AORAKI POLYTECHNIC

supporting your success

ANNUAL REPORT 2013

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 and Chief Executive’s Report	4
Statement of Responsibilities	5
Financial Performance Summary	6
2013 Highlights	7
Governance and Accountability Statement	8
Independent Auditor's Report	9
Financial Statements	12
Statement of Financial Performance	12
Statement of Comprehensive Income	12
Statement of Movements in Equity	13
Statement of Financial Position	14
Statement of Cash Flows	15
Reconciliation of Net Surplus on Operations with Net Cash Flows from Operating Activities	16
Notes to the Financial Statements	17
Five Year Financial Trend Summary	38
Compulsory Student Services Fees	39
Staff as at 31 December 2013	40
Statement of Objectives and Service Performance	41
Equal Opportunity Report	52
Statement of Resources	53
Glossary of Terms	54

Chairperson's and Chief Executive's Report

"He ika kai ake i raro, he rapaki ake i raro"

Tēnā koe

2013 presented many challenges and significant energy was required to meet these challenges. We have been consistently inspired by the untapped potential that the Polytechnic has, starting from our high quality people, our locations in the heart of food production in New Zealand and a supportive community.

It has been a year of change for Aoraki as we set a new direction, towards a different sort of future – one of greater sustainability, more relevance, and an even higher quality offering to our learners and the industries we are preparing them for.

2013 was marked by the development of key collaborations with other institutions. We continue to work on the implementation of our new finance system and undertook some major projects such as the Assessment of Educational Needs of the Agricultural Sector, strategic business case and development on the new organisational structure. These elements will contribute to strengthening Aoraki Polytechnic's business capability and financial viability.

We are grateful to all staff involved for their diligence, thoroughness and collaboration in these projects.

Key strategies were put in place involving austerity measures on all activities not directly related to education delivery.

Aoraki Polytechnic has a well-deserved reputation for student success and support through our distinctive approach to teaching and learning. It is of paramount importance to our success to direct resources into learning and teaching.

Our graduates contribute in multiple ways to our region's economy. We will continue to focus on the success of our students while developing new ways to diversify revenue sources and fuel future growth.

Our organisation is committed to reinforcing our position as a quality tertiary education provider for the Aoraki region.

Finally, we would like to take this opportunity to recognise the supportive governance role of Aoraki Polytechnic's Council. We are grateful to Aoraki Polytechnic's Council for the constant contributions of all of its members. We also acknowledge the positive contributions made by the Tertiary Education Union, Tertiary Education Commission and the staff at Aoraki Polytechnic.

We thank you for your support and advice.

Naku noa, na

Kevin Cosgrove
Chair of Council

Alex Cabrera
Chief Executive

"As a fish nibbles from below, so the ascent of a hill begins from below. Every journey starts with the first small step forward. Working together must start somewhere."

Statement of Responsibilities

In the financial year ended 31 December 2013, 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 2013.

Kevin Cosgrove
Chair of Council

Alex Cabrera
Chief Executive

17 April 2014

Financial Performance Summary

2013 was characterised as a year of preparing the organisation for change. Revenue continued to be under pressure and was $3.8m less than budget for the year, largely due to missing student enrolment targets.

With lower revenues all areas of operating expenditure were closely managed and reduced to $1.5m less than budget with staff numbers reducing from 174 FTE in 2012 to 150 FTE in 2013.

Uncertainty about the future viability of the organisation led to the development of a series of strategic options and initiatives aimed at reducing cost.

Aoraki Polytechnic budgeted for an operating deficit for 2013 of $0.8m. The actual result for 2013 was a deficit of $3.0m. This reflected lower revenues due to student enrolment targets and non-achievement of investment plan targets and $1.3m provided for further restructuring of the organisation, partly offset by the reduction in operating costs.

Total revenue decreased by $6.9m from $23.7m in 2012 to $16.8m in 2013, mirrored by a $6.4m reduction in Government Grants as Aoraki continued to reduce sub-contracted education delivery to focus on core tertiary education delivery within the Aoraki region. This continued a trend that has seen total annual revenues reduce by $10.6m over the last five years. The ability to attract local enrolments was overestimated with demand for tertiary education constrained by high levels of employment locally with a buoyant rural economy and a strong draw on trades in the wider Canterbury region through demand generated by earthquake recovery activity.

In response to lower revenue levels cost containment was applied with a reduction of 24 FTE reflecting in staff costs being $1.0m lower than budget in 2013. All other costs, excluding restructuring cost, were $0.9m lower than budget in 2013. Capital expenditure was also constrained to immediate requirements in 2013 while future options were assessed, with $0.4m of actual capital expenditure compared to a depreciation charge of $1.6m.

In 2013 Aoraki Polytechnic developed a business case to determine options for a viable and sustainable future. Aoraki Polytechnic also undertook a major review of its organisational structure. A new structure was developed to better respond to student needs and the needs of local industry. The new structure is also needed to ensure educational and financial sustainability.

Aoraki Polytechnic continues to benefit from a strong balance sheet with $31m of bank deposits and no borrowings at the end of 2013. These funds contribute to the strong working capital base and provide significant non-student based income, which supports the on-going tertiary education delivery in the Aoraki region.

Aoraki has in recent years made financial losses and needs to improve its organisational structure and processes to ensure we retain a vocational education institution for Timaru and for the wider Aoraki region.

The Polytechnic will continue to focus on being both educationally and financially viable.

2013 HIGH LIGHTS

AT AORAKI POLYTECHNIC

In 2013 we...

Signed collaboration agreements with CPIT and Lincoln University. The first of our partners under a new collaborative model.

Met the 2013 Maori Development Strategy annual targets.

Were able to offer 50 placements in the Youth Guarantee Scheme (introduced to keep 16 to 17 year olds in education). That's an increase from 35 in 2012.

78% of Youth Guarantee students completed their studies.

Received accreditation to offer the New Zealand Certificate in Nanny Education (Level 5), and the New Zealand Certificate in English Language by NZQA

15k+

Hit a milestone 10,000 likes on our Facebook page in January, and leapt to over 15,000 by the end of the year

Signed an agreement with Lincoln University to offer the university's diplomas in agriculture and horticulture in the South Canterbury region.

Received 'EXCELLENT' quality assurance status from the Hairdressing Industry Training Organisation

Had the privilege of welcoming Their Excellencies, Lt Gen The Rt Hon Sir Jerry Mateparae, Governor General of New Zealand and Lady Janine Mateparae to the Timaru Campus to meet with the local business community.

Welcomed Youth Alley to their new home on campus providing better support services to the region's young people, thanks to a partnership with YMCA.

Look at our students go!

THE BAKER

MILLIE ROWE, 17, secured a scholarship from Southern Hospitality that allowed her to complete a pâtisserie course at Aoraki. She has now secured an apprenticeship based in **SCOTLAND.**

THE TRAVELLER

SHAWNI HAMMOND, 2013 tourism graduate, took a six-month posting at Disney World in Orlando, Florida working in operations.

THE EDUCATOR

Ex-student LAVENITA TAHAAFE, who completed our Introductory Skills to Teacher Aide (Level 3) has established a Tongan community playgroup with the help of tutor Susie Sinclair.

THE ENTREPRENEUR

Aoraki graduate SHAUN FISHER, 20, is the owner of IT company Vetta Technologies. This is Shaun's second business after selling his first, a US based web hosting company in 2008.

THE ENGINEER

Engineering graduate Hinemoa Ironside gained an apprenticeship at AgRural.

THE MEDIA STARS

CARLOS BIGGEMANN, Certificate in Digital Photography (L4), 2012, was presented with a NZ Downs Syndrome Association national achievement award in Wellington for his accomplishments in swimming and photography.

REBEKAH BRENNAN, Certificate in Digital Photography graduate is pursuing her passion for live concert photography and had her photography published from shows by Aerosmith and Titanium.

MATT SMITH, Aoraki journalism graduate, became the racing and sports reporter for the Otago Daily Times.

Governance and Accountability Statement

Role of the Council

The Council has overall responsibility and accountability for the 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 2013 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.

Independent Auditor's Report

To the readers of Aoraki Polytechnic's and group's financial statements and non-financial performance information for the year ended 31 December 2013

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 12 to 37, that comprise the statement of financial position as at 31 December 2013, the statement of financial performance, statement of comprehensive income, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Polytechnic and group in the statement of service performance on pages 41 to 51.

Opinion

In our opinion:

- the financial statements of the Polytechnic and group on pages 12 to 37:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Polytechnic's and group's:
    - financial position as at 31 December 2013; 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 41 to 51 fairly reflects the Polytechnic's and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2013.

Our audit was completed on 17 April 2014. 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's and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that fairly reflects the Polytechnic's 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 its subsidiary.

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2013

Parent and Group 2012 $		Notes	Parent and Group Budget 2013 $	Parent and Group 2013 $
	Revenue			
16,450,688	Government Grants	3	13,664,297	10,113,542
3,234,043	Student Tuition Fees - Domestic		3,496,430	2,867,645
416,902	Student Tuition Fees - International		500,224	166,474
1,343,126	Other Fees and Charges		1,574,963	1,161,437
1,514,884	Interest Income		1,100,000	1,421,595
3,168	Donations		2,000	4,637
701,553	Sundry Income		280,428	1,062,917
23,664,364	Total Operating Revenue		20,618,342	16,798,247
	Less Cost of Operations			
375,715	Advertising/Marketing		570,000	355,029
1,435,021	Class Materials		1,403,046	909,403
7,444,935	Cost of Services	4	5,695,723	5,593,214
1,718,038	Depreciation and Amortisation	11 & 12	1,647,562	1,645,849
321,778	Maintenance		416,160	285,059
-	Restructuring Cost	16	950,000	1,347,000
12,342,589	Salaries and Wages	5	10,725,411	9,733,167
23,638,075	Total Cost of Operations		21,407,902	19,868,721
26,289	**Net Surplus/(Loss) for the period**		(789,560)	(3,070,474)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

Parent and Group 2012 $		Notes	Parent and Group Budget 2013 $	Parent and Group 2013 $
26,289	Net Surplus/(Deficit)		(789,560)	(3,070,474)
	Other Comprehensive Income			
	Item that will be reclassified to surplus/(deficit)			
	Fair value through other comprehensive income financial assets	19	-	34,558
21,918	Investment write up (down)	19	-	-
(27,000)	Bond revaluation movement	19	-	-
	Item that will not be reclassified to surplus/(deficit)			
(138,773)	Increase(decrease) in asset revaluation reserves	18	-	-
(143,855)	Total Other Comprehensive Income		-	34,558
	Distribution to the Crown			
(117,566)	**Total Comprehensive Income**		(789,560)	(3,035,916)

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 December 2013

Parent and Group 2013	Notes	General Equity $	Asset Revaluation Reserve $	Fair Value through Other Comprehensive Income $	Total $	Budget $
Balance at 1 January		43,890,194	9,531,401	(34,558)	53,387,037	53,673,560
Net Surplus/(Deficit)		(3,070,474)	-	-	(3,070,474)	(789,560)
Reclassified to surplus/(deficit) on disposal	19			34,558	34,558	-
Investment write up (down)	19	-	-	-	-	-
Bond revaluation movement	19	-	-	-	-	-
Increase(decrease) in asset revaluation	11 & 18	-	-	-	-	-
Balance at 31 December		40,819,720	9,531,401	-	50,351,121	52,884,000

Parent and Group 2012	Notes	General Equity $	Asset Revaluation Reserve $	Fair Value through Other Comprehensive Income $	Total $
Balance at 1 January		43,863,905	9,670,174	(29,476)	53,504,603
Net Surplus/(Deficit)		26,289	-	-	26,289
Investment write up (down)	19	-	-	21,918	21,918
Bond revaluation movement	19	-	-	(27,000)	(27,000)
Increase(decrease) in asset revaluation	11 & 18	-	(138,773)	-	(138,773)
Balance at 31 December		43,890,194	9,531,401	(34,558)	53,387,037

Explanations of major variations against budget are provided in note 27
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STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

Parent and Group 2012		Notes	Parent and Group Budget 2013	Parent and Group 2013
$			$	$
	Assets			
	CURRENT ASSETS			
1,565,745	Cash and Cash Equivalents	6	550,000	3,473,509
1,362,780	Student Fees and other Receivables	7	88,000	872,344
-	Prepayments		-	19,118
69,478	Inventories	8	-	106,283
28,090,986	Other Financial Assets	9	16,235,000	20,500,000
31,088,989	Total Current Assets		16,873,000	24,971,254
	NON CURRENT ASSETS			
-	Other Financial Assets	9	10,000,000	7,000,000
151,685	Investments	10	130,000	8,000
25,427,611	Fixed Assets	11	26,783,000	24,251,257
127,234	Capital Work in Progress		-	19,719
713,958	Intangible Assets	12	802,000	637,110
26,420,488	Total Non Current Assets		37,715,000	31,916,086
57,509,477	TOTAL ASSETS		54,588,000	56,887,340
	Liabilities			
	CURRENT LIABILITIES			
372,745	Revenue Received in Advance	13	329,000	126,325
2,997,033	Trade and Other Payables	14	623,000	4,577,136
752,662	Employee Entitlements	15	752,000	737,626
-	Provisions	16	-	1,095,132
4,122,440	Total Current Liabilities		1,704,000	6,536,220
4,122,440	TOTAL LIABILITIES		1,704,000	6,536,220
53,387,037	NET ASSETS		52,884,000	50,351,121
	Public Equity			
43,890,194	General Equity	17	43,214,000	40,819,720
9,531,401	Asset Revaluation Reserves	18	9,670,000	9,531,401
(34,558)	Fair Value through Other Comprehensive Income	19	-	-
53,387,037	TOTAL PUBLIC EQUITY		52,884,000	50,351,121

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

Parent and Group 2012		Parent and Group Budget 2013	Parent and Group 2013
$		$	$
	Cashflows from Operating Activities		
	Cash was provided from :		
17,565,781	Government Grants	12,384,000	12,550,428
5,799,914	Tuition Fees and Other	5,651,000	5,176,564
1,602,914	Interest and Dividends Received	1,452,000	1,708,242
80,247	Goods and Services Tax (Net)	-	(86,561)
25,048,856		19,487,000	19,348,673
	Cash was applied to :		
12,404,138	Payments to Employees	11,421,911	9,748,204
8,934,147	Payments to Suppliers	8,337,089	7,941,857
21,338,285		19,759,000	17,690,060
3,710,571	Net Cash Flows from Operating Activities	(272,000)	1,658,613
	Cash Flows from Investing Activities		
	Cash was provided from :		
217	Sale of Assets	-	9,098
-	Investments	1,856,000	7,625,466
217		1,856,000	7,634,565
	Cash was applied to :		
2,800,985	Investments		7,000,000
496,468	Purchase of Fixed Assets	2,500,000	234,398
621,968	Purchase of Intangibles	100,000	151,016
3,919,421		2,600,000	7,385,414
(3,919,204)	Net Cash Flows from Investing Activities	(744,000)	249,151
	Cash Flows from Financing Activities		
-	Net Cash Flows from Financing Activities	-	-
(208,633)	Net increase/(decrease) in cash held	(1,016,000)	1,907,764
1,774,378	Plus Opening Cash	1,566,000	1,565,745
1,565,746	Closing Cash Balance	550,000	3,473,509
	Represented by :		
1,565,745	Bank Account/(Overdraft)	550,000	700,883
-	Bank Deposits	-	2,772,626
1,565,745	Closing Cash Balance	550,000	3,473,509

Explanations of major variations against budget are provided in note 27
The accompanying notes form part of these financial statements

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

For the year ended 31 December 2013

Parent and Group 2012 $		Parent and Group 2013 $
26,289	**Surplus/(Loss) on Operations**	(3,070,474)
	Add/(Less) Non Cash Items :	
1,718,038	Depreciation and amortisation expense	1,645,849
-	Provision for Restructuring Expense	1,095,132
1,718,038		2,740,981
	Add/(Less) Movements in Working Capital Items:	
(35,496)	Increase/(Decrease) in Fees in Advance	(246,420)
245,141	Decrease/(Increase) in Receivables	470,502
19,001	Decrease/(Increase) in Prepayments	(19,118)
66,253	Decrease/(Increase) in Inventories and Livestock	(36,807)
1,525,541	Increase/(Decrease) in Payables	1,831,973
-	Increase/(Decrease) in Restructuring Provision	-
(61,549)	Increase/(Decrease) in Staff Entitlements	(15,036)
1,758,891		1,985,093
	Add/(Less) Items Classified as Investing Activities:	
207,354	Net Loss/(Gain) on Sale/Disposal of Assets	3,012
207,354		3,012
3,710,571	Net Cash Flows from Operating Activities	1,658,613

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

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 2013 were authorised for issue in accordance with a resolution of the council on 17 April 2014.

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, art collection and certain financial assets 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 2013, 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 has elected to report as a Tier 2 reporting entity as it has expenditure of less than $30 million and can therefore apply the Reduced Disclosure Requirements (RDR) 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.

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.

(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.

(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.

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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the 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.

(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 2013 and 2012 financial years 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 investments outstanding in this category entered into in the current or earlier years.

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.

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 cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is 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.

The Polytechnic belongs to a Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the scheme, the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme

(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 liability for fees in advance 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 14 December 2012.

(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.

(v) Changes in Accounting Policies

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

3. Government Grants

Parent and Group 2012 $		Parent and Group 2013 $
15,425,958	Student Achievement Component (SAC) funding	9,478,056
876,746	Other On Plan funding	634,222
74,453	Other Off Plan funding	1,263
73,531	Other Grants	-
16,450,688	Total Government Grants	10,113,542

4. Cost of Services

Parent and Group 2012 $			Parent and Group 2013 $
112,297	Audit fees for financial statement audit		100,880
3,109,897	Payments to subcontractors		1,839,212
23,238	Change in provision for doubtful debts		54,522
2,223	Bad debts written off		4,459
527,885	Information technology		405,973
20,208	Donations and Sponsorship		10,390
328,416	Rent		446,568
155,028	Travel/Accommodation		130,216
573,552	Contractors and Professional Fees		745,371
205,504	Insurance		186,534
321,531	Energy costs		265,477
-	Impairment of Share Investment	10	143,685
	Reclassification on disposal of financial assets at fair value through other comprehensive income	19	34,558
2,065,156	Other expenditure		1,225,369
7,444,935			5,593,214

5. Salaries and wages

Parent and Group 2012 $		Parent and Group 2013 $
5,019,916	Academic Salaries	4,925,903
5,817,132	General Salaries and Wages	4,579,315
1,306,058	Non Payroll Personnel	24,800
160,123	Defined contribution superannuation employer	188,112
39,360	Increase/(Decrease) in Employee Entitlements	15,037
12,342,589		9,733,167

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

6. Cash and Cash Equivalents

Parent and Group 2012 $		Parent and Group 2013 $
1,565,745	Cash at Bank and on hand	700,883
-	Call Deposits	1,972,626
-	Term Deposits with maturities less than 3 months	800,000
1,565,745	Total Cash and Cash Equivalents	3,473,509

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 2012 $		Parent and Group 2013 $
971,895	Accrued Interest	685,249
438,760	Student Fees	193,008
19,934	Other Receivables	116,418
(67,809)	Provision for Doubtful Debts	(122,331)
1,362,780	Total in Balance Sheet	872,344

The ages of Student Fees receivables are as follows:

280,608	Not past due	16,009
6,150	Past due 31 - 60 days	6,891
15,940	Past due 61 - 90 days	3,380
136,062	Past due over 90 days	166,728
438,760	Total in Balance Sheet	193,008

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

As at 31 December 2013 and 2012 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 2012 $		Parent and Group 2013 $
44,571	As at 1 January	67,809
25,461	Additional/(Reversed) provisions during the year	58,981
(2,223)	Paid or written off during period	(4,459)
67,809	At 31 December	122,331

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.

8. Inventories

Parent and Group 2012 $		Parent and Group 2013 $
69,476	Materials and Consumables	94,852
-	Stationery	11,431
69,476		106,283

9. Other Financial Assets

Parent and Group 2012 $		Parent and Group 2013 $
	Other Financial Assets classified by term from commencement	
	Loans and Receivables	
27,100,986	Short-term deposits with maturities of 4-12 months	20,500,000
-	Deposits with maturities of more than 12 months	7,000,000
	Fair Value through other Comprehensive Income	
990,000	Perpetual bonds	-
28,090,986	Other financial assets	27,500,000
	Other Financial Assets classified by Time to Maturity at 31 December	
28,090,986	Other Financial Assets (Current)	20,500,000
-	Other Financial Assets (Non Current)	7,000,000
28,090,986		27,500,000

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

All perpetual bond holdings were sold during 2013. For the prior year perpetual bonds were recognised at their fair value. Fair value has been determined using published bid price quotations from the NZSX at the balance date.

10. Share Investments

Parent and Group 2012 $		Parent and Group 2013 $
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
143,685	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.	-
151,685		8,000

The investment in Agribusiness Training Ltd was fully impaired following a significant decline in the fair value of the investment below its cost.

11. Fixed Assets

Parent and Group 2013	Buildings $	Land $	Plant & Equipment $	Motor Vehicles $	Furniture & Fittings $	Library Collection $	Art Collection $	Total $
At 1 January 2013								
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	(788,384)	(10,405)	(3,814,632)	(587,480)	(862,320)	(130,925)	-	(6,194,146)
Net Carrying Amount	18,877,444	4,138,495	1,582,990	146,587	486,508	126,478	69,107	25,427,611
Additions	-	-	162,059	34,715	37,765	19,112	90	253,741
Revaluation	-	-	-	-	-	-	-	-
Disposals at NBV	-	-	(7,197)	(34)	(380)	-	(4,500)	(12,111)
Held for Sale	-	-	-	-	-	-	-	-
Depreciation for year	(686,952)	(10,400)	(520,561)	(66,471)	(107,311)	(26,290)	-	(1,417,985)
Net Carrying Amount	18,190,492	4,128,095	1,217,291	114,797	416,582	119,301	64,697	24,251,256
At 31 December 2013								
Cost or fair value	19,664,028	4,148,900	5,409,038	737,233	1,321,454	276,516	64,697	31,621,866
Accumulated depreciation	(1,473,536)	(20,805)	(4,191,747)	(622,436)	(904,871)	(157,215)	-	(7,370,609)
Net Carrying Amount	18,190,492	4,128,095	1,217,292	114,797	416,582	119,301	64,697	24,251,257

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. While overall student volumes have reduced significantly in the 24 months to 31 December 2013, mainly within subcontracted delivery, room utilisation within owned properties has not reduced to the same extent. Property values have not shown any material movement and 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 $12,382,311 at 31 December 2013. 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 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	-	299,148
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)	(29,198)	-	(1,586,918)
Net Carrying Amount	18,877,444	4,138,495	1,582,991	146,588	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	(788,384)	(10,405)	(3,814,632)	(587,480)	(862,320)	(130,925)	-	(6,194,146)
Net Carrying Amount	18,877,444	4,138,495	1,582,990	146,587	486,508	126,478	69,107	25,427,611

12. Intangibles

Parent and Group 2012	Computer Software	Programme Development	Total
	$	$	$
At 1 January 2012			
Cost or fair value	534,629	156,126	690,755
Accumulated depreciation	(335,776)	(42,875)	(378,651)
Net Carrying Amount	198,853	113,251	312,104
Additions	524,975	8,000	532,975
Revaluation	-	-	-
Disposals at NBV	-	-	-
Held for Sale	-	-	-
Depreciation for year	(88,606)	(42,514)	(131,120)
Net Carrying Amount	635,222	78,737	713,959
At 31 December 2012			
Cost or fair value	1,037,820	164,126	1,201,946
Accumulated depreciation	(402,598)	(85,389)	(487,987)
Net Carrying Amount	635,222	78,737	713,959

Parent and Group 2013	Computer Software	Programme Development	Total
	$	$	$
At 1 January 2013			
Cost or fair value	1,037,820	164,126	1,201,945
Accumulated depreciation	(402,598)	(85,389)	(487,987)
Net Carrying Amount	635,221	78,737	713,958
Additions	151,016	-	151,016
Revaluation	-	-	-
Disposals at NBV	-	-	-
Held for Sale	-	-	-
Depreciation for year	(189,092)	(38,772)	(227,864)
Net Carrying Amount	597,145	39,965	637,110
At 31 December 2013			
Cost or fair value	1,118,103	164,126	1,282,229
Accumulated depreciation	(520,957)	(124,161)	(645,118)
Net Carrying Amount	597,146	39,965	637,110

13. Revenue Received in Advance

Parent and Group 2012		Parent and Group 2013
$		$
372,745	Student Fees in Advance	126,325
372,745		126,325

14. Trade and other Payables

Parent and Group 2012		Parent and Group 2013
$		$
1,774,956	Trade Creditors	916,895
84,827	GST	86,206
20,495	Funds Held in Trust	20,395
1,116,754	MOE Payable	3,553,640
2,997,033	Total Payable	4,577,136

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. MOE Payable of $3.6m ($1.1m 2012) represents overfunding for 2013 repayable to TEC in 2014.

15. Employee Entitlements

Parent and Group 2012 $		Parent and Group 2013 $
495,808	Annual Leave	450,598
17,680	Long Service Leave	13,230
206,650	Salary & Wage accruals	235,244
32,524	Sick Leave	38,553
752,662	Total Entitlements	737,626
814,211	At 1 January	752,662
(61,549)	Net movement increase/(decrease)	(15,036)
752,662	At 31 December	737,626
752,662	Employee Entitlements (Current)	737,626
-	Employee Entitlements (Non Current)	-
752,662		737,626

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.

16. Provisions

Parent and Group 2012 $		Parent and Group 2013 $
	Restructuring Provision	
-	At 1 January	-
-	Additional Made	1,347,000
-	Amounts Used	(251,868)
-	At 31 December	1,095,132

The restructuring provision has arisen from the restructure of Corporate Services, Academic Support, School and Delivery structures. The restructuring is expected to be completed in June 2014. The provision reflects the estimated cost for redundancy payments arising from the restructure.

17. General Equity

Parent and Group 2012 $		Parent and Group 2013 $
	Accumulated Surplus	
43,863,905	Opening Balance	43,890,194
26,289	Net Surplus	(3,070,474)
43,890,194	Closing Balance	40,819,720

18. Asset Revaluation Reserves

Parent and Group 2012 $		Parent and Group 2013 $
	Land	
1,155,528	Balance 1 January	1,155,528
-	Land Revaluation	-
1,155,528	Closing Balance	1,155,528
	Buildings	
8,503,851	Balance 1 January	8,365,078
(138,773)	Building Revaluation	-
8,365,078	Closing Balance	8,365,078
	Art Collection	
10,795	Balance 1 January	10,795
-	Revaluation	-
10,795	Closing Balance	10,795
	Total Revaluation Reserves	
9,670,174	Balance 1 January	9,531,401
(138,773)	Revaluation	-
9,531,401	Closing Balance	9,531,401

19. Fair Value through Other Comprehensive Income

Parent and Group 2012 $		Parent and Group 2013 $
(29,476)	Opening Balance	(34,558)
-	Reclassification to surplus/(deficit) on disposal	34,558
21,918	Investment write up (down)	-
(27,000)	Bond revaluation movement	-
(34,558)	Closing Balance	-

On disposal of the Perpetual Bond in the current year $34,480 was reclassified to the Surplus/Deficit. On impairment of the investment in Agribusiness Training Ltd (note 10), $78 was reclassified to the Surplus/Deficit.

20. 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 $13,584,326 (2012 $17,497,006) to provide education services for the year ended 31 December 2013. The Polytechnic is required to repay $3,553,640 (2012 $1,116,754) of this funding to TEC, due to non-achievement of investment plan EFTS 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 2013 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

Parent and Group 2012 $		Parent and Group 2013 $
1,198,209	Salaries and other short-term employee benefits	767,449
45,220	Termination Benefits	-
1,243,429	Total Entitlements	767,449

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

During the year, Aoraki paid rates to Ashburton District Council, for which Councillor Robin Kilworth was a Councillor. These services cost $4,614 (2012 $3,939) and were supplied at normal commercial terms. There were no amounts outstanding at year end (2012 $nil).

During the year, Aoraki purchased real estate, ~~r~~evaluation 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 $10,403 (2012 $7,231) and were supplied at normal commercial terms. At balance date Aoraki Polytechnic owed Morton & Co. Ltd $4,548 (2012 $nil) 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 $735,133 (2012 $1,477,846). At balance date Aoraki Polytechnic owed Agribusiness Training Ltd $4,772 (2012 $168,195).

During the year Aoraki did not purchase goods or services from Dan Cosgrove Ltd, a building supplies company of which Chair of the Council, Kevin Cosgrove, is a Director (2012 $103). There were no amounts outstanding at year end (2012 $nil).

During the year Aoraki did not purchase goods or services from, or supply goods or services to, Tai Poutini Polytechnic of which Graeme McNally Councillor is the Chair of Council (2012 $nil).

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 (2012 $nil).

21. 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 2012 $		Parent and Group 2013 $
	Loans and Receivables	
1,565,745	Cash and Cash Equivalents	3,473,509
1,362,780	Student Fees and other Receivables	872,344
27,100,986	Term Deposits	27,500,000
30,029,511	**Total loans and receivables**	31,845,853
	Financial assets at fair value through other comprehensive income	
8,000	Share Holding PINZ	8,000
143,685	Share Holding Agribusiness Training Limited	-
990,000	Perpetual bonds	-
1,141,685	**Total Financial Assets at fair value through other comprehensive income**	8,000
	Financial Liabilities at amortised cost	
2,997,033	Trade and Other Payables	4,577,137

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		
Parent and Group	**Total**	**Quoted market price**	**Observable inputs**	**Significant non-observable inputs**
2013				
$				
Financial assets				
Perpetual bonds	-	-	-	-
Shares	-	-	-	-
Parent and Group				
2012				
$				
Financial assets				
Perpetual bonds	990,000	990,000	-	-
Shares	143,685	-	-	143,685

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 4.52% (4.43% for 2012) with terms to maturity of 1-731 days (1-733 days for 2012). A variation of 1% on these rates would increase or decrease the reported financial result by $309,794 ($286,184 in 2012).

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 35%. 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 2012 $		Parent and Group 2013 $
	COUNTERPARTIES WITH CREDIT RATINGS	
	Cash at bank and term deposits	
-	AA	-
22,750,733	AA-	25,997,738
3,910,700	A+	4,972,626
	BBB+	
-	BBB	-
2,005,298	Non - Rated	3,145
28,666,731	*Total cash at bank and term deposits*	30,973,509
	Perpetual Bonds	
	AA-	
990,000	BBB+	-
	COUNTERPARTIES WITHOUT CREDIT RATINGS	
	Debtors and other receivables	
1,355,966	Existing counterparty with no default in the past	867,982
6,814	Existing counterparty with defaults in the past	4,362
1,362,780	*Total debtors and other receivables*	872,344

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 $31.0 million of cash and investments ($29.7 million in 2012) and has $6.5 million ($4.1 million in 2012) of current liabilities. The Current Ratio is 3.8:1 (7.1:1 in 2012). All trade payables are paid within a 30 day term. Aoraki Polytechnic has no significant exposure to liquidity risk on its financial assets.

22. 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 from Insurance claims arising from the Canterbury earthquakes that has not been recognised at balance date of $94,463 (2012 $586,790). The Insurance proceeds will be recognised as revenue when the compensation becomes receivable. For more information refer to note 28 Impact of the Canterbury Earthquakes.

23. Meeting Fees and Honorariums

Meeting Fees

Councillor	Actual 2012	Actual 2013
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 2013 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	10		
Gerald Morton	11	11	5	5
Robin Kilworth	11	11		
Robert Smith	11	11	5	5
Carole Brand	11	10	5	5
Craig O'Connor	11	10	5	4
Lyndon Waaka	11	10		
Graeme McNally	11	9	5	4

Full meetings of Council - numbers also included 'Special' Council meetings held during 2013. 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.

24. 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 no capital commitments (2012 $55,000).

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.

Capital Commitments and Operating Leases

Parent and Group 2012 $		Parent and Group 2013 $
	Capital Commitments	
55,000	Property, plant and equipment	-
	Non-Cancellable Operating Lease	
	Property Leases	
	Payable:	
271,868	Not later than one year	229,328
225,495	Later than one year and not later than two years	194,802
581,285	Later than two years and not later than five years	579,725
821,276	Later than five years	628,035
1,899,924	Total	1,631,890
	Equipment Leases	
	Payable:	
42,577	Not later than one year	46,926
3,441	Later than one year and not later than two years	287
-	Later than two years and not later than five years	-
-	Later than five years	-
46,018	Total	47,213
2,000,942	Total Commitments	1,679,103

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.

25. Post Balance Date Events

During the year Aoraki investigated ways of working with other institutions to better meet the training needs of the region, entering into a collaboration agreement with Christchurch Institute of Technology and Polytechnic (CPIT) to work together to provide quality education for Canterbury. Since balance date Aoraki have entered into a further collaboration agreement, with Lincoln University, to work together to increase opportunities for students and better meet the needs of industry, particularly in the Primary Industries sector.

26. 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.

27. Budget Variances

Statement of Financial Performance

Revenue – Total operating revenue was $3.8m lower than budget. Within this, student based revenue was $4.9m lower than budget due to delivery of 472 fewer Equivalent Full Time Students than planned. Lower student based revenue was partially offset by an additional $0.3m interest revenue earned on call and term deposits and $0.6m from the proceeds of earthquake related insurance claims.

Expenditure – All areas of operating expenditure were constrained due to the reduction in student numbers. Salary and wage costs were $1.0m lower than budget as staff numbers reduced from 174 FTE in 2012 to 150 FTE in 2013. Operating expenditure across remaining areas was $0.9m lower than budget.

Deficit before restructuring cost – Reductions in operating costs did not cover the reduction in revenue through lower student numbers resulting in a deficit $1.9m adverse to the budgeted surplus of $0.2m before restructuring costs.

Restructuring cost – During 2013 Aoraki assessed options to address the future provision of tertiary education in the region on a financially sustainable basis. This assessment resulted in a significant restructuring of Corporate Services, Academic Support, and School and Delivery structures. The restructure was in progress at the end of 2013 and staff related expenditure of $1.3m was provided to complete the restructure.

Net Surplus/(Deficit) – The net deficit of $3.1m was $2.3m higher than budget, principally due to lower revenue flowing from lower student numbers and costs related to the provision for restructuring, partly offset by lower operating costs and proceeds from earthquake insurance claims.

Statement of Comprehensive Income

Net Surplus/(Deficit) - The net deficit of $3.1m was $2.3m higher than budget as explained under the Statement of Financial Performance above.

Other Comprehensive Income – The cumulative devaluation of the investment in perpetual bonds of $34,000 was reclassified on disposal of the bond investment, through the Statement of Financial Performance / Cost of Services.

Statement of Movements in Equity

Total Equity reduced by $3.0m from $53.4m at the end of 2012 to $50.4m at the end of 2013. The reduction was $2.3m higher than budgeted due to the higher than budgeted deficit.

Statement of Financial Position

Cash and Investments –Combined cash and call, current and non-current bank deposits totalled $31.0m at the end of 2013 which was $4.2m higher than budget. This was mainly due to capital expenditure being $2.2m lower than budget, 2013 overfunding of $3.6m repayable to TEC in 2014, balance of the restructuring provision at year-end of $1.1m, offset by the operating deficit being $1.9m adverse to budget and accrued Interest and Insurance proceeds receivables $0.8m higher than budget.

Student Fees and other Receivables were $0.8m higher than budget as the budget did not reflect accrued interest on investments of $0.7m ($1.0m 2012).

Fixed and Intangible Assets were $2.7m lower than budget due to capital expenditure being constrained to essential items while Aoraki assessed options to address the future provision of tertiary education in the region on a financially sustainable basis.

Trade and Other Payables were $3.9m higher than budget due to $3.6m being repayable to TEC in 2014 for overfunding in 2013.

Current liabilities included $1.1m at year end for the unexpended portion of the provision made for restructuring, which was not included in the original budget.

Statement of Cash Flows

Cash Flows from Operating Activities were recorded a $1.9m higher cash inflow than budget due to: lower tuition fees and other revenue ($0.5m) lower; Interest revenue $0.3m higher; payments to employees (1.7m) lower; and payments to suppliers ($0.4m) lower.

28. 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 received written confirmation that the leases were terminated in 2011. Following the earthquake Aoraki Polytechnic's main Christchurch campus operated from premises at the Southern Institute of Technology campus building in Christchurch through until the end of 2013. The main Aoraki campus in Christchurch relocated at the end of 2013 to premises at the Christchurch Polytechnic and Institute of Technology (CPIT) in central Christchurch for the delivery of courses commencing in 2014.

As at 31 December 2013 Aoraki Polytechnic had made a total insurance claim of $682,544 comprising of the following:

	Parent and Group		
Cummulative postion at 31 December	**2011**	**2012**	**2013**
	$	**$**	**$**
Business Interuption			
Loss of Revenue	65,433	65,433	65,433
Relocation	62,625	62,625	62,625
Rent	39,389	39,389	39,389
Additional Expenses	21,483	21,483	21,483
Final claim adjustments	-	- -	29,301
Material Damage			
Unrecoverable Assets	396,146	396,146	396,146
Damaged Assets	1,704	1,704	1,704
Final claim adjustments			125,066
Total Claim	586,780	586,780	682,544
Recognition as at 31 December			
Settlement monies received	-	-	522,916
Recogised as Revenue and Receivable	-	-	65,165
Balance Recognised as a Contingent Asset	586,780	586,780	94,463
	586,780	586,780	682,544

The insurance claim has been lodged with our insurance broker insurer Jardine Lloyd Thompson Limited and as at 31 December 2013 the full claim has been assessed. Of the total claim a balance of $94,463 is awaiting confirmation of acceptance from the insurer and has been recognised as a contingent asset until the time that compensation becomes receivable upon which the balance of the claim will be recognised as revenue.

Damaged and unrecoverable assets covered by the Material Damage claim were written off as at 31 December 2011 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 2014.

FIVE YEAR FINANCIAL TREND SUMMARY

	2009	2010	2011	2012	2013
Proportion of Government Grants to Total Income	78%	76%	70%	70%	60%
Total Cost of Operations per EFTS ($)	9,904	10,869	12,093	11,749	15,272
Average Government Grant per MOE EFTS ($)	9,426	9,311	8,446	8,788	8,499
Total Assets ($,000)	62,887	64,560	56,383	57,509	56,887
Capital Expenditure per EFTS ($)	1,202	783	1,099	556	296
Staff FTEs	163.4	184.9	191.6	174.5	149.8
Tutor : Student Ratio	1:15	1:15	1:15	1:15	1:13
Government Grants ($,000)	21,114	21,396	17,264	16,451	10,114
Total Revenue ($,000)	27,397	28,137	24,640	23,664	16,798
Net Surplus / (Deficit) ($,000)	4,322	1,988	(1,660)	26	(3,070)
Total Equity and Reserves ($,000)	59,667	62,001	53,505	53,387	50,351
Liquidity Ratio	6.41:1	9.09:1	7.05:1	7.19:1	3.67:1
(Current monetary assets/current liabilities)					
Return on Income	15.8%	7.1%	-6.7%	0.1%	-18.3%
Salaries % / Total Expenditure	38.9%	39.7%	48.9%	52.2%	49.0%
EFTS – Summary					
MOE - Funded	2,240	2,298	2,044	1,872	1,190
International	30	24	28	34	16
ITO (off job)	32	37	15	18	17
STAR	33	38	27	30	22
Other	2	10	61	58	56
Total EFTS	2,337	2,407	2,175	2,012	1,301

COMPULSORY STUDENT SERVICES FEES

For the period ended 31 December 2013

	Parent and Group Budget 2013 $	Parent and Group 2013 $
Compulsory Student Services Collected	63,237	62,024
Services Funded by Compulsory Student		
1. Advocacy and legal advice	41,150	39,291
2. Careers information, advice and guidance	-	-
3. Counselling services and pastoral care	20,087	22,213
4. Employment information	-	-
5. Financial support and advice	1,000	320
6. Health Services	-	-
7. Media	1,000	200
8. Childcare services	-	-
9. Clubs and societies	-	-
10. Sports, recreation and cultural activities	-	-
Total Services Provided	63,237	62,024

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.

STAFF AS AT 31 DECEMBER 2013

Full Time Equivalents (FTEs)

	Tutorial	Support	Actual 2013	Actual 2012
Schools				
Hospitality, Hair and Beauty	25.90	4.00	29.90	29.64
Business, Arts and Media	21.50	3.90	25.40	28.86
Agriculture and Technology	12.10	2.50	14.60	24.08
Health and Education	18.80	1.00	19.80	22.78
Aoraki Education Partners	-	3.10	3.10	5.32
Total Schools	*78.30*	*14.50*	*92.80*	*110.68*
Support Departments				
Chief Executive Department			2.00	2.46
Human Resources			2.00	2.80
International			0.80	2.09
Marketing			3.30	4.69
Corporate Services			12.00	15.17
IT Services			3.30	2.50
Finance			4.70	5.01
Property Services			8.60	9.00
Registry			5.90	6.08
Library			2.00	2.00
Maori Liaison			0.50	0.04
Academic			10.60	8.50
Student Support Services			1.30	0.73
Total Support Staff			*57.00*	*61.07*
Government Grants				
Literacy			-	2.70
Polytechnic Total			***149.80***	***174.45***

Note:

* Is exclusive of contractors

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

Statement of Objectives and Service Performance

Aoraki Polytechnic's strategic direction was re-evaluated in 2013. The 2013 targets were revised and approved by Council at the October meeting in line with this new direction.

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	2012 Actual	2013 Investment Plan Target	2013 Target Revised	2013 Actual	Commentary
1.1 Student educational performance is increased	Increase in Student Achievement Component (SAC) performance commitments for all students	Course completion 78% Qualification completion 77% Student retention 67% Student progression 21%	Course completion 82% Qualification completion 60% Student retention 37% Student progression 18%	Course completion 78% Qualification completion 77% Student retention 67% Student progression 21%	Course completion 75^% Qualification completion 66^% Student retention 72^% Student progression 21^% ^Data as per the Jan 2014 SDR and the draft TEC EPI Figures released on the 25 March 2014.	Three out of four Investment Plan targets achieved We expect to reach the proposed target for Course Completion once all results are processed for 2013. Initiatives put in place to increase achievement of targets include: • Study plans and Individual Learning Plan's for Youth Guarantee students and students at risk of non-completion. • A new Youth Advisor position and an increase in the Student Support personnel were put in place to better meet the needs of learners. • An Academic Preparation course was offered to all students. As the organisation moves away from sub-contracting delivery, partners are in the process of finalising results. This may impact on the course and qualification completions in 2013.
	Percentage student satisfaction with: quality of delivery academic content student support	 94% 94% 71%	 85% 85% 85%	 95% 95% 75%	 91% 94% 78%	Investment Plan targets overall achieved Satisfaction rates have been maintained and students continue to value the academic content of programmes and the quality of delivery. The Student Support target was revised by Council and this target has been achieved. The survey to gather data will be redesigned prior to use in 2014. On-going professional development will continue to be made available to staff to enhance the teaching and learning experience for students.

 # The 2012 results are the figures reported on the Tertiary Education Commission's website in July 2013 following final submission of the Student Data Return in May 2013.

** 2013 results are provisional and based on the January 2014 Student Data Return. Final results are not available until July 2014 when the final data is placed on Aoraki Polytechnic's Tertiary Education Commission's Workplaces site.*

Statement of Objectives and Service Performance

Output	Output measure	2012 Actual	2013 Investment Plan Target	2013 Target Revised	2013Actual	Commentary
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'**	98%	95%	98%	98%	Investment Plan target achieved. During 2013 embedding literacy and numeracy was supported by education development advisors (literacy and numeracy) who assisted tutors to actively encourage learners to engage with the assessment tool, provided tutor training in literacy and numeracy, mapped and assisted tutors to map course materials, established an electronic mapping Library that has best practice embedding activities contained within it, and produced evidence folders containing lesson plans and tutor observations to provide evidence of embedding.
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***	51 (out of 81) 63%	(+25% on 2012)	58 (out of 73) (+25% on 2012) 79%	71%	Investment Plan target not achieved These numbers are based on the exclusion of: • Subcontracted programmes • Multiple sites of delivery 48 out of the 67 programmes delivered in 2013 had alternative delivery methods. This has increased from 2012 and will continue to be a focus for Aoraki Polytechnic.
	Percentage of programmes with work placement	75%	(+25% on 2012)	76%	76%	Investment Plan target not achieved Aoraki's strategic direction was re-evaluated in 2013 and the results reflect the change. The new direction is reflected in the 2014 plan. Revised targets were discussed and approved by Council at the October meeting. An analysis of programmes was completed in 2013 on programmes with work placement with updated guidelines and processes to be put in place for 2014.
1.3 Ensure all programmes with delivery cohorts less than 10 are discontinued	Number of programmes discontinued	This output was removed in 2012 due to structural and operational changes occurring as a result of reduced student numbers	N/A	N/A	N/A	N/A

*** Embedded means that the course is delivered by tutors who have completed literacy and numeracy training (30 credit unit standard 21204), the course materials have been mapped, and students complete the adult literacy and numeracy assessment tool (ALNAT) at the beginning and end of provision.*

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	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
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	2	4	This output was put on hold while Aoraki investigated future options.	N/A	Vocational pathways has been investigated and established with the local secondary schools for delivery in 2014.
	Percentage of students achieving qualifications	71%	47%	This output was put on hold while Aoraki investigated future options.	N/A	N/A
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).	1	4	This output was put on hold while Aoraki investigated future options.	N/A	N/A
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.	Course completion Qualification completion Retention Progression	82% 62% 38% 20%	82% 60% 37% 30%	82% 60% 37% 30%	66*% 65*% 48*% 1*% *Data as per the Jan 2014 SDR. The current progression data is based on students who progress at Aoraki Polytechnic only.	Investment Plan target not achieved Due to the processing of partner completions and qualifications for 2013, target has not been reached to date. The increase in retention is attributed to the reduced number of partner programmes that were delivered in 2013. Partner programmes with low retention statistics were removed from the 2013 portfolio as part of the partner selection process. Limited subcontracted delivery will occur in 2014 and will be phased out for 2015.

Statement of Objectives and Service Performance

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	2012 Actual	2013 Investment Plan Target	2013 revised Target	2013 Actual	Commentary
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	85%	95%	95%	86%	Investment Plan target not achieved Additional pressures on tutorial staff and organisational changes have affected completion rates. Individual learning plans have been developed for all staff for the last three years
	Percentage of new permanent tutorial staff to hold or be working towards Certificate in Adult Learning and Teaching (CALT) (Level 5) or equivalent	98%	95%	98%	98%	Investment Plan target achieved. Education development advisors have worked conscientiously to offer CALT to new tutors.
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	92%	93%	93%	94%	Investment Plan target achieved. Tutors have received targeted support in 2013 from education development advisors (literacy and numeracy) to engage in literacy and numeracy training (30 credit unit standard 21204).

Statement of Objectives and Service Performance

Output	Output measure	2012 Actual	2013 Investment Plan Target	2013 revised Target	2013 Actual	Commentary
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 +5%	Project on-going and to be completed by the end of 2013	75%	The project has been delayed due to the restructure commitments taking place at Aoraki Polytechnic. Tutor qualification database is currently being populated.
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	Percentage of programmes using these technologies	51 (out of 81) 63%	+10% on 2012	68%	71%	Investment Plan target achieved. These numbers are based on the exclusion of: • Subcontracted programmes • Multiple sites of delivery 48 out of the 67 programmes delivered in 2013 had new technologies included.
	Increase percentage of staff completing technologies resource training	85%	93.5% (+10% on 2012)	87%	87%	Investment Plan target not achieved Aoraki's strategic direction was re-evaluated in 2013 and the results reflect the change. The new direction is reflected in the 2014 plan. Revised targets were discussed and approved by Council at the October meeting. Additional pressures on tutorial staff and organisational changes have affected completion rates.

Statement of Objectives and Service Performance

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	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
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%	31%	31%	32*%	Investment Plan target achieved A focus was on relevant programmes for U 25s and the promotion of these has resulted in an increase in U25 enrolments. A higher level of engagement with secondary schools achieved at the end of 2012 and 2013. Promotion of the Youth Guarantee places
	Percentage of qualification achievement for enrolled EFTS under 25 in Levels 1-3	#69%	60%	69%	51*% Actual YTD	Investment Plan target not achieved Target not achieved at time of printing. Expect to achieve target based on the current level of processing.
	Percentage of Levels 4 and above proportion of SAC eligible EFTS under 25	#22%	35%	23%	29*%	Investment Plan target not achieved Aoraki's strategic direction was re-evaluated in 2013 and the results reflect the change. The new direction is reflected in the 2014 plan. Revised targets were discussed and approved by Council at the October meeting. Target was not achieved however there has been an increase in enrolments for Under 25's. This can be attributed to focusing on relevant programmes and the promotion of these as well as a higher level of engagement with secondary schools.
	Percentage of qualification achievement for enrolled SAC EFTS under 25 in Levels 4 and above	#81%	66%	81%	63*% Actual YTD	Investment Plan target not achieved Expect to achieve target of 66% based on the current level of processing. A number of strategies have been put in place to encourage students to complete their studies including increased support and study sessions.

Statement of Objectives and Service Performance

Output	Output measure	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
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	#6%	7.5%	6%	5*%	Investment Plan target not achieved The move from sub-contracted delivery to the campus delivery has reduced the number of students identified as Maori. Some work has been done with the on-campus students to increase their awareness of the enrolment process.
	Percentage of qualification achievement for Māori SAC EFTS enrolled in Levels 1-3	#67%	66%	67%	48*% Actual YTD	Investment Plan target not achieved Target not achieved at time of printing. Expect to achieve target based on the current level of processing.
	Percentage of Levels 4 and above proportion of SAC eligible EFTS identified as Māori	#3%	7.5%	3%	3*%	Investment Plan target not achieved Aoraki's strategic direction was re-evaluated in 2013 and the results reflect the change. The new direction is reflected in the 2014 plan. Revised targets were discussed and approved by Council at the October meeting. The move from sub-contracted delivery to the campus delivery has reduced the number of students identified as Maori. Work has been done with the on-campus students to increase their awareness of the enrolment process.
	Percentage of qualification achievement for Māori SAC EFTS enrolled in Levels 4 and above	#76%	63%	76%	38*% Actual YTD	Investment Plan target not achieved Target not achieved at time of printing. Expect to achieve target based on the current level of processing.
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	#3%	3%	3%	1*%	Investment Plan target not achieved The move from sub-contracted delivery to the campus delivery has reduced the number of students identified as Pasifika.
	Percentage of qualification achievement for Pasifika students enrolled in Levels 1-3	#72%	68%	72%	46*% Actual YTD	Investment Plan target not achieved Target not achieved at time of printing. Expect to achieve target based on the current level of processing.

Statement of Objectives and Service Performance

Output	Output measure	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
	Percentage in Levels 4 and above proportion of SAC eligible EFTS identified as Pasifika	#1%	3%	1%	1*%	Investment Plan target not achieved Aoraki's strategic direction was re-evaluated in 2013 and the results reflect the change. The new direction is reflected in the 2014 plan. Revised targets were discussed and approved by Council at the October meeting. . Pasifika participation at this level has never exceeded 1%.
	Percentage of qualification achievement for Pasifika students enrolled in Levels 4 and above	#59%	60%	59%	63*%	Investment Plan target achieved
4.2 Develop a portfolio of programmes attractive to internationals students that pathway to degree qualifications.	Number of programmes attracting international students.	27	+3		9	Investment Plan target not achieved This output was put on hold due to a revising of Aoraki's priorities.
Increase international student enrolments	Number of international student enrolments increase	33	30		15	Investment Plan target not achieved This output was put on hold due to a revising of Aoraki's priorities.
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.	49%	85% satisfaction survey results		73%	Investment Plan target not achieved International Student satisfaction has increased from 2012 and will continue to be a focus for Aoraki Polytechnic.
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	80% of programme portfolio	85% of programme portfolio	85% of programme portfolio	88%	Investment Plan target achieved.
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%	46%	46%	46%	Investment Plan target achieved. Aoraki Polytechnic continues to work with local industry through industry liaison, advisory, and employer groups to ensure that programmes are responsive to regional industry need and that graduate profiles are appropriately aligned.

Statement of Objectives and Service Performance

Output	Output measure	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
Respond to the need for more qualifications in Science, Technology, Engineering and Mathematics (STEM)	Number of new/revised programmes in STEM	1 (Benchmark)	Maintain benchmark set in 2012 as minimum	This output was put on hold while Aoraki investigated future options.	N/A	N/A
Support the delivery of trades programmes to meet trades shortages in Christchurch by supporting Institutes of Technology and Polytechnics.	Number of programmes provided	2 (Benchmark)	Maintain benchmark set in 2012 as minimum	This output was put on hold while Aoraki investigated future options.	N/A	N/A
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	0	10% agricultural staff (New measure in 2013)	This output was put on hold while Aoraki investigated future options.	N/A	N/A

 # The 2012 results are the figures reported on the Tertiary Education Commission's website in July 2013 following final submission of the Student Data Return in May 2013.
**% - Provisional data only*

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	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
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	26%	To be confirmed	26%*	63*%	Investment Plan target achieved The move from subcontracting delivery to core delivery has increased the level of pastoral care for Maori students and the support that is given to U25 Maori. The promotion of Youth Guarantee has contributed to this.
	Percentage of Māori retained	34%	56%	34%	70*% – U25 69*% - Overall	Investment Plan target achieved The increase in retention is due to the reduced number of partner programmes that were delivered in 2013. The level of student support has increased and this is reflected on the Maori students retained.
	Percentage qualification completion of Māori	67% Level 1-3 76% Levels 4-6	57% 60%	67% Level 1-3 76% Levels 4-6	48% Level 1-3 38% Levels 4-6 Actual YTD	Investment Plan target not achieved Target not achieved at time of printing. Expect to achieve target based on the current level of processing.
	Percentage of students Māori based on the Timaru campus with career and learning plans	9%	85%	25%	25%	Investment Plan target not achieved Revised targets were discussed and approved by Council at the October meeting. Māori students based at the Timaru campus with career and learning plans has increased from 2012 and will continue to be a focus for Aoraki Polytechnic. There were 97 students Maori based at the Timaru campus in 2013. Of these students 24 had an individual career and learning plan. These plans were completed by Māori Liaison and the Youth Guarantee advisor.
Develop greater understanding of Te Ao Māori in all programmes.	Percentage increase in the number of programmes revised to include bicultural awareness	40%	45%	45%	45%	Investment Plan target achieved. 5% increase in the number of programmes that include bicultural awareness.

Output	Output measure	2012 Actual	2013 Investment Plan Target	2013 Revised Target	2013 Actual	Commentary
Develop and implement a Māori Development Strategy in consultation and engagement with local iwi and Runanga	Plan developed	Achieved	Achieved	Achieved	Achieved	Investment Plan target achieved. The pursuit of achievement for students Māori at Aoraki Polytechnic is a goal that will endure beyond the lifetime of this strategy. As will be the commitment to the Polytechnic's Treaty partnership with tangata whenua.
	Percentage of plan implemented		35% (New measure in 2013)	57%	50%	Investment Plan target achieved Thirteen of the 15 annual targets for 2013 have been achieved. The focus for the first two years of the strategy was to build a solid foundation which rested upon a strong relationship between the polytechnic and rūnanga. As a result, goals 5.1 and 5.4 were not completed, and will need to be rolled over into 2014.

Equal Opportunity Report

Summary (Students)

	2013	2012	2011
Female	59.5%	52.7%	53.2%
Maori	7.4%	8.7%	7.8%
Pacific	2.1%	4.3%	4.5%
Disability	2.9%	1.5%	1.9%

Aoraki Polytechnic has a responsibility to promote equal educational opportunities.

Physical Environment

- The Student Support Services was relocated so it was more accessible for students.
- Study Link was on campus for a period of four days to provide more accessibility and greater support to students.

Student Support Services

- The Student Support staffing was increased in 2013 to better meet the needs of students.
- Adult Literacy centres are contracted to provide literacy and numeracy support to students
- Reader/Writers are available on request
- Students are encouraged to self-identify through the interview and enrolment process
- Counselling services are contracted to provide support for students

Maori

- 25% of students identifying as Maori, based on the Timaru Campus, had Individual Learning plans
- 45% of programmes were revised to include bicultural awareness
- The Maori Development strategy was developed and implemented in consultation and engagement with the local iwi and Rununga

Programmes

- Programmes were delivered to meet the needs of under-represented groups including the Certificate in Life Skills and the Certificate in Parenting and Care of Children.
- 98% of all Level 1-3 programmes have embedded literacy and numeracy
- A greater emphasis was placed on alternative methods of delivery eg e-learning through Moodle with 71% of programmes having alternative delivery methods
- 94% of staff have received targeted literacy and numeracy training
- Short courses in Te Reo Maori were delivered.

Youth Guarantee

- All Youth Guarantee students had Individual Learning Plans
- 78% of students completed their programme of study
- 27% of students moved onto further study
- 35% of student moved into apprenticeships implemented in consultation and engagement with the local iwi and Rununga

Summary (Staff)

2013 (FTEs)	Tutorial	Non-Tutorial	Total
Female	61.1%	75.9%	68.1%
Maori	3.3%	1.6%	2.5%
Pacific	0.0%	0.0%	0.0%

Aoraki Polytechnic is committed to developing and maintaining a workplace culture that values and supports diversity.

All recruitment activities of Aoraki Polytechnic follow a structured methodology which focuses on competency based criteria and enables equal access to employment opportunities, regardless of gender, marital status, age, sexual orientation, disability, ethnic origin, political persuasion or other personal characteristics which do not affect individual performance in employment.

EEO principles and practices will be actively promoted as part of management development programmes and in this way encouraged throughout the organisation.

Statement of Resources

As at 31 December 2013

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

Acting Chief Executive	Alex Cabrera
Academic Director	Rachel Garden
Finance and Planning Manager	Anne McLeod
Acting Human Resources and Development Manager	Lisa Baillie
Hospitality, Tourism, Hair and Beauty	Iain Bamber
Business, Arts and Media	Andrew Walne
Health and Education	Sandy McKirdy

Glossary of Terms

ABT Ltd	Agribusiness Training Limited
ACC	Accident Compensation Corporation
ALNA	Adult Literacy and Numeracy Assessment Tool
ANZIV	Associate of the New Zealand Institute of Valuers
CALT	Certificate in Adult Teaching and Learning
CPIT	Christchurch Polytechnic Institute of Technology
DRC	Depreciated Replacement Cost
EEO	Equal Employment Opportunities
EFTs	Equivalent Full Time Students
EPI	Education Performance Indicators
FBT	Fringe Benefit Tax
FNZIV	Fellow of the New Zealand Institute of Valuers
FPINZ	Fellow of the Property Institute of New Zealand
FREINZ	Fellow of the Real Estate Institute of New Zealand
FTE	Full Time Equivalent
GSF	Government Superannuation Fund
GST	Goods and Services Tax
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRD	Inland Revenue Department
ITO	Industry Training Organisations
MOE	Ministry of Education
NZQA	New Zealand Qualifications Authority
NZSX	New Zealand Stock Exchange
PAS	Public Benefit Entity Accounting Standards
PAYE	Pay as You Earn tax
PINZ	Polytechnics International New Zealand Limited
PINZ	The Property Institute of New Zealand
PPE	Property, Plant, and Equipment
RDR	Reduced Disclosure Requirements
SAC	Student Achievement Component
SDR	Single Data Return (Student data)
SNZPI	Senior Member of the Property Institute of New Zealand
STAR	Secondary Tertiary Alignment Resource
TEC	Tertiary Education Commission
XRB	External Reporting Board

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