past due 61 - 90 days	15,940
103,755	Past due over 90 days	136,062
370,628	Total in Balance Sheet	438,760

The impairment provision has been calculated based on a review of specific debtors.

As at 31 December 2012 and 2011, all overdue receivables have been assessed for impairment and appropriate provisions applied. Aoraki Polytechnic holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Aoraki Polytechnic's pool of debtors. Expected losses have been determined based on an analysis of Aoraki Polytechnic's losses in previous periods, and review of specific debtors.

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

Parent and Group 2011 $		Parent and Group 2012 $
(33,119)	As at 1 January	(44,571)
(32,293)	(Additional)/Reversal of provisions in year	(25,461)
20,841	Paid or written off during period	2,223
(44,571)	At 31 December	(67,809)

Student Fees are non-interest bearing and generally should be paid on enrolment and not later than at graduation, therefore the carrying value approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS continued

8. Livestock

Parent and Group 2011 $		Parent and Group 2012 $
	Livestock on Hand Comprises	
98,067	Sheep	-
10,760	Cattle	-
108,827		-
	Sheep – Quantities	
692	Balance at 1 January	765
-	Plus:	-
66	Purchases	154
466	Natural increase	447
1,224		1,366
	Less:	
449	Sales	1,266
10	Deaths and missing	100
765	Closing stock at 31 December	-
	Cattle – Quantities	
17	Balance at 1 January	16
-	Plus:	-
7	Purchases	14
-	Natural increase	-
24		30
	Less:	
8	Sales	30
-	Deaths and missing	-
16	Closing stock at 31 December	-
73,662	**Balance at 1 January**	108,827
64,554	Plus purchases and natural increase	48,676
(73,286)	Less sales and death	(124,004)
43,897	Gains/(losses) arising from changes in fair value less estimated cost	(33,499)
-		-
108,827	**Balance at 31 December**	-

The decision was made to not carry any Sheep or Cattle during the extended semester break, with all units being sold prior to 31 December 2012.

Environmental conditions including flooding contributed to higher stock losses than anticipated.

9. Other Financial Assets

Parent and Group 2011 $		Parent and Group 2012 $
	Other Financial Assets classified by term	
	Loans and Receivables	
18,500,000	Short-term deposits with maturities of 4-12 months	27,100,986
5,800,000	Deposits with maturities of more than 12 months	-
	Investments Held to Maturity	
-	Short-term deposits with maturities on commencement of 4-12 months	-
-	Deposits with maturities of more than 12 months	-
	Fair value through other comprehensive income	
1,017,000	Perpetual bonds	990,000
25,317,000	Other financial assets	28,090,986
	Other Financial Assets classified by time to maturity at 31 December	
18,500,000	Other Financial Assets (Current)	28,090,986
6,817,000	Other Financial Assets (Non Current)	-
25,317,000		28,090,986

There were no impairment provisions for other financial assets.

Other financial assets – fair value disclosure

Term deposits

Interest on term deposits is at market rates. There has been no significant change in interest rates from when the term deposits were taken out to the balance date. Therefore carrying value approximates fair value.

Perpetual bond

Perpetual bonds are recognised at their fair value. Fair value has been determined using published bid price quotations from the NZSX at the balance date.

NOTES TO THE FINANCIAL STATEMENTS continued

10. Share Investment

Parent and Group 2011 $		Parent and Group 2012 $
8,000	Investment of shares in Polytechnics New Zealand Limited (PINZ). ***Name of Entity:*** Polytechnics New Zealand Limited ***Principal Activity:*** market education and consultancy services Internationally. ***Ownership:*** 800 Shares ***Reporting Date:*** 31 December Carried at cost less impairment as fair value cannot be reliably determined using a standardised valuation technique.	8,000
121,767	Investment in Agribusiness Training Ltd on 31 December 2005. ***Name of Entity:*** Agribusiness Training Ltd ***Principal Activity:*** Land Based Training ***Ownership:*** 15%. 30 shares. ***Reporting Date:*** 31 December Recognised at fair value determined using a standardised valuation technique based on earnings before interest and tax.	143,685
129,767		151,685

11. Fixed Assets

Parent and Group 2012	Buildings $	Land $	Plant & Equipment $	Motor Vehicles $	Furniture & Fittings $	Library Collection $	Art Collection $	Total $
At 1 January 2012								
Cost or fair value	20,060,735	4,148,900	5,331,730	735,703	1,330,472	244,772	69,107	31,921,419
Accumulated depreciation	(272,442)	(0)	(3,212,385)	(517,179)	(755,959)	(101,728)	-	(4,859,693)
Net Carrying Amount	19,788,293	4,148,900	2,119,345	218,523	574,513	143,044	69,107	27,061,726
Additions	110,688	-	140,294	-	35,533	12,632	-	299,147
Revaluation	(138,773)	-	-	-	-	-	-	(138,773)
Disposals at NBV	(193,018)	-	(6,281)	-	(8,272)	-	-	(207,571)
Held for Sale	-	-	-	-	-	-	-	-
Depreciation for year	(689,746)	(10,405)	(670,368)	(71,936)	(115,266)	(29,197)	-	(1,586,918)
Net Carrying Amount	18,877,444	4,138,495	1,582,990	146,587	486,508	126,478	69,107	25,427,611
At 31 December 2012								
Cost or fair value	19,665,828	4,148,900	5,397,622	734,067	1,348,828	257,404	69,107	31,621,756
Accumulated depreciation	(788,383)	(10,405)	(3,814,632)	(587,480)	(862,320)	(130,925)	-	(6,194,145)
Net Carrying Amount	18,877,445	4,138,495	1,582,990	146,587	486,508	126,479	69,107	25,427,611

All Land and Buildings, excluding work in progress, which were on hand 31 December 2011 were valued as at 31 December 2011 by a Registered Valuer, Gerald Morton (SNZPI, ANZIV, FREINZ) of Morton Co Limited. The valuation was completed on the basis of a Depreciated Replacement Cost (DRC) for buildings and fair value for land based on its highest best use. Given that Campus usage has not changed in the twelve months to 31 December 2012 and property values have not shown any material movement, Aoraki Polytechnic elected not to revalue property this year.

In substance the Polytechnic owns the land and buildings however the legal title for the land and a portion of the buildings remains with the Crown. The Polytechnic cannot sell these assets without Crown approval. The book value of Crown owned land and buildings is $12,954,934 at 31 December 2012. There are no restrictions over the title of the remaining Polytechnic's Property, Plant and Equipment or Intangibles, nor are there any pledges as security for liabilities.

Parent and Group 2011	Buildings $	Land $	Plant & Equipment $	Motor Vehicles $	Furniture & Fittings $	Library Collection $	Art Collection $	Total $
At 1 January 2011								
Cost or fair value	26,818,264	4,118,400	4,782,411	634,426	1,116,049	223,267	69,107	37,761,924
Accumulated depreciation	(106,357)	(0)	(2,746,198)	(451,004)	(687,326)	(76,143)	-	(4,067,028)
Net Carrying Amount	26,711,907	4,118,400	2,036,213	183,422	428,723	147,124	69,107	33,694,896
Additions	958,201	6,980	858,599	101,776	249,196	21,505	-	2,196,257
Revaluation	(6,823,462)	36,740	-	-	-	-	-	(6,786,722)
Disposals at NBV	-	-	(59,473)	(28)	(157)	-	-	(59,658)
Held for sale	-	-	-	-	-	-	-	-
Depreciation for year	(1,058,353)	(13,220)	(715,994)	(66,647)	(103,249)	(25,585)	-	(1,983,047)
Net Carrying Amount	19,788,293	4,148,900	2,119,345	218,523	574,513	143,044	69,107	27,061,726
At 31 December 2011								
Cost or fair value	20,060,735	4,148,900	5,331,730	735,703	1,330,472	244,772	69,107	31,921,419
Accumulated depreciation	(272,442)	(0)	(3,212,385)	(517,179)	(755,958)	(101,728)	-	(4,859,693)
Net Carrying Amount	19,788,293	4,148,900	2,119,345	218,524	574,514	143,044	69,107	27,061,726

NOTES TO THE FINANCIAL STATEMENTS continued

12. Intangibles

Parent and Group 2012	Computer Software $	Programme Development $	Total $
At 1 January 2012			
Cost or fair value	534,629	156,126	690,754
Accumulated amortisation	(335,776)	(42,875)	(378,651)
Net Carrying Amount	198,853	113,251	312,104
Additions	524,975	8,000	532,975
Disposals at NBV	-	-	-
Amortisation Charge for the year	(88,606)	(42,514)	(131,120)
Net Carrying Amount	635,221	78,737	713,958
At 31 December 2012			
Cost or fair value	1,037,820	164,126	1,201,945
Accumulated amortisation	(402,598)	(85,389)	(487,987)
Net Carrying Amount	635,221	78,737	713,958

Parent and Group 2011	Computer Software $	Programme Development $	Total $
At 1 January 2011			
Cost or fair value	469,211	89,003	558,214
Accumulated amortisation	(322,010)	(20,440)	(342,450)
Net Carrying Amount	147,201	68,563	215,764
Additions	98,915	67,123	166,038
Disposals at NBV	-	-	-
Amortisation Charge for the year	(47,263)	(22,435)	(69,697)
Net Carrying Amount	198,853	113,251	312,104
At 31 December 2011			
Cost or fair value	534,629	156,126	690,754
Accumulated amortisation	(335,776)	(42,875)	(378,651)
Net Carrying Amount	198,853	113,251	312,104

NOTES TO THE FINANCIAL STATEMENTS continued

13. Revenue Received in Advance

Parent and Group 2011 $		Parent and Group 2012 $
-	MOE Funding in Advance	-
433,454	Student Fees in Advance	372,745
433,454		372,745

14. Trade and other Payables

Parent and Group 2011 $		Parent and Group 2012 $
1,562,473	Trade Creditors	1,774,956
52,788	GST	84,827
13,648	Funds Held in Trust	20,495
1,661	MOE Payable	1,116,754
1,630,571	Total Payable	2,997,033

Trade payables are non-interest bearing and normally settled on a 30 day term on the 20th of the following month, therefore the carrying value approximates their fair value.

15. Employee Entitlements

Parent and Group 2011 $		Parent and Group 2012 $
558,831	Annual Leave	495,808
16,127	Long Service Leave	17,680
167,749	Salary & Wage accruals	206,650
71,503	Sick Leave	32,524
814,211	Total Entitlements	752,662
836,399	At 1 January	814,211
(22,188)	Net movement increase/(decrease)	(61,549)
814,211	At 31 December	752,662
813,618	Employee Entitlements (Current)	752,662
593	Employee Entitlements (Non Current)	-
814,211		752,662

A provision is recognised for employment benefits payable to employees. Employees are entitled to annual and sick leave. Some support staff that commenced employment prior to 1995 are entitled to long service leave.

Annual leave and sick leave entitlements are expected to be settled within 12 months of the balance sheet date and are measured at the current rates of pay.

Entitlements related to long service leave have been calculated at present value of future cash flows, determined on an actuarial basis.
The provision is affected by a number of assumptions including expected length of service, attrition rate and salary increase.

NOTES TO THE FINANCIAL STATEMENTS continued

16. General Equity

Parent and Group 2011 $		Parent and Group 2012 $
	Accumulated Surplus	
45,524,388	Opening Balance	43,863,905
(1,660,484)	Net Surplus	26,289
-	Capital Grant from the Crown	-
43,863,905	Closing Balance	43,890,194

17. Asset Revaluation Reserves

Parent and Group 2011 $		Parent and Group 2012 $
	Land	
1,118,788	Balance 1 January	1,155,528
36,740	Land Revaluation	-
1,155,528	Closing Balance	1,155,528
	Buildings	
15,327,313	Balance 1 January	8,503,851
(6,823,462)	Building Revaluation	(138,773)
8,503,851	Closing Balance	8,365,078
	Art Collection	
10,795	Balance 1 January	10,795
-	Re/(De)valuation	-
10,795	Closing Balance	10,795
	Total Revaluation Reserves	
16,456,896	Balance 1 January	9,670,174
(6,786,722)	Re/(De)valuation	(138,773)
9,670,174	Closing Balance	9,531,401

18. Fair Value through Other Comprehensive Income

Parent and Group 2011 $		Parent and Group 2012 $
19,785	Opening Balance	(29,476)
(13,430)	Investment write up (down)	21,918
(35,831)	Bond revaluation movement	(27,000)
(29,476)	Closing Balance	(34,558)

19. Related Party Disclosure

The Polytechnic is the parent of the group and controls its wholly owned subsidiary, Training Solutions (NZ) Ltd (dormant).

Significant transactions with government-related entities

Aoraki Polytechnic is a wholly owned entity of the Crown. The Government influences the roles of Aoraki Polytechnic as well as being its major source of revenue.

The Polytechnic has received funding and grants from the Tertiary Education Commission totalling $17,497,006 (2011 $17,117,029) to provide education services for the year ended 31 December 2012. The Polytechnic has is required to repay $1,116,754 (2011 $1,661) of this funding to TEC, due to non-achievement of investment plan targets.

The Polytechnic also leases, at a nil rental amount, land and buildings legally owned by the Crown. This is recognised as an asset in the statement of financial position. The Polytechnic considers it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the Polytechnic is required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. The Polytechnic is exempt from paying income tax and fringe benefit tax (FBT).

The Polytechnic purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and provision of goods and services to government-related entities for the year ended 31 December 2012 are small when compared to the Polytechnic's total expenditure and revenue and have all been conducted on an arm's length basis. The purchase of goods and services included the purchase of electricity from Meridian, air travel from Air New Zealand, postal services from New Zealand Post and bank services from Kiwibank. The provision of services to government-related entities mainly related to the provision of educational courses.

Transactions with key management personnel

	Consolidated	
	2011	**2012**
Salaries and other short-term employee benefits	1,342,101	1,198,209
Post employment benefits	31,666	
Termination Benefits	15,833	45,220
Total key management personnel compensation	1,389,600	1,243,429

Key management personnel include the Chairperson, Councillors, Chief Executive and nine senior management personnel.

During the year, Aoraki paid rates to Ashburton District Council, for which Councillor Robin Kilworth is a Councillor. These services cost $3,939 (2011 $4,991) and were supplied at normal commercial terms. At balance date Aoraki Polytechnic owed Ashburton District Council nil (2011 $nil).

During the year, Aoraki purchased real estate, revaluation and consultancy services from Morton & Co Ltd, a valuation firm in which Deputy Chair of Council Gerald Morton is a Director. The value of the contracted works totalled $7,231 (2011 $8,740) and were supplied at normal commercial terms. At balance date, Aoraki Polytechnic owed Morton & Co. Ltd nil (2011 $7,000) outstanding for unpaid invoices at year end.

During the year, Aoraki purchased training sessions from Agribusiness Training Ltd, which is an investment of Aoraki. These services were supplied on a normal commercial basis at a value of $1,477,846 (2011 $2,784,976). At balance date, Aoraki Polytechnic owed Agribusiness Training Ltd $168,195 (2011 $nil).

NOTES TO THE FINANCIAL STATEMENTS continued

During the year, Aoraki purchased building materials from Dan Cosgrove Ltd, a building supplies company of which Chair of the Council, Kevin Cosgrove, is a Director. These services were supplied at normal commercial rates at a value $102.65 (2011 $nil). At balance date, Aoraki Polytechnic owed Dan Cosgrove Ltd nil (2011 $nil).

During the year Aoraki did not purchased nor supply goods or services (2011 $nil) to Tai Poutini Polytechnic of which Graeme McNally Councillor is the Chair of Council.

There are close family members of key management personnel employed by Aoraki. The terms and conditions of those arrangements are no more favourable than Aoraki would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of any receivables or loans to related parties (2011 $nil).

20. Financial Instruments

Aoraki Polytechnic is party to financial instrument arrangements as part of its everyday operations. These financial instruments include Bank Accounts, Bank Deposits, Perpetual Bonds, Accounts Receivable and Accounts Payable, and are recognised in the Balance Sheet.

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

Parent and Group 2011 $		Parent and Group 2012 $
-	**Fair value through surplus or deficit**	-
	Loans and Receivables	
1,774,378	Cash and Cash Equivalents	1,565,745
1,633,135	Student Fees and other Receivables	1,362,780
24,300,000	Term Deposits	27,100,986
27,707,513	**Total loans and receivables**	30,029,511
	Held to Maturity Investments	
-	Term Deposits	-
	Financial assets at fair value through other comprehensive income	
8,000	Share Holding PINZ	8,000
121,767	Share Holding Agribusiness Training Limited	143,685
1,017,000	Perpetual bonds	990,000
1,146,767	**Total Financial Assets at fair value through other comprehensive income**	1,141,685
	Financial Liabilities at amortised cost	
1,630,571	Trade and Other Payables	2,997,033

NOTES TO THE FINANCIAL STATEMENTS continued

Fair Value hierarchy disclosures

For those instruments recognised at fair value on the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the balance sheet:

		Valuation Technique		
	Total	**Quoted market price**	**Observable inputs**	**Significant non-observable inputs**
Parent and Group 2012				
Financial assets				
Perpetual bonds	990,000	990,000	-	-
Shares	143,685	-	-	143,685
Parent and Group 2011				
Financial assets				
Perpetual bonds	1,017,000	1,017,000	-	-
Shares	121,767	-	-	121,767

Financial Instrument Risks

Aoraki Polytechnic has a series of policies to manage the risks associated with financial instruments. It is risk averse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Currency Risk and Interest Rate Risk

Aoraki Polytechnic has no significant exposure to currency risk. It is exposed to interest rate risk on its financial assets which are subject to varying fixed and floating interest rates.

Term deposits are held with a number of banks with a year-end weighted average interest rate of 4.43% (5.16% for 2011) with terms to maturity of 1-733 days (1-733 days for 2011). A variation of 1% on these rates would increase or decrease the reported financial result by $286,184 ($260,730 in 2011).

NOTES TO THE FINANCIAL STATEMENTS continued

Credit Risk

Aoraki Polytechnic has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits, perpetual bonds and accounts receivable.

The institution places its investments with New Zealand registered banks. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution to 30%. Aoraki Polytechnic believes that these policies reduce the risk of any loss which could arise from its investment activities.

Accounts receivable are stated at their estimated realisable value after providing for amounts not considered recoverable. There are no significant concentrations of credit risk for accounts receivable.

The maximum credit exposure for each class of financial instrument is the same as the carrying value.

Credit quality of financial assets

Parent and Group 2011 $		Parent and Group 2012 $
	COUNTERPARTIES WITH CREDIT RATINGS	
	Cash at bank and term deposits	
-	AA	-
17,270,100	AA-	22,750,733
	A+	3,910,700
5,000,000	BBB+	
-	BBB	-
3,804,278	Non - Rated	2,005,298
26,074,378	*Total cash at bank and term deposits*	28,666,731
	Perpetual Bonds	
	AA-	
1,017,000	BBB+	990,000
	COUNTERPARTIES WITHOUT CREDIT RATINGS	
	Debtors and other receivables	
1,624,968	Existing counterparty with no default in the past	1,355,966
8,166	Existing counterparty with defaults in the past	6,814
1,633,134	*Total debtors and other receivables*	1,362,780

The credit quality of financial assets is with reference to Standard and Poor's credit ratings.

Liquidity Risk

Management of liquidity risk

Liquidity risk is the risk that Aoraki Polytechnic will encounter difficulty raising liquid funds to meet commitments as they fall due.

Aoraki Polytechnic currently holds $29.7 million of cash and investments ($27.1 million in 2011) and has $4.1 million ($2.8 million in 2011) of current liabilities. The Current Ratio is 7.10:1 (7.05:1 in 2011).

All current liabilities are paid within a 30 day term.

Aoraki Polytechnic has no significant exposure to liquidity risk on its financial assets.

NOTES TO THE FINANCIAL STATEMENTS continued

21. Contingencies

Contingent Liabilities

Unquantifiable contingencies

Aoraki Polytechnic is a participating employer in the GSF Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, Aoraki Polytechnic could be responsible for any deficit of the Scheme.

Contingent assets

Aoraki Polytechnic has a contingent asset for revenue arising from the Canterbury earthquakes that has not been recognised at balance date. An insurance claim has been lodged with our insurance broker Jardine Lloyd Thompson Limited totalling $586,790. Business Interruption claim was passed to Forensic Advisory Services for resolution and is being reviewed by Price Waterhouse Coopers. Material Damages claim has been passed to Cunningham Lindsey. Insurance proceeds will be recognised as revenue when the compensation becomes receivable. For more information refer to note 26 Impact of the Canterbury Earthquake.

NOTES TO THE FINANCIAL STATEMENTS continued

22. Meeting Fees and Honorariums

Councillor	Actual 2011	Actual 2012
Kevin Cosgrove	28,800	28,800
Gerald Morton	18,000	18,000
Robin Kilworth	14,400	14,400
Robert Smith	14,400	14,400
Carole Brand	14,400	14,400
Craig O'Connor	14,400	14,400
Lyndon Waaka	14,400	14,400
Graeme McNally	14,400	14,400
Total	**133,200**	**133,200**

Meetings of Councillors

The number of meetings of the Polytechnic's Council and of the committees held during the year ended 31 December 2012 and the numbers of meetings attended by each Councillor were:

	Full meetings of Council		Audit committee meetings	
Councillor	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
Kevin Cosgrove	11	11		
Robin Kilworth	11	8		
Gerald Morton	11	9	6	4
Carole Brand	11	10	6	4
Robert Smith	11	11	6	6
Craig O'Connor	11	9	6	5
Lyndon Waaka	11	10		
Graeme McNally	11	11	6	6

Full meetings of Council - numbers also included 'Special' Council meetings held during 2012.

Audit Committee Meetings - all councillors are able to attend these meetings, however there are only 5 voting members.

Chief Executive Officer Performance Sub-Committee – comprises Chair of Council, Deputy Chair of Council and one councillor.

23. Capital Commitments and Operating Leases

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date. At balance date, Aoraki Polytechnic had $55,000 budgeted capital commitments for the remaining activity to complete the implementation of the TechnologyOne Financial Information System, (2011 $nil).

Non-Cancellable Operating Lease Commitments

Aoraki Polytechnic leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises and photocopiers, which have a non-cancellable leasing period ranging from 14 to 60 months.

Parent and Group 2011 $		Parent and Group 2012 $
	Capital Commitments	
-	Property, plant and equipment	55,000
	Non-Cancellable Operating Lease	
	Property Leases	
	Payable:	
240,982	Not later than one year	271,868
83,700	Later than one year and not later than two years	225,495
127,517	Later than two years and not later than five years	581,285
65,217	Later than five years	821,276
517,416	Total	1,899,924
	Equipment Leases	
	Payable:	
43,480	Not later than one year	42,577
32,610	Later than one year and not later than two years	3,441
-	Later than two years and not later than five years	-
-	Later than five years	-
76,090	Total	46,018
593,506	Total Commitments	2,000,942

Lease commitments have increased in 2012 due to the Polytechnic renewing the Dunedin campus lease.

Other Non-Cancellable Commitments

At balance date Aoraki Polytechnic had also entered into various minor contracts for computer maintenance, building services and other contracts for services.

Guarantees

Nil.

NOTES TO THE FINANCIAL STATEMENTS continued

24. Post Balance Date Events

There were no post balance date events

25. Capital Management

Aoraki Polytechnic's capital is its equity which is comprised of General Equity and Revaluation Reserves. Equity is represented by net assets as disclosed in the Balance Sheet. The Polytechnic manages its revenue, expenses, assets and liabilities and day to day financial transactions prudently.

The purpose of managing Aoraki Polytechnics equity is to ensure that the Polytechnic achieves its goals and objectives whilst remaining a going concern.

26. Impact of the Canterbury Earthquakes

The 6.3 magnitude earthquake on 22 February 2011 resulted in substantial damage to Aoraki Polytechnic's two Christchurch campuses with the closure of these sites. Both of these premises were leased. Aoraki Polytechnic has received written confirmation that the leases were terminated in 2011. Aoraki Polytechnic's main Christchurch campus has now taken up premises at the Southern Institute of Technology campus building in Christchurch and will continue in these premises for 2013.

By the end of the financial year Aoraki Polytechnic had made a total insurance claim of $586,780 the main areas of damage are:

	Parent and Group	
	2011	**2012**
	$	**$**
Business Interuption		
Loss of Revenue	65,433	65,433
Relocation	62,625	62,625
Rent	39,389	39,389
Additional Expenses	21,483	21,483
Material Damage		
Unrecoverable Assets	396,146	396,146
Damaged Assets	1,704	1,704
Total Claim	586,780	586,780

In addition, Aoraki Polytechnic incurred costs of $66,880 in responding to the earthquake, including the cost of operations and associated welfare costs of our staff and students.

The insurance claim has been lodged with our insurance broker insurer Jardine Lloyd Thompson Limited and is awaiting the assessor to complete their review of the claim. The insurance claim has been recognised as a contingent asset until the time that compensation becomes receivable then the claim will be recognised as revenue.

Damaged and unrecoverable assets covered by the Material Damage claim have been removed from the books and written off as a result of the building they were located in being demolished.

The Polytechnic has Material Damage and Business Interruption insurance cover in place for 2013.

COMPULSORY STUDENT SERVICES
For the period ended 31 December 2012

	Notes	Parent and Group Budget 2012 $	Parent and Group 2012 $
Compulsory Student Services Collected		65,000	71,757
Services Funded by Compulsory Student			
1. Advocacy and legal advice		39,320	38,523
2. Careers information, advice and guidance		-	-
3. Counselling services and pastoral care		11,180	10,627
4. Employment information		-	-
5. Financial support and advice		-	-
6. Health Services		4,500	8,303
7. Media		10,000	14,304
8. Childcare services		-	-
9. Clubs and societies		-	-
10. Sports, recreation and cultural activities		-	-
Total Services Provided		65,000	71,757

Categories of Compulsory Student Services Fees

1.	Advocacy and legal advice	Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems. This includes advocacy and legal advice relating to accommodation.
2.	Careers information, advice and guidance	Supporting students' transition into post-study employment.
3.	Counselling services and pastoral care	Providing non-academic counselling and pastoral care, such as chaplains.
4.	Employment information	Providing information about employment opportunities for students while studying.
5.	Financial support and advice	Providing hardship assistance and advice to students on financial issues.
6.	Health Services	Providing health care and related welfare services.
7.	Media	Supporting the production and dissemination of information by students to students, including newspapers, radio, television and internet-based media.
8.	Childcare services	Providing affordable childcare services while parents are studying.
9.	Clubs and societies	Supporting student clubs and societies, including through the provision of administrative support and facilities for clubs and societies.
10.	Sports, recreation and cultural activities	Providing sports, recreation and cultural activities for students.

Glossary of Terms

MOE	Ministry of Education
EFTs	Equivalent Full Time Students
ITO	Industry Training Organisation
STAR	Secondary Tertiary Alignment Resource
PINZ	Polytechnics International New Zealand
ABT Ltd	Agribusiness Training Limited
JEP	Joint Education Partners

Statement of Objectives and Service Performance

Strategic Goal 1: Excellence in Education Performance
Key Point of Focus:

1.1 Improve educational performance

1.2 Improve programme content and delivery against the programme principles

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comment
1.1 Student educational performance is increased	Increase in Student Achievement Component (SAC) performance commitments for all students	*Course completion 80% *Qualification completion 68% *Student retention 48% *Student progression 17%	Course completion 80% Qualification completion 58% Student retention 35% Student progression 18%	***Course completion 73% ***Qualification completion 65% *** Student retention 66% ***Student progression 20%	*Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). As a result of this move our student demographic has been affected, with a greater number of learners with higher needs enrolling. In an outsourced model many students are already practitioners in the areas of study chosen and would not be regarded as new learners. • The organisation moved from large numbers of short courses to predominantly full year programmes of study. This has impacted upon our course completion and qualification completion because the external delivery caters for "just in time" learning that requires less long term commitment and motivation. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Refer to page 66 for Student Retention explanation. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.

Statement of Objectives and Service Performance

	Output measure	2011 Actual	2012 Target	2012 Actual	Comment
	Percentage student satisfaction with: quality of delivery academic content student support	 No data available New measure	 80% 80% 80%	 94% 94% 71%	Student experience surveys are conducted in May for 17 week programmes and August for 34 week programmes. The surveys are completed by part-time and full-time students who study on campus. In 2012 34% of these students completed the survey. *Explanation for variance between 2012 target and 2012 actual* – we under-estimated the capacity of our delivery to ensure the satisfaction of our students. This was the first time that we had looked closely at these factors and we are pleased with the result given the strategies we had put in place to address these measures. Student Experience Survey results indicated that the polytechnic was not allocating sufficient resources to student support. As a result of identified student need the Polytechnic has increased student support hours by 50% from the beginning of 2013.
All Level 1 to 3 programmes have literacy and numeracy embedded	Increase percentage of Levels 1-3 programmes that meet the Tertiary Education Commission's definition of 'embedded'	65%	95%	98%	*Explanation for variance between 2011 actual and 2012 actual* -This was a priority initiative for Aoraki Polytechnic. The target was surpassed due to the reprioritisation of resources. This included additional staffing and teaching resources being allocated to the initiative. NB: A programme can be said to be "embedded" when it is mapped, the literacy and numeracy assessment tool for adults is used at the beginning and end of provision and tutors plan for explicit acts of teaching to meet the differentiated needs of learners.
1.2 Improve programme content and delivery to increase efficiencies of teaching delivery for programmes with low cohort numbers through the development of alternative delivery methods and ensuring the work placement is a component of these programmes.	Number of programmes with alternative methods of delivery Percentage of programmes with work placement	11 (out of 82) 75%	**Benchmark **Benchmark	51 (out of 81) 75%	Alternative methods of delivery refer to those methods that differ from "traditional" face to face teaching. For example, Moodle, video-conferencing, repositories, blended and on-line delivery. *Explanation for variance between 2011 actual and 2012 actual* –The variance is a result of our Flexible Online Distance Education 2012 project which targeted programmes and assisted associated staff to include and plan for include alternative methods of delivery within those programmes.

** The 2010 and 2011 results are the figures reported on the Tertiary Education Commission's website in June 2012 following final submission of the Student Data Return in May 2012.*

***When the target is "Benchmark" it means that it was not a performance measure in 2011 and the 2012 benchmark will be used to inform the targets for future years.*

**** 2012 results are provisional and based on the January 2013 Student Data Return. Final results are not available until the beginning of June 2013 when the data is placed on Aoraki Polytechnic's Tertiary Education Commission's Workplaces site.*

Strategic Goal 2: To have active and effective engagement with our stakeholders

Key Point of Focus:

2.1 Develop and strengthen relationships with stakeholders – Industry, community and iwi.

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
2.1 Create opportunities for youth at risk of not achieving a Level 2 qualification by collaborating with Aoraki secondary schools to offer joint programmes and provide a pathway to higher qualifications and skills in vocational education.	Number of joint programmes with Aoraki secondary schools Percentage of students achieving qualifications	No data available. New measure for 2012 No data available. New measure for 2012"	2 45%	2 71%	The two programmes offered through joint delivery were the Certificate in Animal and Plant Care (Level 2) and Certificate in Rural Machinery (Level 2). This initiative was undertaken as a project to trial options for Aoraki Polytechnic to work more closely with schools in the region *Explanation for variance between 2012 target and 2012 actual*–On reflection the targets were conservative due to the nature of the project which included new methods of delivery.
To extend the range of programmes developed in collaboration with Industry Training Organisations (ITOs) to provide vocational qualifications that involve a combination of workplace and theory delivery.	Number of qualifications developed in partnership with Industry Training Organisations (ITOs).	No data available. New measure for 2012	2	1	A National Certificate in Horticulture (Level 2) (Hard landscaping) was developed. However, it was not offered following advice from the ITO regarding a change in the employment market.
To maintain and support the academic quality of training provided through Partners who deliver flexible industry demand driven skills training to meet industry requirements in the areas of agriculture and road transport.	Partner Education Performance Index (EPI) data are equivalent to Aoraki Polytechnic's internal results for: Course completion Qualification completion Retention Progression	 *79% *58% *46% *1%	 80% 58% 35% 18%	 ***73% ***43% ***38% *** 2%	This performance measure relates to Student Achievement Component eligible Equivalent Full-time Students. *Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* - Result due to Partners moving from short awards to certificates which require increased investment of time. *Explanation for variance between 2012 target and 2012 actual* Progression is low as a result of the programmes being designed to prepare learners for the workplace. Some of the programmes offered are requirements for a job, for example, driving.

** The 2010 and 2011 resultsare the figures reported on the Tertiary Education Commission's website in June 2012 following final submission of the Student Data Return in May 2012.*

******2012 results are provisional and based on the January 2013 Student Data Return. Final results are not available until the beginning of June 2013 when the data is placed on Aoraki Polytechnic's Tertiary Education Commission's Workplaces site.*

Strategic Goal 3: Excellence in staff capability building particularly in relation to stakeholder engagement, new technologies, educational delivery and customer service

Key Point of Focus:

3.1 Provide role relevant professional development opportunities to enhance efficiency

3.2 Provide new technologies and develop staff capability in its use

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
3.1 Increase teaching capability by providing training to obtain the Certificate in Adult Learning and Teaching (Level 5)	Increase percentage of existing 2010 permanent tutorial staff to hold a Certificate in Adult Learning and Teaching (Level 5) or equivalent by December 2013	43%	85%	85%	*Explanation for variance between 2011 actual and 2012 actual* -The significant increase from 2011 is the result of an Aoraki Polytechnic initiative to increase staff capability through targeted teaching training.
	Percentage of new permanent tutorial staff to hold or be working towards Certificate in Adult Learning and Teaching (Level 5) or equivalent	60%	90%	98%	*Explanation for variance between 2011 actual and 2012 actual, and 2012 target and 2012 actual* -These increases were a result of a priority initiative for Aoraki Polytechnic which saw a reprioritisation of resources. This included additional staffing and teaching resources to assist tutors to complete their Certificate in Adult Learning and Teaching (Level 5) or equivalent qualification.
Provide literacy and numeracy training for tutors teaching on Level 1-3 programmes	Increase percentage of tutorial staff teaching on Level 1-3 programmes receiving literacy and numeracy training	65%	90%	92%	*Explanation for variance between 2011 actual and 2012 actual* -This was a priority initiative for Aoraki Polytechnic. The target was surpassed due to the reprioritisation of resources. These included additional staffing and teaching resources being allocated to the initiative.
Tutors are required to obtain qualifications one level above their teaching delivery where appropriate	Percentage of staff with qualifications at least one level above their teaching delivery	New measure for 2012. Collection of data is incomplete. The project will be on-going for 2013.	**Benchmark	Ongoing	2012 saw the commencement of a project to conduct a qualifications stocktake for all staff to ascertain where staff have a qualification above the level at which they teach. This project will be completed in the first quarter of 2013.
	Percentage of staff that participate in industry training courses.	17%	**Benchmark	35%	*Explanation for variance between 2011 actual and 2012 actual* - A database of industry training undertaken by tutorial staff was established in 2011. In its first year not all training was recorded. In 2012 processes around maintaining the database were improved and all training was recorded, thus the 18% variance between 2011 and 2012.

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
3.2 In order to aid the efficient and flexible delivery of programmes, new technologies have been introduced to support this, including video conferencing, Moodle, and Smartboards	Number of programmes using these technologies	11 (out of 82)	**Benchmark	51 (out of 81).	*Explanation for variance between 2011 actual and 2012 actual* –The variance is a result of our Flexible Online Distance Education 2012 project which targeted programmes and assisted associated staff to include and plan for alternative methods of delivery within those programmes.
	Increase percentage of staff completing technologies resource training	50%	80%	85%	*Explanation for variance between 2011 actual and 2012 actual* Staff capability building has been a priority for Aoraki Polytechnic. This has included increasing the number of programmes that use alternative delivery methods and providing training for staff on how to use these new technologies. This result shows the effect of targeted training in this area.

When the target is "Benchmark" it means that it was not a performance measure in 2011 and the 2012 benchmark will be used to inform the targets for future years.

Strategic Goal 4: To reposition Aoraki Polytechnic as the region's preferred choice for vocational education and a vital part of the region's economic, social and cultural development

Key Point of Focus:

4.1 Increase the skill level of students in the Tertiary Education Strategy priority group of under 25, Māori students and Pasifika students

4.2 Improve Internationalisation

4.3 Ensure a balanced portfolio across levels 1-6 that meets regional industry needs

4.4 Provide opportunities for applied research

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
4.1 By promoting programmes that are relevant to students' interests and industry employment requirements, increase the number of people under 25 enrolled and successfully completing qualifications	Percentage of Levels 1–3 proportion of Student Achievement Component (SAC) eligible Equivalent Full Time Students (EFTS) enrolled under 25	*31%	30%	***31%	
	Percentage of qualification achievement for enrolled EFTS under 25 in Levels 1-3	*68%	58%	***58%	*Explanation for variance between 2011 actual and 2012 actual (provisional) and 2012 target and 2012 actual (provisional) -* There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). • The organisation moved from large numbers of short courses to predominantly full year programmes of study. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
	Percentage of Levels 4 and above proportion of SAC eligible EFTS under 25	*21%	34%	***22%	
	Percentage of qualification achievement for enrolled SAC EFTS under 25 in Levels 4 and above	*63%	65%	***74%	

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
Increase the number of Māori students enrolled and successfully completing qualifications by providing programmes that are delivered in a way that meet the learning needs and interests of Māori	Percentage of Levels 1–3 proportion of SAC eligible EFTS identified as Māori Percentage of qualification achievement for Māori SAC EFTS enrolled in Levels 1-3 Percentage of Levels 4 and above proportion of SAC eligible EFTS identified as Māori Percentage of qualification achievement for Māori SAC EFTS enrolled in Levels 4 and above	*8% *72% *5% *52%	7% 65% 6% 62%	***6% ***58% ***3% ***56%	*Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* - There are a number of reasons for why this has occurred. Based on the individual success of Māori students we believe that the following explanations are appropriate. • The organisation moved from large numbers of short courses in regions with high populations of Māori through our out-sourcing method of delivery, to predominantly full year programmes of study in our region which has a much lower number of Māori . • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
Increase the number of Pasifika students enrolled and successfully completing qualifications by providing programmes that are delivered in a way that meet the learning needs and interests of Pasifika	Percentage in Levels 1–3 proportion of SAC eligible EFTS identified as Pasifika Percentage of qualification achievement for Pasifika students enrolled in Levels 1-3	*4% *84%	3% 68%	***3% ***51%	*Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* - There are a number of reasons for why this has occurred: Based on the individual success of Pasifika students we believe that the following explanations are appropriate. • The organisation moved from large numbers of short courses in regions with high populations of Pasifika through our out-sourcing method of delivery, to predominantly full year

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
	Percentage in Levels 4 and above proportion of SAC eligible EFTS identified as Pasifika Percentage of qualification achievement for Pasifika students enrolled in Levels 4 and above	*1% *39%	3% 50%	***1% ***47%	programmes of study in our region which has a much lower number of Pasifika people. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
4.2 Develop a portfolio of programmes attractive to internationals students that pathway to degree qualifications.	Number of programmes attracting international students.	25	**Benchmark	27	International students tend to be attracted to three programmes in particular. In 2012, 28% of international students enrolled on the Certificate in Applied Business (Level 5), 22% on Intensive English, and 14% on the Certificate in Management Practices (Level 4).
Increase international student enrolments	Number of international student enrolments increase	*78	120	**115	The target and results are actual student numbers not Equivalent Full-time Student (EFTS) numbers. *Explanation for variance between 2011 actual and 2012 actual (provisional)* – After the 2011 earthquake in Christchurch we experienced a drop in international student numbers. We have worked hard to attract international students back to our campus. Our international student numbers have been assisted by an arrangement with New Zealand Aid, whereby Pacific Peoples come to the Polytechnic to study on the Certificate in Management Practices (Level 4).
Develop capability and interest within the community to provide international students with an environment attractive to international students	Percentage satisfaction of international students with the Aoraki Polytechnic extended community.	Data not available. New measure for 2012.	**Benchmark	49%	Data gathered from the International Student Experience Survey.

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comments
4.3 Increase the number of programmes across Levels 1-6 which have specified pathways to higher qualifications.	Percentage of programmes with specified pathways to higher qualifications	76% of programme portfolio	**Benchmark	80% of programme portfolio	
Increase the percentage of Level 4-6 programmes to provide students with opportunities for higher qualifications to meet regional industry needs	Percentage of programmes at Levels 4-6 to provide students with opportunities for higher qualifications to meet regional industry needs	45%	47%	45%	
Respond to the need for more qualifications in Science, Technology, Engineering and Mathematics (STEM)	Number of new/revised programmes in STEM	No data available. New measure for 2012	**Benchmark	1	A National Certificate in Science (Level 4) was developed and offered. The course was well received with 100% qualification completions and excellent graduate outcomes.
Support the delivery of trades programmes to meet trades shortages in Christchurch by supporting Institutes of Technology and Polytechnics.	Number of programmes provided	Data not available. New measure for 2012	**Benchmark	2	The two programmes were Certificate in Carpentry (Level 4) and Certificate in Brick, Block and Paving (Level 3). Both programmes had good completions with Certificate in Brick, Block and Paving (Level 3) achieving 100% for qualification completion.
4.4 Provide opportunities for applied research through partnership and collaboration with Grow Mid- Canterbury, Lincoln University and Food and Agriculture to develop the Centre for Natural Resources and the Innovation Park in Ashburton.	Number of staff involved in research with Grow Mid-Canterbury, Lincoln University and Food and Agriculture	No data available. New measure for 2012	**Benchmark	0	Discussions are on-going regarding proposals for future collaborative partnerships.

**The 2010 and 2011 results are the figures reported on the Tertiary Education Commission's website in June 2012 following final submission of the Student Data Return in May 2012.*

***When the target is "Benchmark" it means that it was not a performance measure in 2011 and the 2012 benchmark will be used to inform the targets for future years.*

****2012 results are provisional and based on the January 2013 Student Data Return. Final results are not available until the beginning of June 2013 when the data is placed on Aoraki Polytechnic's Tertiary Education Commission's Workplaces site.*

Strategic Goal 5: To improve our effectiveness as a Treaty of Waitangi partner by operating within a bicultural framework and actively expressing the principles of partnership and participation

Key Point of Focus:

5.1 Engage with Māori community, their young learners and mentors.

Output	Output measure	2011 Actual	2012 Target	2012 Actual	Comment
5.1 Aoraki Polytechnic has Māori enrolled in lower numbers than represented in the population of the region. In order to increase the number of Māori enrolled (particularly Youth) in both trades and other programmes with successful retention and qualification outcomes, Aoraki Polytechnic is working with local iwi to jointly identify and support increased enrolments.	Percentage of Māori under 25 enrolled	*13%	**Benchmark	***8%	
	Percentage of Māori retained	*33%	**Benchmark	***34%	
	Percentage qualification completion of Māori	*72% Level 1-3 *52% Levels 4-6	**Benchmark	***50% Level 1-3 ***44% Levels 4-6	*Explanation for variance between 2011 actual and 2012 actual (provisional)* - There are a number of reasons for why this has occurred. Based on the individual success of Māori students we believe that the following explanations are appropriate: • The organisation moved from large numbers of short courses in regions with high populations of Māori through our out-sourcing method of delivery, to predominantly full year programmes of study in our region which has a much lower number of Māori. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in

					learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
	Percentage of students Māori based on the Timaru campus with career and learning plans	No data available. New measure.	**Benchmark	9%	Māori enrolments. 9% of students Māori based on the Timaru campus had a career and learning plan prepared.
Develop greater understanding of Te Ao Māori in all programmes.	Percentage increase in the number of programmes revised to include bicultural awareness	34%	5 % on 2011 target	40%	40% of 2012 programmes include bi-cultural awareness. "Bi-cultural awareness" means that the programme contains at least one module that teaches aspects of Te Reo, Tikanga Māori, Treaty of Waitangi, and/or Health.
Develop and implement a Māori Development Strategy in consultation and engagement with local iwi and Runanga	Plan developed	No plan available. New measure for 2012	Plan developed	Achieved	During 2012 the Māori Development Strategy was written and consultation and engagement with local iwi and Runanga occurred. The output for 2013 is to commence the implementation of identified goals. Implementation of the strategy goals will occur in 2013.

**The 2010 and 2011 results are the figures reported on the Tertiary Education Commission's website in June 2012 following final submission of the Student Data Return in May 2012.*

***When the target is "Benchmark" it means that it was not a performance measure in 2011 and the 2012 benchmark will be used to inform the targets for future years.*

****2012 results are provisional and based on the January 2013 Student Data Return. Final results are not available until the beginning of June 2013 when the data is placed on Aoraki Polytechnic's Tertiary Education Commission's Workplaces site.*

Public Objectives and Performance Measures
(Student Achievement Component Performance Commitment Reporting)

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
Educational Performance *Measurement of the four EPIs is as defined in "Revised educational performance indicators for SAC funded tertiary education organisations" from March 2010*						
Māori Participation						
The proportion of SAC Eligible EFTS enrolled at the TEO who are Māori	All levels	10.0%	12.8%			No plan commitment at this level
	Level 1 to 3	7.1%	8.1%	7.0%	6%	
	Level 4 and above	2.9%	4.6%	6.0%	2.6%	*Explanation for variance between 2011 actual and 2012 actual and 2012 target and 2012 actual* - There are a number of reasons for why this has occurred. Based on our individual success of Maori students we believe that the following explanations are appropriate: • The organisation moved from large numbers of short courses in regions with high populations of Maori through our out-sourcing method of delivery, to predominantly full year programmes of study in our region which has a much lower number of Maori. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers.
Pacific Participation						
The proportion of SAC Eligible EFTS enrolled at the TEO who are Pacific Peoples	All students	3.6%	5.1%			No plan commitment at this level
	Level 1 to 3	3.2%	4.2%	3.0%	3.0%	
	Level 4 and above	0.4%	0.9%	3.0%	1.0%	
Under 25 Participation						
The proportion of SAC Eligible EFTS enrolled at the TEO who are aged under 25	All levels	41.2%	51.9%			No plan commitment at this level
	Level 1 to 3	25.0%	31.0%	30.0%	31%	

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
	Level 4 and above	16.2%	20.9%	34.0%	22%	*Explanation for variance between 2011 actual and 2012 actual and 2012 target and 2012 actual* - There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). • The organisation moved from large numbers of short courses to predominantly full year programmes of study. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • Aoraki has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers.
International Participation						
The number of international EFTS	All levels	104	78	120	115	The 2010, 2011 and 2012 measures reported actual student numbers not Equivalent Full-time Student (EFTS) numbers. *Explanation for variance between 2011 actual and 2012 actual* – After the 2011 earthquake in Christchurch we experienced a drop in international student numbers. We have worked hard to attract international students back to our campus. Our international student numbers have been assisted by an arrangement with New Zealand Aid, whereby Pacific Peoples come to Aoraki to study on the Certificate in Management Practices (Level 4).

Public Objectives and Performance Measures
(Student Achievement Component Performance Commitment Reporting)

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
All Students Course Completion						
Successful course completion rate for all students (SAC Eligible EFTS)	All levels	84%	80%	80%	73%	*Explanation for variance between 2011 actual and 2012 actual and 2012 target and 2012 actual* - There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). • The organisation moved from large numbers of short courses to predominantly full year programmes of study. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • Aoraki has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers.
	Level 1 to 3	88%	83%	83%	75%	
	Level 4 and above	77%	74%	74%	74%	
All Students Qualification Completion						
Qualification completion rate for all students (SAC Eligible EFTS)	All Levels	57%	68%	58%	65%	*Explanation for variance between 2012 target and 2012 actual* - There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery) has meant an increase in the number of students enrolling to gain full qualifications rather than enrolling on short courses. • A priority initiative for Aoraki Polytechnic in 2012 was increasing tutor capability around meeting the literacy and numeracy requirements of learners. • The number of Levels 1-3 programmes that meet the Tertiary Education Commission's definition of 'embedded' has increased from 65% in 2011 to 98% in 2012. • Aoraki has worked on developing tutor capability through targeted teaching training. This has seen the number of tutors with a Certificate in Adult Learning and Teaching increase from 43% in 2011 to 85% in 2012.
	Levels 1 to 3	61%	70%	58%	60%	
	Level 4 and above	51%	64%	58%	72%	

Public Objectives and Performance Measures
(Student Achievement Component Performance Commitment Reporting)

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
All Students Student Retention						
Student retention rate for all students (SAC Eligible student count)	All levels	54%	48%	35%	66%	As the polytechnic has moved the delivery of programmes from a predominantly outsourced model to campus based delivery, retention has improved. In the out-sourced model many learners completed short courses, whereas in moving the delivery to on-campus more students have been retained to acquire a full qualification.
All Students Student Progression						
Student progression for students (SAC Eligible student count) at Levels 1 - 3	Levels 1 to 3	16%	17%	18%	20%	Aoraki offers predominantly vocational and trade-based programmes whereby students expect to leave and progress into paid employment, not further study, thus results in this area are low.
Māori Course Completion						
Successful course completion for Māori students (SAC Eligible EFTS)	Levels 1 to 3	85%	80%	80%	72%	*Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* - There are a number of reasons for why this has occurred. Based on the individual success of Māori students we believe that the following explanations are appropriate. • The organisation moved from large numbers of short courses in regions with high populations of Māori through our out-sourcing method of delivery, to predominantly full year programmes of study in our region which has a much lower number of Māori. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
	Level 4 and above	77%	62%	70%	62%	

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
Māori Qualification Completion						
Qualification completion for Māori students (SAC Eligible EFTS)	Levels 1 to 3	83%	72%	65%	58%	*Explanation for variance between 2011 actual and 2012 actual and 2012 target and 2012 actual* - There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). • The organisation moved from large numbers of short courses to predominantly full year programmes of study. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • Aoraki has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers.
	Level 4 and above	53%	52%	62%	56%	

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
Pacific Peoples Course Completion						
Successful course completion for Pasifika students (SAC Eligible EFTS)	Levels 1 to 3	95%	80%	80%	65%	*Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* - There are a number of reasons for why this has occurred: Based on the individual success of Pasifika students we believe that the following explanations are appropriate. • The organisation moved from large numbers of short courses in regions with high populations of Pasifika through our out-sourcing method of delivery, to predominantly full year programmes of study in our region which has a much lower number of Pasifika people. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
	Level 4 and above	59%	46%	50%	64%	

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
Pasifika Qualification Completion						
Qualification completion for Pasifika students (SAC Eligible EFTS)	Levels 1 to 3	121%	84%	68%	51%	*Explanation for variance between 2011 actual and 2012 actual (provisional), and 2012 target and 2012 actual (provisional)* - There are a number of reasons for why this has occurred: Based on the individual success of Pasifika students we believe that the following explanations are appropriate. • The organisation moved from large numbers of short courses in regions with high populations of Pasifika through our out-sourcing method of delivery, to predominantly full year programmes of study in our region which has a much lower number of Pasifika people. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The Polytechnic has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers. Moving forward the Polytechnic has reviewed its processes for establishing performance targets by taking into account the above.
	Level 4 and above	22%	39%	50%	47%	

		Actual		**TEO Plan Performance Commitment**		**Comment**
		*2010	*2011	2012 Target	**2012 Actual	
Under 25 Course Completion						
Successful course completion for students (SAC Eligible EFTS) aged under 25	Levels 1 to 3	85%	82%	75%	75%	*Explanation for variance between 2011 actual and 2012 actual and 2012 target and 2012 actual* - There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). • The organisation moved from large numbers of short courses to predominantly full year programmes of study. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • Aoraki has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers.
	Level 4 and above	78%	77%	80%	77%	

		Actual		TEO Plan Performance Commitment		Comment
		*2010	*2011	2012 Target	**2012 Actual	
Under 25 Qualification Completion						
Qualification completion for students (SAC Eligible EFTS) aged under 25	Levels 1 to 3	64%	68%	58%	58%	*Explanation for variance between 2011 actual and 2012 actual and 2012 target and 2012 actual* - There are a number of reasons for why this has occurred: • The organisation undertook a change of business model. For example, changes to the methods of delivery (the institution has moved the delivery of programmes from an outsourced model to a campus based delivery). • The organisation moved from large numbers of short courses to predominantly full year programmes of study. • Changes in the labour market resulted in students gaining employment prior to the completion of the programme. • Changes were made to the enrolment process, whereby interviews with potential students were largely removed, resulting in some students being placed on programmes that were not the most appropriate for their learning needs. • Financial pressures resulted in a reduction in support services and professional development which has had negative impact on performance. • The move from sub-contracted delivery to on campus based delivery required the recruitment of new staff. Some deficiencies have subsequently been identified with recruitment and academic preparation processes. • Aoraki has experienced an increase in learners with specific learning needs and disabilities and has struggled to keep up with staff development required to meet these increased numbers.
	Level 4 and above	67%	63%	65%	74%	

			Actual		TEO Plan Performance Commitment		Comment
			*2010	*2011	2012 Target	**2012 Actual	
Literacy, Language and Numeracy progress							
The proportion of EFTS assessed as requiring additional literacy and numeracy who are enrolled in levels 1 - 3 provision and make literacy and numeracy progress as measured by the Literacy and Numeracy for Adults Assessment Tool	Levels 1 to 3	2010 was a pilot year for using the literacy and numeracy for adults' assessment tool. No targets were set.	70% (target -no actual was reported)	70%	15%	*Explanation for variance between 2011 2012 target and 2012 actual (provisional)* – When this target was set the polytechnic did not have sufficient data to have a clear view of the progressions students could or could not make (use of the assessment tool was introduced in 2010), thus, an improbable target was set. Research from the New Zealand Centre for Educational Research has indicated that it can take up to six years to see any significant gains on the assessment tool steps, and that is following intensive one-to-one tuition.
The proportion of levels 1-3 courses offered that contain embedded literacy and numeracy	Levels 1 to 3	No target was set as embedding was not yet a mandated requirement although embedding of levels 1-3 programmes had commenced	50%	100%	98%	*Explanation for variance between 2011 actual and 2012 actual* -This was a priority initiative for Aoraki Polytechnic. The variance between 2011 and 2012 was due to the reprioritisation of resources. This included additional staffing and teaching resources being allocated to the initiative.

**The 2011 "Actual" targets are the figures reported on the Tertiary Education Commission's website in June 2012 following final submission of the Student Data Return in May 2012.*

***These results are provisional and based on the January 2013 Student Data Return and are provisional. Final measures are not available until the beginning of June 2013 when the data is placed on Aoraki Polytechnic's Tertiary Education Commission's Workplaces site.*

NB: For some of the measures the 2011 provisional Educational Performance Index data was significantly different (greater than 5%) from the finalised results. There are two reasons for this difference. Firstly, internal database queries and reports for Educational Performance Index calculations were still being perfected by the institution. Secondly, completion and qualification results were still being entered into the Aoraki Polytechnic student management system after the 2011 audit was completed. The Educational Performance Index results were not finalised until the April Single Data Return was submitted in May 2011. The Tertiary Education Commission did not publish the final results until June 2011.

STAFF AS AT 31 DECEMBER 2012

Full Time Equivalents (FT Es)

	Tutorial	Support	Actual 2012	Actual 2011
Schools				
Hospitality, Hair and Beauty	25.9	3.7	29.6	25.6
Business, Arts and Media	24.8	4.0	28.9	39.9
Agriculture and Technology	20.9	3.2	24.1	22.6
Health and Education	20.7	2.1	22.8	23.5
Aoraki Education Partners		5.3	5.3	7.1
Total Schools	*92.3*	*18.4*	*110.7*	*118.7*
Support Departments				
Chief Executive Department			2.46	2.63
Human Resources			2.80	2.3
International			2.09	3.3
Marketing			4.69	6.82
Corporate Services			15.17	16.69
IT Services			2.50	3.37
Finance			5.01	5.91
Property Services			9.00	9.36
Registry			6.08	7.27
Library			2.00	2.51
Maori Liaison			0.04	0.5
Academic			8.50	8.67
Student Support Services			0.73	1.79
Total Support Staff			*61.1*	*71.12*
Government Grants				
Literacy			2.7	1.8
Polytechnic Total			***174.5***	***191.6***

Note:

* Is exclusive of contractors

* Tutorial Staff as a percentage of total FTE is 52% (last year 47%)

STATEMENT OF RESOURCES >

As at 31 December 2012

Chairperson	Kevin Cosgrove Ministerial appointment
Deputy Chairperson	Gerald Morton Ministerial appointment
Members	Lyndon Waaka Community representative
	Rob Smith Community representative
	Graeme McNally Ministerial appointment
	Carole Brand Community representative
	Craig O'Connor Ministerial appointment
	Robin Kilworth Community representative

Senior Management

Chief Executive	Kay Nelson (finished December 2012)
Acting Chief Executive	Alex Cabrera (effective December 2012)
Executive Director	James Brodie (finished October 2012)
Academic Director	Rachel Garden
Human Resources and Development	Jane Leahy (finished September 2012)
Aoraki Education Partners Director	Gavin Spence (finished June 2012)
Agriculture and Technology	Malcolm Kendrew (finished November 2012)
Hospitality, Hair, Beauty and Trades	Iain Bamber
Business, Arts and Media Aoraki Education Partners	Andrew Walne
Health, Education and Agriculture	Sandy McKirdy

Steve Le Corre
Aoraki Polytechnic Hospitality Team Leader and Captain of the New Zealand Culinary Team

Steve, along with his team, beat Australia to win gold at the Fine Foods Culinary competition in Auckland this year. Steve was also awarded the Culinarian of the Year award by industry. "It's quite humbling; it's quite a big honour. It's a little bit of recognition for time spent with students and in the industry".

Auditors: Audit New Zealand on behalf of the Auditor-General
Bank: ANZ Bank New Zealand
Publication Serial No: ISSN 1171-8722