



SUPPORTING YOUR SUCCESS



ANNUAL REPORT 2011



THE FUTURE IS
YOURS AND
EDUCATION IS
YOUR PATHWAY
TO SUCCESS



Aoraki Polytechnic Outdoor Education students climb 'The Footstool' - Aoraki Mt Cook National Park

A CHALLENGING YEAR



Aoraki Polytechnic has stepped up to the challenges presented in 2011

- A re-structured programme portfolio which included 35 new or significantly re-developed programmes
- A significant increase in students enrolled in full time programmes
- A reduction of \$4.1 million in funding from grants and EFTS funding for programmes no longer supported by Government

Aoraki Polytechnic fulfilled the requirements of its Investment Plan and achieved its objective to provide high quality education and successful learning outcomes for its students. This was due to the work of dedicated staff and the support of our community.



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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 AND VALUES



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

Values

Six values underpin the behaviours required to achieve the vision:

- Excellence in academic outcomes, student support and customer service
- Connection and partnership with industry, community, Iwi and other providers
- Innovation in programme development and delivery
- Professionalism through ethical behaviour and standing
- Sustainability by ensuring a financially viable organisation and a healthy workplace
- Teamwork by working together and celebrating success



Our aim is to provide our communities with educational facilities that offer a wide range of programmes or courses for their requirements.



CHAIRPERSON'S REPORT

It is my pleasure to present this 2011 annual report on behalf of the Council of Aoraki Polytechnic.

2011 was a very challenging year from many perspectives and has presented the Council with some difficult issues to deal with. The continuing earthquakes in Christchurch affected our Christchurch campuses bringing temporary closure and disrupted study to our students. This involved a lot of time of management and staff. On behalf of Aoraki Polytechnic Council I extend sympathy to those of our Aoraki students, staff and management and their families who were affected by the February earthquake.

The successful operation of Aoraki Polytechnic requires the working together of management, staff, students and the union. The Council are there to oversee and ensure that successful operation is achieved and most importantly to fulfill the requirements of the Tertiary Education Commission.

This year has been no different to others in terms of keeping up with the changing needs of our community and students. For any organisation to survive change must be introduced to provide the educational standards and flexibility of courses that ensure our students can take their skills to a higher level. Aoraki is committed to being the preferred tertiary institution for all students within our region. Having a good education provides a sound entry into employment.

Aoraki has met the Tertiary Education Strategy priorities by:

- Increasing the number of young people (aged under 25) achieving qualifications at levels four and above
- Increasing the number of Māori students enjoying success at higher levels
- Increasing the number of Pasifika students achieving at higher levels
- Increasing the number of young people moving successfully from school into tertiary education
- Improving literacy, language, numeracy and skills outcomes from levels one to three
- The restructure of our programme portfolio resulting in an increase in programmes at levels four to six
- Introduction of significant new trades and agricultural programmes

This has been combined with a marked reduction in offerings of short courses and subsequent increase in enrolments, specifically of students under 25, in full time programmes.

Aoraki has met our stakeholders' expectations by:

- Providing new programmes leading to qualifications valued by employers and industry
- Strengthening relationships with industry and schools
- Providing qualified tutors focussed on quality education to ensure the best outcomes for our students

Aoraki has been able to achieve these results by having a dedicated Chief Executive, supportive senior management team, loyal staff and a supportive community.

Looking ahead the key drivers are:

- Building strategic partnerships with our regional industries
- Developing new programmes and increasing enrolments
- Building relationships and pathways to higher learning with our tertiary partners
- Keeping up with technology and the provision of quality education

Our aim is to provide our communities with educational facilities that offer a wide range of programmes or courses for their requirements. We have budget constraints with our funding and therefore very careful consideration has to go into deciding our priorities and resulting actions. These are not always popular, but are essential for Aoraki Polytechnic to function successfully.

The Council of eight has a diverse range of backgrounds and skills that generates healthy debate and productive outcomes. I wish to thank Council for its support and the support shown to each other during the 2011 year as each challenge was presented.

My thanks to my Deputy Chair, Gerald Morton; Chairman of Audit, Graeme McNally and Chief Executive, Kay Nelson for making 2011 a successful academic year.

We have made significant progress and will continue to build a strong future for Aoraki Polytechnic and its students in 2012.

Kevin Cosgrove



Chair of Council

Aoraki Polytechnic Outdoor Education student on the summit of Mount Tasman



Another very pleasing statistic was the significant increase of our student retention figures from 27% to 49% in one year.



CHIEF EXECUTIVE'S REPORT

I am pleased to report that 2011 has been a very successful year for Aoraki Polytechnic. Despite a number of unprecedented challenges, we have made major progress in many important areas.

Significant progress has been made in re-shaping our programme portfolio to better meet the needs of our students and community and to align more closely our delivery with the Tertiary Education Commission's priorities. This involved launching almost 30 new programmes across our five campuses and the closure of several programmes that were no longer compatible with our strategic direction and priorities.

We have also achieved a significant change in the way we deliver our programmes. Historically Aoraki Polytechnic sub-contracted a significant portion of its delivery to partner providers. In 2010 a significant proportion of our students studied with our partner providers while only 700 equivalent full time students enrolled directly with Aoraki Polytechnic. In 2011 we are pleased to report an increase in the number of students directly enrolled in programmes with Aoraki Polytechnic to 1200 equivalent full time students. We are also delighted to see that the number of students entitled to graduate with an Aoraki certificate or diploma qualification doubled in one year. This is a major achievement for the students of this community and it culminated in a celebratory street parade before the graduation ceremony in Timaru. The dedication of the academic and support staff during 2011 to the success of our graduates was outstanding.

The educational performance data released in July 2011 (for the 2010 year) ranked Aoraki Polytechnic as the top achiever in course completions compared with all other New Zealand polytechnics. Another very pleasing statistic was the significant increase of our student retention figures from 27% to 49% in one year.

These positive academic changes have been achieved in the face of significant challenges.

A major challenge was the reduction in operational funding received from the Tertiary Education Commission in 2011. Government policy changes resulted in a reduction of 20% of our core funding. This included the removal of funding for certain categories of training combined with the cessation of extra grant funding. This reduction in funding had serious consequences for our financial position, particularly during a time of on-going change and consolidation of Aoraki Polytechnic operations.

The Christchurch earthquake and the tragic consequences for a great many people caused significant disruption to our own operations including the closure of our Christchurch campuses at a critical time of year for our students, just as studies were getting under way. Our staff and students responded magnificently in the face of extreme personal hardship and difficulties and they worked with management to establish a strong partnership with the Southland Institute of Technology (SIT) which enabled us to share facilities at their Christchurch campus. For those courses that couldn't be offered at the SIT campus we leased other suitable facilities to enable us to continue our programmes with as little disruption to our students as possible. We worked very closely with Christchurch Polytechnic Institute of Technology to take responsibility for their hairdressing course as it faced closure due to the location of their buildings within the central business district.

We also re-prioritised more than one million dollars of our funding to support the Canterbury Recovery Priority Trades initiative and we were recognised by the Tertiary Education Commission for our success in supporting this work.

While we knew our targets for 2011 were ambitious the amount of transformation required this year to our existing business model magnified the challenges we faced to achieve them. Although we did not meet all of our financial targets, it is an absolute credit to the management and staff of Aoraki Polytechnic that we have achieved so much in this challenging year. I offer my sincere thanks to the entire staff for their hard work and support.

We started our journey of change in 2010 and have come a long way in the last two years making significant progress in reshaping our programme portfolio, improving academic and pastoral support for our students, building our brand, and working closely with our stakeholders. In 2012 we will continue to work towards our vision to be the vocational education provider of choice for the Aoraki region.

Kay Nelson MBA, PG Dip Bus,
Dip in Ed (Tertiary Teaching)



Chief Executive



FIVE-YEAR FINANCIAL PERFORMANCE SUMMARY

Group Financial figures have been used until 2009 for ratio calculations reflecting consolidation of OSM Limited. Figures are prepared in compliance with New Zealand international financial reporting standards.

	2007	2008	2009	2010	2011
Proportion of Government Grants to Total Income (%)	77%	75%	78%	76%	70%
Total Cost of Operations per EFTS (\$)	8,923	9,289	9,904	10,869	12,093
Average Government Grant per MOE EFTS (\$)	7,529	8,089	9,426	9,311	8,446
Total Assets (\$,000)	45,693	57,258	62,887	64,560	56,383
Capital Expenditure per EFTS (\$)	908	1,460	1,202	783	1,099
Staff FTEs	141.6	147.1	163.4	184.9	191.6
Tutor : Student Ratio	1:16	1:16	1:15	1:15	1:15
Government Grants (\$,000)	18,129	17,981	21,114	21,396	17,264
Total Revenue (\$,000)	23,851	23,982	27,397	28,137	24,640
Net Surplus / (Deficit) (\$,000)	1,605	2,538	4,322	1,988	(1,660)
Total Equity and Reserves (\$,000)	42,441	54,309	59,667	62,001	53,505
Liquidity Ratio (Current monetary assets/current liabilities)	6.39:1	4.59:1	6.41:1	9.09:1	7.05:1
Return on Income	6.7%	10.5%	15.8%	7.1%	-6.7%
Salaries % / Total Expenditure	34.7%	39.6%	38.9%	39.7%	48.9%
EFTS – Summary					
MOE - Funded	2,408	2,223	2,240	2,298	2,044
MOE – Unfunded	-	-	-	-	-
MOE Total	2,408	2,223	2,240	2,298	2,044
International	26	25	30	24	28
ITO (off job)	25	26	32	37	15
STAR	34	37	33	38	27
Other	-	-	2	10	61
Total EFTS	2,493	2,311	2,337	2,406	2,175

FINANCIAL PERFORMANCE SUMMARY



The year under review was marked by growth in several areas; strong student enrolments during the year, and the highest level of course completion in the sector. The year was also marked by major natural disaster, the Canterbury earthquakes.

A series of strategic and operational initiatives were undertaken to allow Aoraki Polytechnic to meet the educational outcomes agreed with the students and the Tertiary Education Commission.

The positive financial results in 2009 and 2010, which resulted in an operating surplus, could not be achieved in 2011.

The benefits of initiatives in previous years continued to impact and strengthen Aoraki Polytechnic, especially in relation to student numbers and community engagement.

Other strategic and operational initiatives should allow Aoraki Polytechnic to meet the opportunities and challenges of the more competitive tertiary education sector from 2012.

Total income in 2011 decreased from 2010 levels. Expenditure in 2011 increased over 2010 levels. This was largely caused by the Canterbury earthquakes and the subsequent realignment of programme delivery to support the reconstruction efforts.

As a result Aoraki Polytechnic is reporting a \$1.8m unfavourable result compared to the agreed 2011 budget.

Revenue decrease is directly attributed to government resources, comprising of student component funding for delivery of education to the levels agreed by the Tertiary Education Commission in the 2011 revised investment plan.

Student tuition fees were less than budgeted due to change in the projected number of enrolments Aoraki Polytechnic committed to in the Investment Plan.

Returns from investments continued to be a significant income stream in 2011. However, current environmental changes have meant that interest rates over previous years have dropped.

Personnel resources increased during 2011 as the organisation undertook the activities required to realign the business.

Subcontractor costs continue to represent a significant portion of total expenditure. In 2011 Aoraki Polytechnic utilised this flexible mode of delivery to complement its delivery.

Non-personnel expenditure increased as the organisation undertook activities to meet the agreed educational outcomes in a challenging environment. Significant focus was given to Christchurch and Dunedin campuses.

Depreciation and amortisation expenditure levels are driven mainly by buildings and fixed assets. Depreciation increased in 2011 due to acquisitions of unbudgeted items required to deliver the 2011 education outcomes in Christchurch post earthquake.

Capital expenditure was a key area of focus as the organisation looked to develop the capability and environment required to achieve the 2011 investment plan.

Aoraki Polytechnic education delivery as required by the 2011 investment plan continues to necessitate a significant realignment of the core business.

Aoraki Polytechnic's 2011 financial summary reflects the challenges of a very difficult year for the Canterbury region. Aoraki Polytechnic remains in a strong position to continue to deliver excellence in education in the Aoraki region.





Aoraki Polytechnic hosted an Excellence in Teaching Conference with a focus on literacy, language and numeracy.



ACADEMIC QUALITY AND EXTERNAL EVALUATION AND REVIEW



Highlights for 2011

- Results of the Tertiary Education Commission (TEC) Performance Ranking – number one for course completions
- Hosting an Excellence in Teaching conference
- Student Support Services stocktake
- Library stocktake



Academic

The Academic Directorate has had a productive year with a focus on:

- Continued implementation of Self Assessment processes
- Reviewing Quality Assurance policies and procedures
- Reviewing and aligning the programme portfolio to Tertiary Education Strategy (TES) priorities
- Participating in the NZQA targeted review of qualifications
- Maintaining development work for emerging technologies
- Continuing to implement literacy, language and numeracy initiatives including the use of the literacy and numeracy assessment tool for adults
- Increasing tutorial staff teaching capability and undertaking a stock take of library and student support services.



Teaching Excellence

The academic services team has supported tutors in developing excellence in teaching provision through the delivery of professional development, foundation learning initiatives and resource development.

Aoraki Polytechnic hosted an Excellence in Teaching conference with a focus on literacy, language and numeracy.



Literacy, Language and Numeracy (LLN)

Work on embedding literacy, language and numeracy within all level one to three programmes continued this year as per the Literacy, Language, and Numeracy Implementation action plan.

In 2011 LLN focused on professional development to increase staff capability and confidence; developing tactics kits to support teaching practice; using the literacy and numeracy assessment tool for adults at the beginning and end of provision in levels one to three programmes.

ACADEMIC QUALITY AND EXTERNAL EVALUATION AND REVIEW

Programme Portfolio Review

The programme portfolio review continued in 2011 with an evaluation of each subject area to determine if and how the programmes and qualifications supported the needs of the Tertiary Education Strategy (TES) in providing value for money for students and employers and pathways to further learning

The portfolio review resulted in the introduction of over 35 new or revised mainstream programmes that students could participate in on a full time basis. These programmes filled gaps in progression of study for students and meet employers needs for the region.

The goals of the TES continue to direct the revision of the Aoraki Polytechnic programme portfolio. Priority continues to focus on developing programmes in the trades, with this gaining even more focus with the need for the rebuild of Christchurch. As well as traditional carpentry programmes, Aoraki Polytechnic has study options for students in brick and block and landscaping. Providing pathways to higher level programmes, either at Aoraki Polytechnic or other institutions, is becoming well embedded through relationships with Christchurch Polytechnic Institute of Technology (CPIT), Otago Polytechnic and the Nelson Marlborough Institute of Technology. These pathways provide further study options for students.

Pathway Relationships with Other Tertiary Providers

In order to increase student retention and progression of study opportunities, particularly to degrees, Aoraki Polytechnic has established relationships with Lincoln University, The Open Polytechnic, CPIT, Otago Polytechnic, Nelson Marlborough Institute of Technology (NMIT) and Otago University.

Tertiary Education Commission Performance Ranking

The Education Performance Indicators (EPI) data for 2010 showed Aoraki Polytechnic to be first in the sector for course completion; above the median for qualification completion, in an improved position for student retention placing our performance above the medium; and as needing improvement for student progression. With regards to the latter, it is noted that many Aoraki Polytechnic students move on to employment including apprenticeships at the end of their programmes and this does not show as a positive progression related to the study undertaken. A project is under way to track Māori, Pasifika and Youth Guarantee learners and provide literacy, language and learning assistance, to improve qualification outcomes.

Quality Assurance

Staff across the organisation continued to engage in evaluative conversations and make connections to take the organisation forward and benefit students. In 2011 the first Annual Academic Workshop was held. The service areas of Aoraki Polytechnic also became drivers for self-assessment and initiated their own evaluative conversations based in their areas.

Policies and procedures continue to be reviewed, benchmarked for best practice, and formatted into the Microsoft Sharepoint (information management system) for ease of access and use.

ACADEMIC QUALITY AND EXTERNAL EVALUATION AND REVIEW



Education Technologies

Aoraki Polytechnic is committed to utilising new technologies. An education technologies working group has been designated to research the opportunities and manage the implementation of technologies used for teaching and learning. This will align with Aoraki Polytechnic's focused increase in the use of the Moodle learning management system as well as other forms of educational technologies (such as smartboard, mimio). For the coming year there is a proposal to conduct trials of innovative education technologies in classrooms to benefit the teaching and learning environment.



Supporting Students

Student learning and support are integral to our core values. This year student learning has been guided and assisted through learning, disability, pastoral, study skills and IT support as well as counselling services and student health services. Support programmes have included student orientation, peer tutoring and Māori liaison.



Future Developments

Aoraki staff has been working on research projects during 2011. Further vocationally related research is planned for 2012.

Further work will be undertaken to establish and provide for the future learning and support needs of students through the provision of career and learning plans for all Youth Guarantee students and for Māori and Pasifika students requesting support.



Rachel Garden MEd; PG Dip Ed (Secondary Teaching); PG Cert Dip Theol; BA.

Academic Director



The aim is to articulate the new vision for the campus as a student centered learning environment with particular focus on student services and campus life.

CAMPUS DEVELOPMENT AND CORPORATE SERVICES

Campus Master Plan

In 2011 Aoraki Polytechnic relocated its Dunedin campus to a new fit-for-purpose building closer to the Central Business District and other tertiary institutions to provide students with an enhanced student experience and allow for greater collaboration with other providers. Consultation with staff and students regarding a potential development of the Timaru campus took place in 2011. The aim is to articulate the new vision for the campus as a student centered learning environment with particular focus on student services and campus life.

Facilities and Campus Services

In 2011 the Aoraki Polytechnic Facilities team completed a large number of projects to assist students and staff in their day-to-day operation.

The relocation of the Christchurch campus due to the earthquakes had all staff working to ensure the operation was as smooth and as painless as possible for students and staff.

Projects completed included:

- Refurbishment of the Oamaru campus
- Upgrading the customer service areas in Timaru

The overall aim of the facilities team is to provide an environment where students and staff can enjoy the surroundings of a clean, secure and appropriate place to work in.

Data Management Systems Review

In 2011, Corporate Services reviewed the information systems used for organisational and external stakeholder reporting purposes. Work will continue in 2012 on refining reporting systems to allow management to access instant information.

Business Processes

The enrolments process has been reviewed and refined to create a 'one-stop-shop' for initial student queries thus reducing overall response time for information and enrolments. Aoraki Polytechnic's new website has contributed to the reduction of inter-departmental handling of applications resulting in more efficient processing. Further developments will be implemented in 2012 with a student-centric approach to enrolment and re-enrolment at its core.

Centralisation of support services requests through the Customer Services Centre has created significant efficiencies and improved service delivery. 2012 will see a focus on increasing productivity by reviewing further business processes and streamlining for improved resource utilisation.

Information Communications Technology Services (ICTS)

ICTS has continued to deliver new functionality and capability to support students and staff across Aoraki Polytechnic's five campuses. Additional networks and computers were provided to support staff and classes relocated after the Christchurch earthquake. Microsoft Customer Relation Management software was provisioned to support stakeholder engagement.

Marketing and International

2011 saw a significant increase in initiatives to raise Aoraki Polytechnic's profile both domestic and internationally.

Student ambassadors provided valuable assistance with a range of marketing events and activities. Aoraki Polytechnic's team attended more than 20 career expos and fairs and visited some 200 secondary schools and colleges.

Green Agenda

In 2011 Corporate Services improved utilisation of resources such as vehicles and rooms thereby reducing Aoraki Polytechnic's ecological footprint. Further initiatives, ranging from improved building tuning, water management and waste management, are under development.

EFFICIENCIES AND IMPROVEMENT HIGHLIGHTS

Operational efficiencies and process improvements have been implemented across Aoraki Polytechnic.

Some of the highlights of 2011 include:

- Collaboration with Southern Institute of Technology (SIT) to provide facilities for delivery of qualifications to students in Christchurch
- Collaboration with Christchurch Polytechnic Institute of Technology (CPIT) to deliver Hairdressing in Christchurch
- Improved links with secondary schools through the development of a school's liaison plan
- Re-development of the website to improve access to information for students and staff
- Development of the staff intranet within Microsoft Sharepoint (information management system) to provide a centralised information portal for staff and to aid internal communications
- Development of an online learning management system
- Customer Relationship Management (CRM) database adopted to manage stakeholder engagement and record outcomes with industry and past students
- Review of timetabling software to improve efficiency of room utilisation
- Video conference training and its application in a teaching environment provided to staff
- Approximately 100 staff trained in the use of the electronic document management system
- Legislative compliance monitoring tool developed and implemented to improve efficiency in reporting



INTERNATIONALISATION



In 2011, Internationalisation at Aoraki Polytechnic focused on the development of networks and policy for embedding internationalisation in the institution as a whole.

Internationalisation highlights for 2011 include:

- Hosted and supported 52 international students from Christchurch following the earthquakes in February in support of other tertiary education providers
- Hosted an international resident scholar from Japan who focused research on outdoor recreation, sport and fitness
- Managed the operations of the South Canterbury International Festival on campus – recognition received from the Human Rights Commission
- Introduced Office of Ethnic Affairs Cross Cultural Communication and Awareness training to staff
- Facilitated a student exchange programme for students and tutor in France
- Developed education partners with Tama University and Shobi University from Japan
- Received approval for delivery of programmes under Immigration New Zealand prepaid migrant tuition scheme
- Commenced development of a combined recruitment strategy with Education South Canterbury
- Achieved 96% successful qualification completion for International students on campus
- Hosted various delegations including Shobi University and Tama University (Japan) and Education New Zealand specialist agents from Korea and Taiwan,
- Developed further connections with New Zealand based education providers for international student education
- Worked with international education partners to develop overseas learning opportunities for English language students
- Introduced new recruitment initiatives covering areas such as Germany, Indonesia and Thailand



Aoraki Polytechnic made a substantial investment in providing information to potential students and their influencers to ensure they were aware of programmes available to them that are close to home.

STAKEHOLDER AND COMMUNITY ENGAGEMENT

Our positioning is to support the success of:

Students – who want support to gain recognised qualifications from a respected and high profile institution in order to achieve career and financial success.

Industry – who wants graduates with the right skills and attitudes to add value from day one and who contribute to future business success.

Community – who wants a polytechnic that supports regional growth and the development of a thriving and successful region.

Government – who wants a well respected institution with high success and retention rates for its students, that provides value for money and learning pathways and assists the development of the economy on a regional and national basis.

Positioning

At every stakeholder and community engagement event, the message was given to improve the awareness and perception of Aoraki Polytechnic. This was consistent with the marketing audit and market research that had been undertaken in 2010. Brand positioning statements, brand values, taglines and a new campaign were developed in 2011 to further build on the work done in 2010 to respond to this stakeholder need.

Brand Tag Line “Supporting Your Success”

Campaign was built on the message “You don’t have to leave home to go places”.

Aoraki Polytechnic made a substantial investment in providing information to potential students and their influencers to ensure they were aware of the programmes available to them that are close to home.

In addition, a decision was made to provide buses in 2011 to transport students to Timaru from outlying areas where choices of courses were not available to them.

Stakeholder and Community Engagement highlights for 2011 include:

- Introduction of a summer marketing campaign with three caravans touring Ashburton, Timaru, Oamaru and the Mackenzie District
- Rugby World Cup Event: hosting of Web Ellis Trophy and Russian rugby team
- Establishment of student orientation as a week-long event
- Built Environment Training Alliance collaboration with Southern Institute of Technology, Christchurch Polytechnic Institute of Technology and Industry Training Organisations on a specific project; Skills for Christchurch
- Inaugural student and tutor exchange to France
- Establishment of internal, external and secondary school newsletter
- Establishment of Aoraki Polytechnic Facebook page
- Japanese resident scholar visits Timaru campus
- Business networking event hosted at Timaru campus featuring preview to open day and launch of Peak Magazine
- South Island MasterChef auditions held at Timaru campus
- South Canterbury International Festival held at Timaru campus
- New Aoraki Polytechnic website live
- ‘Showcase’ student exhibitions across all campuses
- Initiation of Aoraki Polytechnic Alumni
- Comparative market research conducted on positioning and perception
- Ongoing throughout the year – Consultation, presentations, workshops, staff forums, open days, Rotary presentations; Heads of School, Campus Managers, Education Partnership engagement with industry.

AORAKI EDUCATION PARTNERS

Aoraki Polytechnic has a number of programmes offered in partnership with other education providers.

Highlights include:

- EFTS achieved as per Investment Plan
- Significant improvement in qualification completions, especially in heavy transport driving qualifications and agriculture/horticulture
- High levels of training with partner tutors in the field of embedded literacy and numeracy
- Business Development Unit established links with significant players in applied research with industry
- Significant uptake of training by Māori and Pasifika students

Academic Excellence

In 2011 Aoraki Education Partners (AEP) developed new relationships with Tectra NZ and Agriculture New Zealand alongside our traditional agricultural partner, Agri Business Training. Aoraki has a strong market presence in the training of primary industries, especially in the South Island.

AEP's short courses in heavy driving transitioned to high completion rates in National Certificates in Heavy Transport. Driving skills are currently in short supply and training has helped meet the shortage of drivers for the Canterbury Earthquake recovery.

Student Success

The learning success, employment aspirations and satisfaction of students continues to be paramount to Aoraki Polytechnic.

This year, educational qualification and course completion targets were set with all partners exceeding completion targets in all programmes. Graduations with partner programmes celebrated academic excellence, Woodturners and MSL (a private training institution in Manukau) attended ceremonies in 2011.

In 2011 improved planning and tracking of graduate destinations was established and will be implemented in 2012. Positive feedback on student satisfaction surveys and success was noted as extremely high.

Teaching Excellence

Partner tutor workshops were a focus in 2011. Evaluative conversations and embedded literacy and numeracy provided focal points to bring tutors together, share common teaching difficulties, search for strategies and build networks to support each other. This year much discussion and implementation of strategies and support to ensure higher qualification completion rates was introduced.

Time was spent with students at the start of each programme to discuss aspirations and expected workloads to ensure greater retention.

Acknowledgement is due to tutors and their support/administration teams for their huge commitment and passion resulting in a high professional standard of teaching and student support.

Operational Excellence

AEP staff continue to improve on all processes. Efficiencies have been gained by streamlining enrolment processes and recording of academic results. Achieving government educational performance indicators targets has been a major driver. The portfolio mix with partners has been reviewed and will be reflected in the 2012 Investment Plan. Communication with all partners has been excellent and regular observation visits and Health and Safety audits have occurred throughout the year.



The Future

The Business Development Unit will continue to develop stakeholder engagement and industry liaison connections in applied research between polytechnics and industry.

Alternative sources of funding have been identified and AEP is well placed in the new year to advance roles with industry, provide enhanced opportunities for students to collaborate with industry and bring “real life” into their learning.

Gavin Spence M.A and BBS

Director – Aoraki Education Partners



SCHOOL OF AGRICULTURE AND TECHNOLOGY

The school of Agriculture and Technology delivers programmes of study for qualifications that prepare students for entry to a range of vocations across the primary production, manufacturing and technology sector. Food production provides the backbone of the regional economy and supporting this overarching function has been adopted as the keystone for the school's development strategy into 2012/13. Trade training has remained the major output of the school in 2011, with added impetus from the highly publicised need for construction related skills across the Canterbury region, in the wake of the devastating earthquakes that struck the province through 2010 and 2011.

Academic Excellence

The agriculture and technology portfolio for 2011 provided students with a greater choice of specialist qualifications in both the construction and motor industry fields complementing the well supported Engineering programmes already available. The addition of a horticulture qualification broadened the rural training portfolio to better reflect the diversity of primary industry in the region. Complementing the programmes were the special interest and vocational short courses delivered across a number of campuses.

Student retention rates were maintained at the levels achieved in 2010 throughout a challenging economic environment. Local industry support also grew to accommodate the increased student numbers, providing workplace experiences and industry insight opportunities for the students.

An increased focus on advancing the literacy and numeracy levels of learners has resulted in improved student achievement across many programmes of study.

The agricultural programmes delivered at Aoraki Polytechnic Rural Training Centre attained AgExcel accreditation status from the Agriculture Industry Training Organisation (AgITO), recognising the quality of facilities, resources and tutorial staff engaged on the programmes.

Student Success

The majority of students of the School of Agriculture and Technology completed their programmes of study, many graduating with a qualification and securing full time work in their chosen field. A number of students left programmes before completion to take up apprenticeships and other work opportunities as a result of the workplace experiences integrated into their study programme. New pathways for progression within specific subject areas that were developed for 2011 have been taken up by students and further progression opportunities are planned for 2012.

Teaching Excellence

The academic staff within the school has increased due to the introduction of new and experienced teaching personnel. The new staff were introduced for the six extra offerings of trade programmes addressing the future skills needed for the Canterbury reconstruction effort. These additional staff have positively altered the team dynamics and provided an element of renewal.

Teaching capability continues to be improved through professional development activities and industry connection. Many staff are engaged in upgrading their teaching skills and qualifications, alongside an elevated focus on embedding literacy and numeracy into both teaching resources and practice. Self assessment of academic quality and performance has been embraced leading to the establishment of continuous improvement practice.

The school continues to challenge itself to raise the levels of positive student feedback on tutorial performance across all programmes and to ensure a consistently high delivery of teaching excellence.

The Agriculture and Technology team is commended for the high levels of professionalism maintained throughout a very challenging year. The team has displayed great resilience and flexibility to achieve significant growth and has willingly positioned itself for continued development across the whole spectrum of vocational and academic activity in 2012.



Operational Excellence

2011 continued to be defined by change across the organisation generated from external influences and the ongoing performance and policy review. The school structure was modified by the establishment of four industry focused teams reflecting the key aspects of local economic strength, these being primary production, engineering, construction, and the motor industry (including agricultural machinery). Team leaders for three of these groups have been appointed, providing a consistent management function for both academic quality and development activities in each area.

Facilities, equipment and teaching resources have continued to be upgraded to enhance the effective and efficient educational delivery across the school. Programmed tutorial contact hours were timetabled in standard eight hour days to meet industry requirements and ensure alignment with common workplace practices.

The Future

A large scale project has been initiated to identify and provide learning and career development pathways for the agriculture and horticulture vocations as defined by industry participants. The aim of the project is to gather information to underpin the expansion of Aoraki Polytechnic's rural training facilities and programmes and the generation of a pipeline of work-ready and industry endorsed graduates at the required level to sustain a highly productive workforce for the region.

New collaboration opportunities with the region's secondary schools have been initiated and will be advanced in 2012, including participation in the Canterbury Tertiary College and other training academies operating in the region.

The application of innovative technologies for training delivery is increasing and greater effort is planned for this aspect of teaching practice in 2012. The development of new teaching and learning assessment resources has been a significant focus across the school in 2011 with pleasing results achieved. Continuous improvement activities are scheduled into the work plans for 2012 to ensure excellence is attained.

Mal Kendrew MBA

Head of School Agriculture and Technology

SCHOOL OF HEALTH, AND EDUCATION

The School of Health and Education encompasses a wide spectrum of programmes including health, mental health and social work, early childhood, parenting, animal care, English as a second language and adult teaching. In July 2011 outdoor education and sport were added to the portfolio giving the school a well rounded focus on health, wellbeing and education.

Academic Excellence

Three new programmes emerged in 2011: Diploma in Sport and Fitness (Level 5) (Timaru); National Diploma in Mental Health (Mental Health Support Work) (Level 6) and National Certificate in Animal Care (Level 2).

As a result of stakeholder engagement and programme review the Tertiary Studies Certificate changed to the Certificate in Health Studies focusing on entry to nursing. This change was a resounding success with a significant increase in enrolments and qualification completion rates.

Student Success

Student success can be measured in a variety of ways. Particularly notable achievements in 2011 were students from Early Childhood Studies and Social Services who received two of the three Aoraki Polytechnic Council scholarships which will assist them as they pathway to degree study.

21 graduates from Outdoor Education have attained employment in outdoor related fields all over the world including Chile, Australia and Canada.

Early Childhood has again been extremely successful with fifteen students electing to pathway to higher study, five of whom will study the Open Polytechnic Bachelor of Teaching (Early Childhood Education). These students will continue to be supported by Aoraki Polytechnic under a memorandum of agreement with The Open Polytechnic.

Nine students from the Certificate in Health Studies applied for The Bachelor of Nursing at Otago Polytechnic and two have been accepted for the Bachelor of Midwifery at Christchurch Polytechnic Institute of Technology (CPIT) via distance learning.

Teaching Excellence

The diligence of the Adult Education tutors and willingness of staff to attain the qualification has contributed to a significant number of tutorial staff completing the Certificate in Adult Teaching and Learning (Level 5) thus adding to the academic excellence of Aoraki Polytechnic.

Within the School of Health and Education and wider Polytechnic, staff are commended for their valued contribution in 2011 and continued progression into 2012.

Operational Excellence

Christchurch's February earthquake resulted in the demise of QEII Stadium, home for many years of Aoraki Polytechnic's Diploma in Sport and Fitness. While this caused major disruption the programme continued largely thanks to the determination and resourcefulness of tutors and support staff in accessing alternative accommodation and ensuring ongoing support for students.





The Future

Stakeholder engagement and relationships with ITOs and tertiary institutions including Whitireia Polytechnic, Otago Polytechnic, Christchurch Polytechnic Institute of Technology and Otago University were strengthened during 2011 ensuring pathways for higher study. Three new programmes will be introduced in 2012: The New Zealand Certificate in Nanny Education (Level 5); The National Certificate in Science (Level 4) and The National Certificate in Mental Health and Addiction Support (Level 4).

2011 was noted as year of challenges, change and uncertainty. Further challenges are expected to be faced in 2012, including the Targeted Review of Qualifications (TRoQ), however the school of Health and Education will continue to work as a team to strive for excellence in teaching and support of students.

Sandy McKirdy RGON (Registered General Obstetrics Nurse),
NC in Adult Teaching & Learning

Head of School Health and Education



SCHOOL OF CREATIVE TECHNOLOGY, IT, JOURNALISM AND BUSINESS

This school encompasses a broad spectrum of programmes including fine art, visual art and fashion design, photography, information and communications technology, multimedia, radio, television, film and journalism, delivered from five campuses across the region. In early 2011 the Business School was added to the portfolio. Developing students with qualifications and skills that local employers want, continues to be a focus of the school.

The distress and disruption caused by the earthquakes in Christchurch added to the challenges for 2011 and results achieved by the students and staff in Christchurch in 2011 was recognised as nothing less than amazing.

Academic Excellence

2011 was a year of unprecedented change for the school. In response to the Tertiary Education Strategy and demands from students and stakeholders significant changes were made in the portfolio of qualifications offered. These changes required alterations in the content, delivery and assessment of many of the programmes on offer. Therefore placing demands on tutorial and support staff to reflect and embrace continuous improvement techniques as Aoraki Polytechnic works towards academic excellence.

Much effort has been spent in 2011 on earlier identification of students at risk of not completing their studies with appropriate intervention strategies developed. This has already started to pay dividends with a record number of students graduating in 2011. The implementation of a literacy and numeracy strategy has also highlighted further ways to support students.

Tutors continue to invest their time in continuing professional development, ensuring vocational and academic skills are relevant and serving the needs of students. The school increased capital investment in facilities and technology to support teaching and learning this year.

Student Success

A record number of students completed studies and graduated in 2011. Many students have already attained jobs with employers recognising the quality of the education received.

This year, two fashion design students had work selected for the finals of Westfield Style Pasifika in Auckland.

Two graduates from the Business School progressed to degree courses at Lincoln University taking advantage of the collaboration agreement in place between Lincoln University and Aoraki Polytechnic.

A record number of students enrolling and completing studies in digital photography at both certificate and diploma level showed the growing reputation Aoraki Polytechnic is developing in this area.

Certificate and Diploma Film and Television students in Dunedin collaborated to produce a ten-part magazine show, Southern Upload, for Cue TV to broadcast on Sky Television. Each show was produced in partnership with a local high school using their students as presenters.

In a trial initiative Aoraki Polytechnic also worked with a group of long-term Work & Income beneficiaries on a computing programme. A significant number achieved their qualification with increased confidence to either continue in education or seek employment opportunities.

Teaching Excellence

Investment in professional development was a key theme for 2011 with a number of tutors from the school being recognised in the Aoraki Polytechnic Staff Awards for Excellence in recognition of their quality teaching and the employment outcomes gained by their students.

The Business School was presented with an Award for Innovation for their development of teaching materials and techniques to enhance student learning through video-conferencing.

The staff team based in Christchurch received the Award for Teamwork for their combined efforts to look after the students at our Christchurch campus throughout a turbulent year. This result is even more outstanding when most of the staff were facing significant challenges in their personal circumstances, from the loss of close friends to the destruction of houses.



Operational Excellence

The school saw successes and challenges in achieving operational excellence in 2011. The Christchurch earthquakes resulted in a red sticker on Aoraki Polytechnic's Moorhouse Avenue campus in Christchurch. Operating recommenced within a few weeks through successful partnership with Southern Institute of Technology's Hornby site. The need for specialist facilities for film and radio programmes meant that additional operation sites in Rangiora and Sydenham were obtained. The establishment of an appropriate infrastructure for teaching and learning and ongoing coordination of activities across the sites was ultimately a success.

Aoraki Polytechnic's Dunedin campus moved a short distance to establish a new centre for our media and beauty programmes. The physical move was completed over a long weekend and the benefits of the new facility are already being seen. The prime location is also increasing awareness and exposure for programmes in Dunedin.

At Timaru campus, facilities for Art & Design were upgraded, including an outside sculpture area as an opportunity for students to showcase work to peers and the community.

A reduction in the number of programmes on offer was made within the school, whilst maintaining and investing in areas relevant for students and employers of the Aoraki region.

Through innovation in timetabling and programme delivery, the ratio of students to tutors was improved in 2011.

The Future

Closer relationships with secondary schools, employers, local organisations and other tertiary providers were central to the development of a relevant portfolio of programmes. The ongoing review of the portfolio resulted in a decision to discontinue some programmes in 2011 and some more from the computing and media areas for 2012.

As relationships develop further with Secondary Schools, it is envisaged students will share their time between secondary schools, tertiary providers and employers. It is Aoraki Polytechnic's responsibility to create the mechanisms and opportunities for this to happen. In a geographically dispersed region this will require innovative thinking and further collaboration.

2010 was a big year, 2011 was bigger. The changing environment for Institutes of Technology and Polytechnics and the tight financial constraints under which Aoraki Polytechnic operate will mean ongoing change and uncertainty in some areas. The school of Creative Technology, IT, Journalism and Business continue to offer students the opportunity to gain skills and qualifications that lead to jobs within the region.

Andy Walne BA (Hons)

Head of School Creative Technology,
IT, Journalism and Business

SCHOOL OF HOSPITALITY HAIR AND BEAUTY

The school of Hospitality, Tourism, Hair and Beauty went through a period of significant growth in the 2011 academic year. Many of the schools programmes were changed, improved and updated in line with the government's Tertiary Education Strategy.

A clear focus in 2011 was the desire to create programmes which complemented Aoraki Polytechnic's strategy; to embrace commercial thinking and create dynamic students who can add value to the economy and businesses that will employ them.

This year the school incorporated the newly acquired International Tourism programme and an additional hairdressing programme in Christchurch. The earthquakes in Christchurch added to the challenges for 2011, resulting in a campus move and significant delays to programmes. A condensed hairdressing programme and new hairdressing salon were developed in Christchurch.

These challenges showed how much could be achieved within the school under unusual and somewhat stressful circumstances.

Academic Excellence

2011 was a year of constant change for the school. The content, delivery and assessment of many of the programmes were amended and in some cases completely re-written to ensure academic excellence. In the case of Hospitality, many of the programmes were re-written to align closely with the proposed Tertiary Review of Qualifications (TRoQ) suite of programmes, particularly cookery, which saw the greatest increase in student numbers. The scope of change was embraced positively by staff allowing tutors to develop modern lesson plans, incorporate continuous improvement thinking and allow them to pass on their significant experience and technical expertise to the students.

A large intake of students in 2011 placed emphasis on success and retention of students. Staff in the school were focused on developing strategies to ensure students were supported and any learning issues recognised early in the year. This support along with a clear concentration on literacy and numeracy in programmes at level two and three has highlighted a clear need to maintain student support as a strategic focus in 2012.

The hairdressing programme in Timaru registered very high success rates and received extremely positive reviews from Hairdressing Industry Training Organisation (HITO) for teaching and educational excellence.

Student Success

Cookery students excelled this year with 23 distinctions and nine merits in City and Guilds exams. Cookery and bakery students participated in culinary competitions throughout the year winning a range of gold, silver and bronze medals and three students achieved silver medals at the prestigious Toque d'Or competition in Auckland. Two Bakery students won scholarships from Hospitality Standards Institute to continue their studies at higher levels on our Patisserie programme. Only five of these awards are given out each year. Two cookery students spent a week in Christchurch filming on the Erin Simpson TV show.

A beauty therapy student won one of five prestigious global City and Guilds student awards. Two hairdressing students won best in category, another the overall award at the New Zealand Hat and Hair awards.

In total the Hospitality school achieved 37 distinctions for City and Guilds in 2011.

The new International Tourism programme was introduced in 2011 and saw nine students graduate with eight distinctions awarded in the two City and Guilds exams in June.

The formal exchange partnership with French schools, Notre Dame du Roc and St Joseph was initiated allowing two students and a tutor to travel to France in March 2011, with French students returning here in 2012.

Teaching Excellence

Programme development and continuous improvement was the primary focus in 2011. A number of staff were recognised in the Aoraki Polytechnic Staff Awards, for professionalism and team work.

The staff in the Beauty School worked together to deliver a new International Therapy Examination Council (ITEC) programme which was previously offered only in Dunedin. Aoraki's hairdressing team developed a condensed programme to accommodate Christchurch Polytechnic Institute of Technology (CPIT) hairdressing students who lost their facilities following the February earthquake.

Staff worked to gain further qualifications in their teaching skills and managerial expertise both internally at Aoraki Polytechnic and with other tertiary institutions.



Operational Excellence

Every effort was made to create a suitable study environment in shared accommodation with Southern Institute of Technology (SIT) following earthquakes in Christchurch. It is a credit to staff and students that a large proportion of students completed studies within the 2011 academic year. For the Beauty programme, the move to ITEC qualifications and the campus move in Dunedin to new facilities indicates clearly the school's vision to provide exceptional facilities for learners.

The school has invested heavily in new equipment especially in Beauty and Hospitality in 2011. This has created an opportunity for more students to graduate from the Hospitality School than ever before in one academic year.

The school worked hard this year to develop strong relationships with employers and stakeholders. Much work was done with local schools to foster relationships and show the quality of our programmes and tutors to the next generation of learners.

The school has actively participated in many events in the local community, building relationships and support. Individual Beauty students organised a Breast Cancer fundraiser day in Dunedin and raised over \$1000 for the charity.

In late 2011 Aoraki Polytechnic agreed to take over the Otago Polytechnic Massage and Stress Therapies programmes, which will broaden our portfolio in the area of health and wellbeing.

The Future

In a year of constant change and significant internal programme development, the school is very well placed to incorporate any change that will be required to conform to the new New Zealand qualifications. We have a stable suite of programmes in all areas of the school and can now look to continuously develop content to enhance and improve student outcomes.

Iain Bamber BA (Hons)

Head of School Hospitality, Hair and Beauty

GOVERNANCE AND ACCOUNTABILITY STATEMENT



Role of the Council

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

- Formulating the strategic direction
- Managing principal risks facing Aoraki Polytechnic
- Administering various regulations and meeting legislative requirements of the law
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of elected 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.



GOVERNANCE PHILOSOPHY

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 2011 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. The Council also monitors whether staff adhere to the principles of good citizenship and high standards of ethical behaviour.

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-conformance.

STATEMENT OF RESPONSIBILITY



In the financial year ended 31 December 2011, 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 2011.

Kevin Cosgrove

Kay Nelson



Chairperson

Chief Executive

30 April 2012



Independent auditor's report

To the readers of Aoraki Polytechnic and group's financial statements and statement of service performance for the year ended 31 December 2011

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 statement of service performance of the Polytechnic and group on her behalf.

We have audited:

- the financial statements of the Polytechnic and group on pages 40 to 76 that comprise of the balance sheet as at 31 December 2011, income statement, statement of comprehensive income, statement of movements in equity and cashflow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Polytechnic and group on pages 77 to 104.

Opinion

In our opinion:

- the financial statements of the Polytechnic and group on pages 40 to 76:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Polytechnic and group's:
 - financial position as at 31 December 2011; and
 - financial performance and cash flows for the year ended on that date;
- the statement of service performance of the Polytechnic and group on pages 77 to 104 fairly reflects the Polytechnic and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2011.

Our audit was completed on 30 April 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

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

The Council is also responsible for preparing a statement of service performance that fairly reflects its service performance achievements.

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

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

Responsibilities of the Auditor

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

Independence

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

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



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

INCOME STATEMENT

For the year ended 31 December 2011

Parent and Group Actual 2010	Notes	Parent and Group Budget 2011	Parent and Group Actual 2011
\$		\$	\$
Revenue			
21,396,089	3	17,177,029	17,264,310
2,530,274		5,674,616	3,402,433
378,484		1,000,000	347,243
1,329,164		2,031,667	1,264,022
1,817,088		1,800,000	1,677,837
16,331		17,200	38,344
3,275		10,000	4,780
666,564		575,974	640,578
<u>28,137,269</u>		<u>28,286,486</u>	<u>24,639,546</u>
Less Cost of Operations			
790,751		709,124	665,818
1,237,129		1,333,853	1,506,520
11,135,493	4	11,504,045	8,677,198
1,868,935	11 & 12	2,238,181	2,052,748
533,052		695,431	532,481
10,389,974	5	11,655,472	12,865,265
194,207		-	-
<u>26,149,541</u>		<u>28,136,106</u>	<u>26,300,030</u>
<u>1,987,728</u>		<u>150,380</u>	<u>(1,660,484)</u>
			Net Surplus/(Loss) for the period

Variance Report

Government grants were less than prior year due to changes in funding for the tertiary education sector and lower student numbers.

Domestic student tuition fees were less than budgeted due to a change in the mix of provision and lower student numbers.

International student tuition fees were less than budgeted due to a decrease in international students studying in South Canterbury as a result of the Canterbury Earthquakes.

Other fees and charges was less than budgeted due to the change in the mix of provision.

Interest Income was less than budgeted due to interest rates being lower than expected and lower average amount invested.

Costs of Services were less than budgeted due to projects being put on hold as a result of the Canterbury earthquakes.

Salaries and wages exceeded budget due to an increase in personnel resources to achieve activities required to realign the business.

Depreciation was less than budgeted due to planned expenditure on capital projects being put on hold as a result of the Canterbury earthquakes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

Parent and Group Actual 2010 \$		Notes	Parent and Group Budget 2011 \$	Parent and Group Actual 2011 \$
1,987,728	Net Surplus/(Deficit)		150,380	(1,660,484)
	Other Comprehensive Income			
48,972	Investment write up (down)	18	-	(13,430)
(21,650)	Bond revaluation movement	18	-	(35,831)
(209,921)	Increase(decrease) in asset revaluation reserves (net)	17	-	(6,786,722)
(182,599)	Total Other Comprehensive Income		-	(6,835,983)
<u>1,805,129</u>	Total Comprehensive Income		<u>150,380</u>	<u>(8,496,467)</u>

Variance Report

Revaluation of land and buildings was performed as at 31 December 2011 and resulted in a reversal of previous revaluation increment of \$6.787 million as per note 11.

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 December 2011

Parent and Group 2011	General Equity \$	Asset Revaluation Reserves \$	Fair Value through Other Comprehensive Income \$	Total \$	Budget \$
Balance at 1 January	45,524,388	16,456,896	19,785	62,001,068	61,317,620
Net Surplus/(Deficit)	(1,660,484)	-	-	(1,660,484)	150,380
Transfer Between Revaluation Reserve	-	-	-	-	
Capital Grant from the Crown	-	-	-	-	
Investment write up (down)	-	-	(13,430)	(13,430)	
Bond revaluation movement	-	-	(35,831)	(35,830)	
Increase(decrease) in asset revaluation	-	(6,786,722)	-	(6,786,722)	
Balance at 31 December	<u>43,863,904</u>	<u>9,670,174</u>	<u>(29,476)</u>	<u>53,504,603</u>	<u>61,468,000</u>

Parent and Group 2010	General Equity \$	Asset Revaluation Reserves \$	Fair Value through Other Comprehensive Income \$	Total \$
Balance at 1 January	43,008,160	16,666,817	(7,537)	59,667,440
Net Surplus/(Deficit)	1,987,728	-	-	1,987,728
Transfer Between Revaluation Reserve	-	-	-	-
Capital Grant from the Crown	528,500	-	-	528,500
Investment write up (down)	-	-	48,972	48,972
Bond revaluation movement	-	-	(21,650)	(21,650)
Increase(decrease) in asset revaluation	-	(209,921)	-	(209,921)
Distribution to the Crown				-
Balance at 31 December	<u>45,524,388</u>	<u>16,456,896</u>	<u>19,785</u>	<u>62,001,069</u>

Variance Report

Revaluation of land and buildings was performed as at 31 December 2011 and resulted in a reversal of previous revaluation increment of \$6.787 million as per note 11.

The accompanying accounting policies and notes on pages 47 - 76 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2011

Parent and Group Actual 2010		Notes	Parent and Group Budget 2011	Parent and Group Actual 2011
\$			\$	\$
Assets				
CURRENT ASSETS				
793,958	Cash and Cash Equivalents	6	64,000	1,774,378
937,646	Student Fees and other Receivables	7	1,491,500	1,633,135
27,509	Prepayments		3,000	19,001
5,826	Inventories		78,400	26,901
73,662	Livestock	8	-	108,827
21,500,000	Other Financial Assets	9	7,000,000	18,500,000
<u>23,338,601</u>	Total Current Assets		<u>8,636,900</u>	<u>22,062,242</u>
NON CURRENT ASSETS				
7,152,500	Other Financial Assets	9	14,600,000	6,817,000
143,197	Investments	10	8,000	129,767
33,694,897	Fixed Assets	11	41,013,000	27,061,726
15,472	Capital Work in Progress		-	-
215,764	Intangible Assets	12	467,000	312,104
<u>41,221,830</u>	Total Non Current Assets		<u>56,088,000</u>	<u>34,320,597</u>
<u>64,560,430</u>	TOTAL ASSETS		<u>64,724,900</u>	<u>56,382,839</u>
Liabilities				
CURRENT LIABILITIES				
36,993	Revenue Received in Advance	13	54,080	433,454
1,685,968	Trade and Other Payables	14	2,306,320	1,630,571
832,297	Employee Entitlements	15	863,500	813,618
<u>2,555,258</u>	Total Current Liabilities		<u>3,223,900</u>	<u>2,877,643</u>
NON CURRENT LIABILITIES				
4,102	Employee Entitlements	15	15,000	593
<u>4,102</u>	Total Non Current Liabilities		<u>15,000</u>	<u>593</u>
<u>2,559,360</u>	TOTAL LIABILITIES		<u>3,238,900</u>	<u>2,878,236</u>
<u>62,001,069</u>	NET ASSETS		<u>61,486,000</u>	<u>53,504,603</u>
Public Equity				
45,524,388	General Equity	16	44,819,000	43,863,905
16,456,896	Asset Revaluation Reserves	17	16,667,000	9,670,174
19,785	Fair Value through Other Comprehensive Income	18	-	(29,476)
<u>62,001,069</u>	TOTAL PUBLIC EQUITY		<u>61,486,000</u>	<u>53,504,603</u>

Variance Report

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

Investments exceeded budget due to attempting to maintain market yields when interest rates were falling. Aoraki wanted to maintain the strong working capital position in these current environmental conditions.

Variance Report continued

Fixed Assets were less than budgeted due to planned capital expenditure included work on the reconfiguration of the main campus and assets to support the mix of provision, being put on hold. All significant expenditure was placed on hold after the Canterbury earthquake.

Asset Revaluation Reserves is less than budgeted, due to an unbudgeted revaluation on land and buildings to ensure holding values are in line with market conditions and organisation usage. This resulted in a reversal of previous revaluation increments of \$6.787million.

Trade and Other Payables was less than budgeted due to a decrease in expenditure as strict cost control and the change programme being scaled back due to not achieving overall income targets. The budget forecasted for a large amount of capital expenditure to be payable at the end of the year.

Kevin Cosgrove
Chairperson



Date 30 April 2012

Kay Nelson
Chief Executive



Date 30 April 2012

The accompanying accounting policies and notes on pages 47 - 76 form an integral part of these financial statements.

CASHFLOW STATEMENT

For the year ended 31 December 2011

Parent and Group Actual 2010 \$		Parent and Group Budget 2011 \$	Parent and Group Actual 2011 \$
Cashflows from Operating Activities			
Cash was provided from :			
21,968,722	Government Grants	17,505,000	17,260,377
4,923,282	Tuition Fees and Other	8,733,000	5,663,006
2,502,607	Interest and Dividends Received	1,817,000	1,458,017
(151,667)	Goods and Services Tax (Net)	-	67,512
<u>29,242,944</u>	Total Cash Inflows from Operations	<u>28,055,000</u>	<u>24,448,912</u>
Cash was applied to :			
10,202,720	Payments to Employees	11,672,100	12,887,453
14,301,616	Payments to Suppliers	14,265,900	11,496,992
<u>24,504,336</u>		<u>25,938,000</u>	<u>24,384,445</u>
<u>4,738,608</u>	Net Cash Flows from Operating Activities	<u>2,117,000</u>	<u>64,466</u>
Cash Flows from Investing Activities			
Cash was provided from :			
1,112	Sale of Assets	-	6,896
	Investments	(6,628,000)	(3,299,669)
<u>1,112</u>		<u>6,628,000</u>	<u>3,306,565</u>
Cash was applied to :			
4,424,150	Investments	-	-
200,000	Purchase of Aoraki International College	-	-
1,736,849	Purchase of Fixed Assets	8,745,000	2,224,573
146,834	Purchase of Intangibles	-	166,039
<u>6,507,833</u>		<u>8,745,000</u>	<u>2,390,612</u>
<u>(6,506,721)</u>	Net Cash Flows from Investing Activities	<u>(2,117,000)</u>	<u>915,953</u>
Cash Flows from Financing Activities			
Cash was provided from :			
528,500	Capital Grant from the Crown	-	-
<u>528,500</u>		<u>-</u>	<u>-</u>
<u>528,500</u>	Net Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
(1,239,613)	Net increase/(decrease) in cash held	-	980,420
2,033,572	Plus Opening Cash	64,000	793,958
<u>793,958</u>	Closing Cash Balance	<u>64,000</u>	<u>1,774,378</u>
Represented by :			
793,958	Bank Account/(Overdraft)	64,000	1,774,378
-	Bank Deposits	-	-
<u>793,958</u>	Closing Cash Balance	<u>64,000</u>	<u>1,774,378</u>

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

Parent and Group Actual 2010 \$		Parent and Group Actual 2011 \$
1,987,728	Surplus/(Loss) on Operations	(1,660,484)
	Add/(Less) Non Cash Items :	
1,868,935	Depreciation and amortisation expense	2,052,748
194,207	Goodwill written off	
	Add/(Less) Movements in Working Capital Items:	
(18,206)	Increase/(Decrease) in Fees in Advance	396,461
1,260,953	Decrease/(Increase) in Receivables	(695,489)
40,455	Decrease/(Increase) in Prepayments	8,508
(2,974)	Decrease/(Increase) in Inventories and Livestock	(56,241)
(797,931)	Increase/(Decrease) in Payables	(11,609)
187,253	Increase/(Decrease) in Staff Entitlements	(22,189)
<u>669,550</u>		<u>(380,559)</u>
	Add/(Less) Items Classified as Investing	
-	Gain on disposal of discontinued activity	-
18,188	Net Loss/(Gain) on Sale/Disposal of Assets	52,761
<u>18,188</u>		<u>52,761</u>
<u><u>4,738,608</u></u>	Net Cash Flows from Operating Activities	<u><u>64,466</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 2011 were authorised for issue in accordance with a resolution of the council on 30 April 2012.

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

2. Summary Of Significant Accounting Policies

(a) Basis of preparation

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

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

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

The financial statements are presented in New Zealand dollars.

New standards and Interpretations issued and not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 31 December 2011, 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 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended December 2013.

FRS 44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards this will be adopted for the year ended 31 December 2012.

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

NOTES TO THE FINANCIAL STATEMENTS continued

(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 cease to be consolidated from the date on which control is transferred out of the Group.

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

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

Unrealised losses are eliminated unless costs cannot be recovered.

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

(d) Foreign currency transactions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

(e) Property, plant and equipment

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

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

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

Class of assets	Rate
Buildings	1%-10% per annum
Plant and equipment	5.5%-50% per annum
Motor vehicles	20% per annum
Furniture & Fittings	5-20% per annum
Library Collection	10% per annum
Art Collection	Nil

Additions

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

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

Disposals

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

Subsequent Costs

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

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

(f) Impairment

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

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

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

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

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

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

Assets held for educational and related matters and related activities are assessed for impairment by considering the assets for obsolescence, changes in useful life assessments, optimisation and other related matters.

(g) Revaluations

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

Land

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

Buildings

Buildings 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.

NOTES TO THE FINANCIAL STATEMENTS continued

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.

NOTES TO THE FINANCIAL STATEMENTS continued

(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 – 5 years	Finite – 3-5 years
Method used	Straight line method from the commencement of the course	Straight line method
Internally generated/ Acquired	Separately acquired	Separately acquired

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

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

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

Research costs

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

Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS continued

(i) Financial Assets

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

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

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

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

The four categories of financial assets are:

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

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

ii) Loans and receivables

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

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

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Aoraki has trade and other receivables, and bank deposits entered into during the 2011 and 2010 financial year in this category.

iii) Held to maturity investments

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

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

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

iv) Financial assets at fair value through other comprehensive income

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

This category encompasses:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

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

Impairment of financial assets

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

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

Impairment of a loan or a receivable is established when there is objective evidence that Aoraki Polytechnic will not be able to collect amounts due according to the original terms of the debt. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The amount of the loss is recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive income

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

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

If impairment evidence exists the cumulative loss (measured as the difference between the acquisition 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 original receivable amount less an allowance for any uncollectible amounts.

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

NOTES TO THE FINANCIAL STATEMENTS continued

(l) Cash and cash equivalents

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

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

(m) Provisions

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

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

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

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

(n) Employee entitlements

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

Long service leave is calculated on an actuarial method.

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

Superannuation Schemes

Defined contribution schemes

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

(o) Leases

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

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

(p) Revenue

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

NOTES TO THE FINANCIAL STATEMENTS continued

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.

Public Provider Base Grant (PPBG) and operating portion of Quality Reinvestment Programme (QRP) for 2010 are recognised as income in the surplus or deficit. Capital portion of QRF is recognised as owner's contribution in equity on receipt.

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

ii) Student Tuition Fees

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

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

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

iii) Interest

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

iv) Other Revenue Received

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

(q) Creditors and other payables

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

NOTES TO THE FINANCIAL STATEMENTS continued

(r) Income and other Taxes

Tertiary institutions are exempt from the payment of income tax and 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 10 December 2010.

(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 or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, Plant and Equipment

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 charge recognised as an expense in the surplus or deficit.

(u) Critical judgements in applying accounting policies

Crown owned Land and Buildings

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

Distinction between Revenue and Capital Contributions

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

NOTES TO THE FINANCIAL STATEMENTS continued

(v) Changes in Accounting Policies

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

Adoption of the revised NZ IAS 24 Related Party

The revised NZ IAS 24 Related Party Disclosures (Revised 2009) has been adopted for the year ended 31 December 2011. The effect of adopting the revised NZ IAS 24 is:

- More information is required to be disclosed about transactions between the Institute and government-related entities: and
- Commitments with related parties now require disclosure.

3. Government Grants

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
20,130,363	EFTS Based Funding	17,121,359
<u>1,265,726</u>	Non-EFTS Funding	<u>142,951</u>
<u>21,396,089</u>	Total Government Grants	<u>17,264,310</u>

4. Cost of Services

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
98,920	Audit fees for financial statement audit	82,195
6,690,238	Payments to JEP contractors	3,881,933
9,995	Change in provision for doubtful debts	11,452
20,397	Bad debts written off	20,841
402,049	Information technology	555,383
15,749	Donations and Sponsorship	23,946
422,126	Rent	589,805
314,500	Travel/Accommodation	258,017
909,688	Contractors and Professional Fees	897,010
94,538	Insurance	109,663
218,588	Energy costs	266,827
<u>1,938,705</u>	Other expenditure	<u>1,980,126</u>
<u>11,135,493</u>		<u>8,677,198</u>

NOTES TO THE FINANCIAL STATEMENTS continued

5. Salaries and wages

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
4,565,239	Academic Salaries	5,489,668
5,605,024	General Salaries and Wages	6,061,672
-	Non Payroll Personnel	1,212,818
32,458	Defined employer superannuation contributions	160,956
187,253	Increase/(Decrease) in Employee Entitlements	(59,849)
<u>10,389,974</u>		<u>12,865,265</u>

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

6. Cash and Cash Equivalents

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
793,958	Cash at bank and in hand	1,774,378
<u>793,958</u>	Total Cash and Cash Equivalents	<u>1,774,378</u>

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

NOTES TO THE FINANCIAL STATEMENTS continued

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 Actual 2010		Parent and Group Actual 2011
\$		\$
801,762	Accrued Interest	1,059,926
14,060	MOE Receivable	0
154,943	Student Fees	370,628
-	Other Receivables	247,152
(33,119)	Provision for Doubtful Debts	(44,571)
<u>937,646</u>	Total in Balance Sheet	<u>1,633,135</u>

The ages of Student Fees receivables are as follows:

69,724	Not past due	225,931
9,297	Past due 1 - 30 days	25,360
21,692	Past due 31 - 60 days	6,414
9,297	Past due 61 - 90 days	9,167
44,933	Past due over 90 days	103,755
<u>154,943</u>	Total in Balance Sheet	<u>370,627</u>

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

As at 31 December 2011 and 2010, 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 Actual 2010		Parent and Group Actual 2011
\$		\$
(23,126)	As at 1 January	(33,119)
(30,390)	(Additional)/Reversal of provisions in year	(32,293)
20,397	Paid or written off during period	20,841
<u>(33,119)</u>	At 31 December	<u>(44,571)</u>

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

NOTES TO THE FINANCIAL STATEMENTS continued

8. Livestock

Parent and Group Actual 2010		Parent and Group Actual 2011
	\$ Livestock on Hand Comprises	\$
64,924	Sheep	98,067
8,738	Cattle	10,760
<u>73,662</u>		<u>108,827</u>
	Sheep – Quantities	
470	Balance at 1 January	692
	Plus:	
100	Purchases	66
450	Natural increase	466
<u>1,020</u>		<u>1,224</u>
	Less:	
325	Sales	449
3	Deaths and missing	10
<u>692</u>	Closing stock at 31 December	<u>765</u>
	Cattle – Quantities	
41	Balance at 1 January	17
	Plus:	
8	Purchases	7
-	Natural increase	-
<u>49</u>		<u>24</u>
	Less:	
31	Sales	8
1	Deaths and missing	-
<u>17</u>	Closing stock at 31 December	<u>16</u>
71,413	Balance at 1 January	73,662
46,460	Plus purchases and natural increase	64,554
(56,462)	Less sales and death	(73,286)
12,251	Gains/(losses) arising from changes in fair value less estimated cost	43,897
<u>73,662</u>	Balance at 31 December	<u>108,827</u>

Livestock has been valued at 31 December at average market value per head.

NOTES TO THE FINANCIAL STATEMENTS continued

9. Other Financial Assets

Parent and Group Actual 2010 \$		Parent and Group Actual 2011 \$
	Other Financial Assets classified by term	
	Loans and Receivables	
12,100,000	Short-term deposits with maturities of 4-12 months	18,500,000
8,600,000	Deposits with maturities of more than 12 months	5,800,000
<u>6,900,000</u>		<u>-</u>
	Investments Held to Maturity	
	Deposits with maturities of more than 12 months	
<u>1,052,500</u>		<u>1,017,000</u>
<u>28,652,500</u>		<u>25,317,000</u>
	Fair value through other comprehensive income	
	Perpetual bonds	
	Other financial assets	
	Other Financial Assets classified by time to maturity at 31 December	
21,500,000	Other Financial Assets (Current)	18,500,000
7,152,500	Other Financial Assets (Non Current)	6,817,000
<u>28,652,500</u>		<u>25,317,000</u>

There were no impairment provisions for other financial assets.

Other financial assets – fair value disclosure

Term deposits

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

Perpetual bond

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

NOTES TO THE FINANCIAL STATEMENTS continued

10. Share Investment

Parent and Group Actual 2010 \$		Parent and Group Actual 2011 \$
8,000	Investment of shares in Polytechnics International New Zealand Limited (PINZ). 800 shares. The purpose of the company is to market education and consultancy services internationally. Reporting Date : 31 December Carried at cost less impairment as fair value cannot be reliably determined using a standardised valuation technique.	8,000
135,197	Investment in 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.	121,767
143,197		129,767

NOTES TO THE FINANCIAL STATEMENTS continued

11. Fixed Assets

Parent and Group 2011	Buildings	Land	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Library Collection	Art Collection	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2011								
Cost or fair value	26,818,264	4,118,400	4,782,411	634,426	1,116,049	223,267	69,107	37,761,924
Accumulated depreciation	(106,357)	0	(2,746,198)	(451,004)	(687,326)	(76,143)	-	(4,067,028)
Net Carrying Amount	26,711,907	4,118,400	2,036,213	183,422	428,723	147,124	69,107	33,694,896
Additions	958,202	6,980	858,599	101,776	249,196	21,505	-	2,196,257
Revaluation	(6,823,462)	36,740	-	-	-	-	-	(6,786,721)
Disposals	(0)	-	(59,473)	(28)	(157)	-	-	(59,657)
Held for Sale	-	-	-	-	-	-	-	-
Depreciation for year	(1,058,355)	(13,220)	(715,994)	(66,647)	(103,249)	(25,585)	-	(1,983,050)
Net Carrying Amount	19,788,292	4,148,900	2,119,345	218,523	574,513	143,044	69,107	27,061,726
At 31 December 2011								
Cost or fair value	20,060,735	4,148,900	5,331,730	735,703	1,330,472	244,772	69,107	31,921,420
Accumulated depreciation	(272,443)	0	(3,212,385)	(517,180)	(755,959)	(101,728)	-	(4,859,694)
Net Carrying Amount	19,788,292	4,148,900	2,119,345	218,523	574,513	143,044	69,107	27,061,726

All Land and Buildings, excluding work in progress, were valued as at 31 December 2011 by a Registered Valuer, Gerald Morton (SNZPI, ANZIV, FREINZ) of Morton Co Limited. Fair value of property valued by Gerald Morton amounted to \$23,113,400. The fair values were peer reviewed by independent Valuer, Gary Sellars, (Registered Valuer, FNZIV, FPNZ, PINZ) of Colliers International. 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.

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 \$13,409,445 at 31 December 2011. 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 2010	Buildings	Land	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Library Collection	Art Collection	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2010								
Cost or fair value	28,596,219	3,914,613	4,394,274	528,625	1,069,098	197,153	64,780	38,764,762
Accumulated depreciation	(1,002,940)	(16,601)	(2,736,077)	(389,287)	(627,327)	(54,185)	-	(4,826,418)
Net Carrying Amount	27,593,280	3,898,012	1,658,197	139,337	441,770	142,968	64,780	33,938,344
Additions	658,735	4,866	926,631	105,802	84,131	26,114	4,327	1,810,606
Revaluation	(443,710)	233,788	-	-	-	-	-	(209,921)
Disposals	-	-	(7,263)	-	(12,036)	-	-	(19,299)
Held for sale	-	-	-	-	-	-	-	-
Depreciation for year	(1,096,398)	(18,266)	(541,352)	(61,717)	(85,142)	(21,958)	-	(1,824,833)
Net Carrying Amount	26,711,907	4,118,400	2,036,213	183,422	428,723	147,123	69,107	33,694,897
At 31 December 2010								
Cost or fair value	26,818,264	4,118,400	4,782,411	634,426	1,116,049	223,267	69,107	37,761,925
Accumulated depreciation	(106,357)	(0)	(2,746,198)	(451,004)	(687,326)	(76,143)	(0)	(4,067,029)
Net Carrying Amount	26,711,907	4,118,400	2,036,213	183,422	428,723	147,124	69,107	33,694,897

NOTES TO THE FINANCIAL STATEMENTS continued

12. Intangibles

Parent and Group 2011	Computer Software \$	Programme Development \$	Total \$
At 1 January 2011			
Cost or fair value	469,211	89,003	558,214
Accumulated amortisation	(322,010)	(20,440)	(342,450)
Net Carrying Amount	147,201	68,563	215,764
Additions	98,915	67,123	166,038
Revaluation	-	-	-
Disposals	-	-	-
Held for Sale	-	-	-
Amortisation Charge for the year	(47,263)	(22,435)	(69,697)
Net Carrying Amount	198,853	113,251	312,104

At 31 December 2011			
Cost or fair value	534,629	156,126	690,754
Accumulated amortisation	(335,776)	(42,875)	(378,651)
Net Carrying Amount	198,853	113,251	312,104

Parent and Group 2010	Computer Software \$	Programme Development \$	Total \$
At 1 January 2010			
Cost or fair value	398,047	13,333	411,381
Accumulated amortisation	(285,015)	(13,333)	(298,348)
Net Carrying Amount	113,032	-	113,032
Additions	71,164	75,670	146,834
Revaluation	-	-	-
Disposals	-	-	-
Held for Sale	-	-	-
Amortisation Charge for the year	(36,995)	(7,107)	(44,102)
Net Carrying Amount	147,201	68,563	215,764

At 31 December 2010			
Cost or fair value	469,211	89,003	558,214
Accumulated amortisation	(322,010)	(20,440)	(342,450)
Net Carrying Amount	147,201	68,563	215,764

NOTES TO THE FINANCIAL STATEMENTS continued

13. Revenue Received in Advance

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
36,993	Student Fees in Advance	433,454
<u>36,993</u>		<u>433,454</u>

14. Trade and other Payables

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
1,726,166	Trade Creditors	1,562,474
(73,600)	GST	52,788
13,748	Funds Held in Trust	13,648
19,654	MOE Payable	1,661
<u>1,685,968</u>	Total Payable	<u>1,630,571</u>

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

15. Employee Entitlements

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
647,464	Annual Leave	558,831
12,249	Long Service Leave	16,127
145,526	Salary & Wage accruals	167,749
31,160	Sick Leave	71,504
<u>836,399</u>	Total Entitlements	<u>814,211</u>
649,146	At 1 January	836,399
187,253	Net movement increase/(decrease)	(22,188)
<u>836,399</u>	At 31 December	<u>814,211</u>
832,297	Employee Entitlements (Current)	813,618
4,102	Employee Entitlements (Non Current)	593
<u>836,399</u>		<u>814,211</u>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

16. General Equity

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
	Accumulated Surplus	
43,008,160	Opening Balance	45,524,388
-		-
1,987,728	Net Surplus	(1,660,484)
-	Asset	-
528,500	Capital Grant from the Crown	-
<u>45,524,388</u>	Closing Balance	<u>43,863,905</u>

17. Asset Revaluation Reserves

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
	Land	
885,000	Balance 1 January	1,118,788
233,788	Land Revaluation	36,740
<u>1,118,788</u>	Closing Balance	<u>1,155,528</u>
	Buildings	
15,771,022	Balance 1 January	15,327,313
(443,709)	Building Revaluation	(6,823,462)
<u>15,327,313</u>	Closing Balance	<u>8,503,851</u>
	Art Collection	
10,795	Balance 1 January	10,795
-	Re/(De)valuation	-
<u>10,795</u>	Closing Balance	<u>10,795</u>
	Total Revaluation Reserves	
16,666,817	Balance 1 January	16,456,896
(209,921)	Re/(De)valuation	(6,786,722)
<u>16,456,896</u>	Closing Balance	<u>9,670,174</u>

18. Fair Value through Other Comprehensive Income

Parent and Group Actual 2010		Parent and Group Actual 2011
\$		\$
(7,537)	Opening Balance	19,785
48,972	Investment write up (down)	(13,430)
(21,650)	Bond revaluation movement	(35,831)
<u>19,785</u>	Closing Balance	<u>(29,476)</u>

19. Related Party Disclosure

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

Significant transactions with government-related entities

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

The Polytechnic has received funding and grants from the Tertiary Education Commission totalling \$17,117,029 (2010 \$21,817,453) to provide education services for the year ended 31 December 2011.

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 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 2011 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, bank services from Kiwibank. The provision of services to government-related entities mainly related to the provision of educational courses.

Transactions with key management personnel

	Consolidated	
	2010	2011
Salaries and other short-term employee benefits	1,288,049	1,357,934
Post employment benefits	-	31,666
Termination Benefits	60,933	-
Total key management personnel compensation	<u>1,348,982</u>	<u>1,389,600</u>

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

During the year, Aoraki paid rates to Ashburton District Council for which Councillor Robin Kilworth, is a Councillor. These services cost \$4,991 (2010 \$13,142) and were supplied at normal commercial terms. At balance date there were no amounts outstanding for unpaid invoices at year end (2010 \$nil).

During the year, Aoraki purchased real estate, revaluation and consultancy services from Morton & Co Ltd, a valuation firm in which Deputy Chair of Council Gerald Morton is a Director. The value of the contracted works totalled \$8,740 (2010 \$11,835) and were supplied at normal commercial terms. There is a balance of \$7,000 (2010 \$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 Polytechnic and Chief Executive Kay Nelson was a Director. These services were supplied on a normal commercial basis at a value of \$2,784,976 (2010 \$4,301,872). At balance date, Aoraki Polytechnic owed Agribusiness Ltd nil (nil in 2010).

NOTES TO THE FINANCIAL STATEMENTS continued

In the previous year, Aoraki purchased goods from The Art of Giving, a corporate gifts firm of which Chief Executive Kay Nelson, was a Director. This was supplied at normal commercial rates at a value of \$7,273. There were no transactions in the current year. There is no balance outstanding for unpaid invoices at year end (2010 \$nil).

During the year, Aoraki purchased goods from Brodie Estate, a Winery of which Executive Director, James Brodie, is the Manager. This was supplied at normal commercial basis of a value of nil (2010 \$48). There is no balance outstanding for unpaid invoices at year end (2010 \$nil).

During the year, Aoraki purchased building materials from Dan Cosgrove Ltd, a building supplies company of which Chair of the Council, Kevin Cosgrove, is a Director. These services were supplied at normal commercial rates at a value of nil (2010 \$387). At balance date there were no amounts outstanding between Dan Cosgrove Ltd and Aoraki Polytechnic.

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 (2010 \$nil).

NOTES TO THE FINANCIAL STATEMENTS continued

20. Financial Instruments

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

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

Parent and Group Actual 2010 \$		Parent and Group Actual 2011 \$
-	Fair value through surplus or deficit	-
	Loans and Receivables	
793,958	Cash and Cash Equivalents	1,774,378
937,646	Student Fees and other Receivables	1,633,135
20,700,000	Term Deposits	24,300,000
<u>22,431,604</u>	Total loans and receivables	<u>27,707,513</u>
	Held to Maturity Investments	
6,900,000	Term Deposits	-
	Financial assets at fair value through other comprehensive income	
8,000	Share Holding PINZ	8,000
135,196	Share Holding Agribusiness Training Limited	121,767
1,052,500	Perpetual bonds	1,017,000
<u>1,195,696</u>	Total Financial Assets at fair value through other comprehensive income	<u>1,146,767</u>
	Financial Liabilities at amortised cost	
<u>1,685,968</u>	Trade and Other Payables	<u>1,630,571</u>

NOTES TO THE FINANCIAL STATEMENTS continued

Fair Value hierarchy disclosures

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

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

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

	Total	Valuation Technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
Parent and Group Actual 2011				
Financial assets				
Perpetual bonds	1,017,000	1,017,000	-	-
Shares	121,767	-	-	121,767
Parent and Group Actual 2010				
Financial assets				
Perpetual bonds	1,052,500	1,052,500	-	-
Shares	135,196	-	-	135,196

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 5.16% (5.44% for 2010) with terms to maturity of 1-733 days (1-733 days for 2010). A variation of 1% on these rates would increase or decrease the reported financial result by \$260,730 (\$283,721 in 2010).

NOTES TO THE FINANCIAL STATEMENTS continued

Credit Risk

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

The institution places its investments with New Zealand registered banks. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution to 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 Actual 2010 \$		Parent and Group Actual 2011 \$
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
14,418,499	AA	-
55,773	AA-	17,270,100
5,500,000	BBB+	5,000,000
-	BBB	-
8,419,686	Non - Rated	3,804,278
28,393,957	<i>Total cash at bank and term deposits</i>	26,074,378
Perpetual Bonds		
1,052,500	AA-	
	BBB+	1,017,000
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Debtors and other receivables		
932,957	Existing counterparty with no default in the past	1,624,968
4,688	Existing counterparty with defaults in the past	8,166
937,645	<i>Total debtors and other receivables</i>	1,633,134

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 \$27.1 million of cash and investments (\$28.4 million in 2010) and has \$2.8 million (\$2.5 million in 2010) of current liabilities. The Current Ratio is 7.67:1 (9.13:1 in 2010)

All current liabilities are paid within a 30 day term.

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

21. Contingencies

Contingent liabilities

Unquantifiable contingencies

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

During the year Aoraki Polytechnic had a lease on the Science Alive building in Christchurch. Due to the earthquake the site has been red zoned therefore staff and students have no access to this property. Aoraki Polytechnic has initiated the termination of the lease, however there has been no written confirmation received back from the lessor to confirm the lease has been terminated. Therefore the Polytechnic could be liable for rental costs within the remaining term of the lease. The Polytechnic has not recorded any lease commitments for the remaining term of the lease as this is not seen as likely.

Contingent assets

Aoraki Polytechnic has a contingent asset for revenue arising from the Canterbury earthquakes that has not been recognised at balance date. An insurance claim has been lodged with our insurance broker Jardine Lloyd Thompson Limited totalling \$586,780. Insurance proceeds will be recognised as revenue when the compensation becomes receivable. For more information refer to note 26 Impact of the Canterbury Earthquake.

22. Meeting Fees and Honorariums

Councillor	Actual 2010	Actual 2011
Kevin Cosgrove	18,831	28,800
Robin Kilworth	18,017	14,400
Robert Smith	12,295	14,400
Gerald Morton	12,089	18,000
Carole Brand	11,975	14,400
Craig O'Connor	11,655	14,400
Lyndon Waaka	11,335	14,400
Graeme McNally	9,735	14,400
Paul Woffenbuttel	4,809	-
David Ormsby	1,600	-
John Campbell	1,600	-
John Wilson	1,600	-
Lynette George	1,280	-
Helene Craig	1,280	-
Ken Wills	1,280	-
Total	119,381	133,200

In 2011 Government changed council structures and appointed a new council.

Meetings of Councillors

The number of meetings of the Polytechnic's Council and of the committees held during the year ended 31 December 2011 and the numbers of meetings attended by each Councillor were:

Councillor	Full meetings of Council		Audit committee meetings	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
Kevin Cosgrove	12	11		
Robin Kilworth	12	9		
Gerald Morton	12	10	5	5
Carole Brand	12	10	5	5
Robert Smith	12	11	5	4
Craig O'Connor	12	11	5	3
Lyndon Waaka	12	10		
Graeme McNally	12	11	5	5

Full meetings of Council - numbers also included 'Special' Council meetings held during 2011.

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

NOTES TO THE FINANCIAL STATEMENTS continued

23. Capital Commitments and Operating Leases

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date.

Non-Cancellable Operating Lease Commitments

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

Parent and Group Actual 2010 \$		Parent and Group Actual 2011 \$
	Commitments	
	Property Leases	
	Payable:	
346,403	Not later than one year	240,982
178,686	Later than one year and not later than two years	83,700
443,284	Later than two years and not later than five years	127,517
603,359	Later than five years	65,217
<u>1,571,732</u>	Total	<u>517,416</u>
	Equipment Leases	
	Payable:	
44,225	Not later than one year	43,480
44,225	Later than one year and not later than two years	32,610
33,169	Later than two years and not later than five years	-
-	Later than five years	-
<u>121,619</u>	Total	<u>76,090</u>
<u>1,693,351</u>	Total Commitments	<u>593,506</u>

Commitment leases have dropped from previous year due to the Polytechnic's position that the lease has been terminated in Christchurch due to Canterbury Earthquakes. Refer to Note 26 for additional information.

Other Non-Cancellable Commitments

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

Guarantees

Nil.

24. Post Balance Date Events

There were no post balance date events.

NOTES TO THE FINANCIAL STATEMENTS continued

25. Capital Management

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

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

26. Impact of the Canterbury Earthquakes

The 6.3 magnitude earthquake on 22 February 2011 resulted in substantial damage to Aoraki Polytechnic's two Christchurch campuses with the closure of these sites. Both of these premises were leased. Aoraki Polytechnic has initiated the termination of the lease, however there has been no written confirmation received back from the lessor to confirm the lease has been terminated. The Polytechnic has not recorded any lease commitments for the remaining term of the lease and the continuation of the lease is unlikely. Aoraki Polytechnic's main Christchurch campus has now taken up premises at the Southern Institute of Technology campus building in Christchurch and will continue in these premises for 2012.

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

	Parent and Group Actual 2011 \$
Business Interruption	
Loss of Revenue	65,433
Relocation	62,625
Rent	39,389
Additional Expenses	21,483
Material Damage	
Unrecoverable Assets	396,146
Damaged Assets	1,704
Total Claim	<u>586,780</u>

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

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

Material damage for damaged assets and unrecoverable assets remain in our books until the insurance claim has been assessed. However we are not depreciating these assets. Once the insurance claim has been approved these assets will be disposed of or written off.

The Polytechnic has insurance cover in place for 2012. The premium increased by 38.6% and the excess has increased by \$ 56,658 as a result of the Christchurch earthquakes.

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Excellence in education performance

Step 1 Improve educational performance

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Improve course completion, qualification completion, student retention and student progression	<ul style="list-style-type: none"> Complete analysis of performance commitments 	<ul style="list-style-type: none"> Analysis report presented to Senior Executive Team 	Report presented to Senior Executive Team	Report presented to Senior Executive Team	Report presented to Senior Executive Team	Completed for 2008, 2009, 2010 and 2011
	<ul style="list-style-type: none"> Educational Performance Data (EPD) is made available to all staff 	<ul style="list-style-type: none"> EPD data presented to all staff 	Measurement/Target set for 2011 financial year onwards	EPD data presented to all staff	EPD data presented to all staff	Complete – presented in a series of staff forums during 2011, across all campuses
	<ul style="list-style-type: none"> Establish an agreed benchmark against sector 	<ul style="list-style-type: none"> Benchmark approved by Senior Management Team 	Measurement/Target set for 2011 financial year onwards	Benchmark approved by Senior Management Team	Benchmark approved by Senior Management Team	Complete
	<ul style="list-style-type: none"> <i>Develop action plans to improve educational performance. Specifically include actions for:</i> <ul style="list-style-type: none"> <i>International students</i> <i>Under 25</i> <i>Maori</i> <i>Pasifika</i> Implement action plans to improve educational performance Identify factors related to non-completion of qualifications. Develop plan to provide support and make programme adjustments to mitigate risk of non-completion. Implement plan to provide support and make programme adjustments to mitigate risk of non-completion. 	<ul style="list-style-type: none"> <i>Increase % course completion,</i> <i>Increase % qualification completion</i> <i>Increase % student retention</i> <i>Increase % student progression</i> 	<p>84%</p> <p>57%</p> <p>54%</p> <p>17%</p>	<p>78%</p> <p>55%</p> <p>30%</p> <p>28%</p>	<p>75%</p> <p>57%</p> <p>48%</p> <p>15%</p>	<p><i>Final numbers will not be available until the May Student Data Return containing data 1 September 2011 until 31 December 2011 is completed. Actual results reported are based on data 1 January 2011 until 31 August 2011.</i></p> <p><i>Target not met due to the number of our students who went straight into employment. Unfortunately, progression does not measure job placement only progress onto further study.</i></p>
<p><i>Italicised items indicate mandatory measures required by the Tertiary Education Commission.</i></p>						

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
	<ul style="list-style-type: none"> ▪ Review and revise plan for following year 	<p><i>Increase number of International students enrolled</i></p>	<p><i>25 equivalent full time students (EFTS)</i></p>	<p><i>80 EFTS</i></p>	<p><i>28 EFTS</i></p>	<p><i>Numbers affected by the lack of student interest in the Canterbury region due to the Canterbury earthquakes</i></p> <p><i>2010 numbers affected by the fact that we did not purchase Aoraki International College until 2010. Prior to that purchase international recruitment was not a priority for Aoraki.</i></p>
		<p><i>Increase percentage of Under 25s enrolled</i></p> <ul style="list-style-type: none"> ○ <i>Level 1-3</i> ○ <i>Level 4+</i> 	<p><i>25%</i></p> <p><i>16%</i></p>	<p><i>26%</i></p> <p><i>28%</i></p>	<p><i>30%</i></p> <p><i>20%</i></p>	<p><i>Some new Levels 4-6 programmes did not meet their EFTs targets. The result was also compounded by our response to the request for trades training by TEC after the Christchurch earthquake. Many of these programmes were at Levels 1-3.</i></p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
		<i>Increase percentage of Maori students enrolled</i>	10%	12%	13%	<i>The 2011 target was based on the population demographic of South Canterbury Maori and agreed to by the Tertiary Education Commission (TEC). The TEC only expected Aoraki to increase Maori enrolments to a level in proportion to the number of Maori living in the region.</i>
		<i>Increase percentage of Pasifika students enrolled</i>	4%	3%	5%	
	<ul style="list-style-type: none"> ▪ Develop plan to improve student information, guidance and support ▪ Implement plan to improve student information, guidance and support 	<ul style="list-style-type: none"> ▪ Report approved by Senior Management Team 	Measurement/Target set for 2011 financial year onwards	Report approved	Report Approved	Report approved on 15 November 2011
	<ul style="list-style-type: none"> ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Report on outcomes and revise as required 	Measurement/Target set for 2011 financial year onwards	Report on outcomes & revise as required.	Report on outcomes	Report approved by Senior Management Team in April 2011
All level 1 to 3 programmes have literacy and numeracy embedded	<ul style="list-style-type: none"> ▪ Implement and monitor plan to embed literacy and numeracy ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Implement and monitor Literacy, Language and Numeracy Implementation Action Plan 	Measurement/Target set for 2011 financial year onwards	Implement action plan	Action Plan Implemented	

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Students assessed as requiring additional literacy and numeracy support improve against the progressions	<ul style="list-style-type: none"> ▪ All students on level 1-3 programmes complete the assessment tool at the beginning of the programme. 	<ul style="list-style-type: none"> ▪ 100% of students on designated programmes complete the assessment tool at beginning and end of programme. 	40%	100%	90%	2010 was a trial year for the tool. It was not a requirement until 2012 In responding to the request for trades training after the Christchurch earthquake, some new Levels 1-3 programmes did not complete the assessment tool at both the beginning and end of the programme.
	<ul style="list-style-type: none"> ▪ All programmes that have embedded literacy and numeracy develop individual learning plans for students that require literacy and numeracy and monitor progress. 	<ul style="list-style-type: none"> ▪ Students assessed as requiring additional literacy and numeracy support show progression on the assessment tool. 	Statistics only measured from 2011.	70%	15%	Target set before benchmarks had been set. A 70% target is unrealistic and needs to be reconsidered for future reporting. This is a satisfactory result for the institution.
	<ul style="list-style-type: none"> ▪ Review success of initiative 	<ul style="list-style-type: none"> ▪ Summary report presented to Senior Management Team 	Measurement/Target set for 2011 financial year onwards	Report presented to Senior Management Team	No report prepared	The Gain report (records results for each student and tracks improvements) is available by programme and School. Report on the success of the Literacy, Language and Numeracy initiative is due to Academic Board in June.

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 2 Ensure a balanced portfolio across levels 1-6 with clear academic and career progressions

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Increase number of EFTS enrolled at levels 4, 5 and 6 by meeting Programme Portfolio targets	<ul style="list-style-type: none"> ▪ Analyse data and define benchmark ▪ Develop pathways from levels 1-3 ▪ Develop and implement plan to increase student numbers in levels 4-6 ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Increase the number of students enrolled at Levels 4-6 ▪ Benchmark approved by Senior Executive Team 	Measurement/ Target set for 2011 financial year onwards	47%	40%	<p>Plan developed. Original target not achieved. Negotiating adjusted target with the Tertiary Education Commission. Ratio achieved 60% Levels 1-3 and 40% Levels 4-6.</p> <p>Increase in trades has increased level 1-3 ratio (in response to the request for trades training after the Canterbury earthquake) and loss of some level 4-6 programmes depressed ratio against plan.</p>
Meet Programme Portfolio target of subcontracted short awards and programmes	<ul style="list-style-type: none"> ▪ Develop and implement plan to reduce subcontracted short awards and programmes. ▪ Review outcomes and revise. 	<ul style="list-style-type: none"> ▪ Less than 25% of funding subcontracted 	1200 EFTS	526 EFTS 25% of total EFTS	526 EFTS 25% of total EFTS	Reported in financial accounts.
Meet Programme Portfolio target of number of EFTS enrolled in full-time programmes	<ul style="list-style-type: none"> ▪ Analyse data and define benchmark ▪ Develop and implement plan to increase number of EFTS in full-time programmes. ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Increase 5% against benchmark ▪ Outcomes report approved by Senior Executive Team 	Measurement/ Target set for 2011 financial year onwards	5%	30%	Reported in financial accounts.

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Increase number of programmes delivered under Memorandum of Understanding (MoU) with other Institutes of Technology and Polytechnics (ITP) appropriate providers	<ul style="list-style-type: none"> ▪ Develop and implement plan to increase number of programmes delivered under MoU with other ITPs and appropriate providers. ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ 2 new MoU's signed. 	Measurement/Target set for 2011 financial year onwards	2 new MoUs to be signed	2 new MoUs signed	MoUs signed with the Western Institute of Technology and Nelson Marlborough Institute of Technology
Strategic review of Programme Portfolio	<ul style="list-style-type: none"> ▪ Programme Portfolio reviewed and revision implemented. 	<ul style="list-style-type: none"> ▪ Approved by Council. 	Measurement/Target set for 2011 financial year onwards	Approval of programme portfolio review, completed by July 2011	Programme portfolio review approved in July 2011	

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 3 Improve programme content and delivery against the programme principles

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Improve programme content and delivery	<ul style="list-style-type: none"> ▪ Evaluate programme content and delivery against the agreed Aoraki Programme Principles. ▪ Develop and implement plan to revise programmes against the Programme Principles. ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ 15 programmes reviewed and improved. ▪ Report on programmes reviewed approved by Senior Management Team. 	<p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p>	<p>15</p> <p>Report approved by Senior Management Team</p>	<p>All (91) programmes Reviewed</p> <p>Report approved by Senior Management Team</p>	<p>All of Aoraki's programmes' content and delivery are reviewed annually against the Programme Principles. This is completed in two ways. Firstly, annual School academic workshops (part of self-assessment) and secondly, through Programme Academic Monitoring Reports which are prepared for each programme and presented at special Boards of Study.</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 4 Provide opportunities for applied research

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Conduct applied research	<ul style="list-style-type: none"> ▪ Support staff to conduct applied research. ▪ Monitor uptake and review outcomes. ▪ Establish research and innovation committee. 	<ul style="list-style-type: none"> ▪ Terms of reference for Research Committee approved in 2011. ▪ Minimum of 2 new research projects initiated in 2011 ▪ Research project reports approved by Senior Executive Team. <p>Establish research and innovation committee</p>	<p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p>	<p>Terms of reference approved in 2011.</p> <p>Two applied research projects to be completed</p> <p>Establish research and innovation committee</p>	<p>Terms of reference not approved</p> <p>Three applied research projects completed</p> <p>Research committee established</p>	<p>Terms of Reference to be approved by Academic Board in May 2012.</p> <p>Research projects completed include:</p> <ul style="list-style-type: none"> • Use of adaptive technology in developing literacy and numeracy skills • Implementation of flexible on-line distance education in a small tertiary institution • Factors that inform strategy to generate greater uptake of agricultural training at Aoraki Polytechnic

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 5 Improve services and support including customer focused facilities and space management

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Improve customer service	<ul style="list-style-type: none"> ▪ Develop and implement a 'one-stop-shop' for student enquiries. ▪ Review and revise 	<ul style="list-style-type: none"> ▪ Develop and implement a one-stop-shop for student enquires ▪ Satisfaction rate from student experience survey 	<p>Measurement/Target set for 2011 financial year onwards</p> <p>Trial year (results not published)</p>	<p>Develop and implement a one-stop-shop for student enquires</p> <p>80%</p>	<p>One-stop-shop for student enquiries developed</p> <p>88%</p>	<p>Based on results from the Student Experience Survey and calculated by Sharepoint</p>
Improve facilities	<ul style="list-style-type: none"> ▪ Survey students/ staff for requirements ▪ Develop and implement a plan to develop existing facilities to meet requirements. ▪ Review and revise 	<ul style="list-style-type: none"> ▪ Increase against participation rate benchmark. 	<p>Measurement/Target set for 2011 financial year onwards</p>	<p>Survey students and staff for requirements</p> <p>Develop a plan to ensure existing facilities meet identified requirements</p>	<p>Students and staff surveyed</p> <p>Plan developed to ensure existing facilities meet identified requirements</p>	<p>Survey identified a number of areas where we could improve facilities.</p> <p>Self-assessment activities ongoing. Actions in plan scheduled to be completed over the next two years.</p>
Improve management of space	<ul style="list-style-type: none"> ▪ Develop and implement a space management plan. ▪ Review and revise 	<ul style="list-style-type: none"> ▪ Plan approved 	<p>Measurement/Target set for 2011 financial year onwards</p>	<p>Develop and implement a space management plan</p>	<p>Space management plan developed and implemented</p>	<p>Completed</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

To have active and effective engagement with our stakeholders

Step 6 Develop and strengthen relationships with our stakeholders

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Strengthen relationship with community	<ul style="list-style-type: none"> ▪ Develop and implement an engagement plan. ▪ Incorporate outcomes in department business plans ▪ Complete market perception survey 	<ul style="list-style-type: none"> ▪ Annual plan approved by Senior Management Team ▪ Report on actions approved by Senior Management Team ▪ Community survey conducted 	<p>Annual plan approved by Senior Management Team</p> <p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p>	<p>Annual plan approved by Senior Management Team</p> <p>Report on actions approved by Senior Management Team</p> <p>60% satisfaction rate</p>	<p>Annual plan approved by Senior Management Team</p> <p>No report prepared</p> <p>60% satisfaction rate</p>	<p>To be completed by 31 March 2012.</p> <p>‘A total of 60 per cent of residents associate the Polytechnic as the training provider that has the strongest links to the local community.’</p>
Strengthen relationship with key influencers	<ul style="list-style-type: none"> ▪ Develop and implement an engagement plan. ▪ Incorporate outcomes in department business plans. 	<ul style="list-style-type: none"> ▪ Annual plan approved by Senior Management Team 	<p>Annual plan approved by Senior Management Team</p>	<p>Annual plan & report approved by Senior Management Team</p>	<p>Annual plan & report approved by Senior Management Team</p>	<p>Report written from Stakeholder feedback gathered at Stakeholder Forums held in Timaru, Oamaru and Ashburton</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Strengthen relationship with industry	<ul style="list-style-type: none"> ▪ Develop and initiate an engagement plan. ▪ Report outcomes in department business plans including identifying the relationship. ▪ Initiate effective advisory group. 	<ul style="list-style-type: none"> ▪ Annual plan approved by Senior Management Team ▪ Report on actions approved by Senior Management Team ▪ Robust, up-to-date documentation of industry engagement 	<p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p>	<p>Engagement plan approved by Senior Management Team</p> <p>Report on actions approved by Senior Management Team</p> <p>Robust, up-to-date documentation of industry engagement</p>	<p>Engagement plan approved by Senior Management Team</p> <p>Report approved by Senior Management Team</p> <p>Robust, up-to-date documentation of industry engagement</p>	<p>Engagement plan is called the Business Development Unit plan. This was completed and approved by the Senior Management Team.</p> <p>Reported in School monthly reports to the Chief Executive (as required)</p>
Strengthen relationship with secondary schools	<ul style="list-style-type: none"> ▪ Develop and implement an engagement plan. ▪ Incorporate outcomes in department business plans. ▪ Complete secondary school perception survey. 	<ul style="list-style-type: none"> ▪ Annual plan approved by Senior Executive Team ▪ Secondary School survey 60% satisfaction rate. 	<p>Measurement/Target set for 2011 financial year onwards</p> <p>No survey conducted</p>	<p>Engagement plan approved</p> <p>60%</p>	<p>Engagement plan approved</p> <p>88%</p>	<p>As per School Satisfaction Survey (November 2011)</p>
Strengthen relationship with Maori and Pasifika	<ul style="list-style-type: none"> ▪ Develop and implement a Maori and Pasifika engagement plan – Te Ao Maori strategy plan. ▪ Incorporate outcomes in department business plans. ▪ Complete market perception survey. 	<ul style="list-style-type: none"> ▪ Annual plan approved by Senior Management Team 	<p>Measurement/Target set for 2011 financial year onwards</p>	<p>Develop and implement a Maori and Pasifika engagement plan</p>	<p>No plan developed</p>	<p>Continuing development of plan. A brief on actions to date has been completed.</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Strengthen relationships with international partners	<ul style="list-style-type: none"> ▪ Develop and implement an engagement plan. ▪ Incorporate outcomes in department business plans. ▪ Complete market perception survey. 	<ul style="list-style-type: none"> ▪ Develop and implement an engagement plan 	Measurement/Target set for 2011 financial year onwards	Develop and implement an engagement plan	Engagement plan developed and implemented	<p>A plan has been developed and implemented and is called the International Strategy</p> <p>Exchange Agreement signed with Saint Joseph's in France (March 2011)</p> <p>Partnership with City and Guilds for World Skills Judge from Aoraki Polytechnic (Malaysia – June 2011), (London – September 2011)</p>
Strengthen relationship with other ITPs	<ul style="list-style-type: none"> ▪ Develop and implement collaboration plan with other ITPs. ▪ Review and revise. 	<ul style="list-style-type: none"> ▪ 2 new Memorandums of Understanding developed ▪ ITP collaboration site utilized and partnerships established 	Measurement/Target set for 2011 financial year onwards	2 new Memorandums of Understanding developed	2 new Memorandums of Understanding developed	<p>Agreements in place with:</p> <p>Western Institute of Technology at Taranaki</p> <p>Nelson Marlborough Institute of Technology</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

To maintain long-term sustainability

Step 7 Maintain operating surplus

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comments
Maintain an operating surplus	<ul style="list-style-type: none"> Monitor operating costs 	<ul style="list-style-type: none"> Operating cash receipts as a % of operating cash payments 	119%	108%	100%	Target affected by a deficit, as focus was on other priorities due to Canterbury earthquakes.
	<ul style="list-style-type: none"> Develop and implement a plan to diversify funding base 	<ul style="list-style-type: none"> Liquid funds as a % of operating cash payments 	119%	84%	111 %	Target affected by not spending the capital projected and the realignment of long term investment holdings
		<ul style="list-style-type: none"> Operating surplus as a percentage of total revenue 	7%	8%	-1%	EFTs target met but the mix of provision agreed to was not achieved. The amended plan was agreed by with TEC.
	<ul style="list-style-type: none"> Develop and implement long-term Capital Management Plan 	<ul style="list-style-type: none"> Plan approved by Council 	Measurement/ Target set for 2011 financial year onwards	Plan approved by Council	Plan approved by Council	<p>Provided a long term capital management plan to Council as part of the 2010 budgeting process. This was provided to TEC in July 2011.</p> <p>The plan will be reviewed and updated yearly</p>

Step 8 Create new opportunities to achieve long-term viability

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Achieve programme financial viability	<ul style="list-style-type: none"> Review and implement required changes to programme methodology and delivery Report programme financial viability outcomes 	<ul style="list-style-type: none"> 65% of programmes are financially viable 	Measurement/ Target set for 2011 financial year onwards	65% of programmes are financially viable	40% of programmes financially viable at June 2011	Measurement not met because the cohorts in the offerings did not meet the targeted level.

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

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

Step 9 Provide role relevant professional development opportunities to enhance efficiency

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Increase uptake of professional development opportunities	<ul style="list-style-type: none"> Conduct a staff development needs analysis. 	<ul style="list-style-type: none"> Report approved by Senior Management Team. 	Measurement/Target set for 2011 financial year onwards	Conduct a staff development needs analysis	Staff development needs analysis completed in May 2011.	Approved by Senior Management Team June 2011
	<ul style="list-style-type: none"> Create individual professional development plans for all staff that reinforce strategic plan, TEC priorities and Centre of Vocational Excellence. Monitor and review individual professional development undertaken. 	<ul style="list-style-type: none"> 100% of staff have individual professional development plans Essential professional development for staff was undertaken. 	Measurement/Target set for 2011 financial year onwards	100% of staff have individual professional development plans	95% of staff have individual professional development plans	<p>Completed through the performance review and development process and by the Senior Education Development Advisor for those staff still to complete the Certificate in Adult Learning and Development.</p> <p>The target has been affected by some new staff commencing after the Performance Review and Development Plan (PRDP) process had been completed and so they did not develop a professional development plan.</p> <p>Professional development database maintained by Human Resources department</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Increase number of tutorial staff with a recognized teaching qualification	<ul style="list-style-type: none"> ▪ Permanent tutorial staff that do not have a recognized teaching qualification enroll in Certificate in Adult Learning and Teaching (Level 5). 	<ul style="list-style-type: none"> ▪ 50% of existing permanent tutorial staff to hold a recognised teaching qualification 	Measurement/Target set for 2011 financial year onwards	50%	43%	Target not met because in 2011 17 new programmes were developed and introduced. The time involved in achieving this initiative impacted upon the amount of time tutors had to work on teacher training.
	<ul style="list-style-type: none"> ▪ New permanent tutorial staff that do not have a recognized teaching qualification enroll in and complete Certificate in Adult Learning and Teaching (Level 5) within 3 years. 	<ul style="list-style-type: none"> ▪ 100% of new permanent tutorial staff to hold or be working towards a recognized teaching qualification 	Measurement/Target set for 2011 financial year onwards	100%	100%	
All staff qualified to level above level that they are teaching in their discipline.	<ul style="list-style-type: none"> ▪ Develop and implement plan to ensure all staff qualified to level above level that they are teaching in their discipline ▪ Monitor and review 	<ul style="list-style-type: none"> ▪ 80% of staff discipline qualified and all others working towards criteria, 100% in 2013. 	Measurement/Target set for 2011 financial year onwards	80%	50%	Measurement not met because this is a longer term target than one year. As most staff work full-time they are only able to study part-time and thus the qualification takes longer to achieve.
Increase number of tutorial staff that have received literacy and numeracy training that teach at levels 1-3	<ul style="list-style-type: none"> ▪ Tutorial staff to receive literacy and numeracy training. 	<ul style="list-style-type: none"> ▪ 80% of Levels 1-3 tutorial staff enrolled on and undertaking Literacy and Numeracy training ▪ 80% of tutorial staff teaching level 1-3 to receive and successfully complete literacy and numeracy training, ▪ 100% in 2013. 	Measurement/Target set for 2011 financial year onwards	80%	63%	63% of tutorial staff have completed their training. The target was not met because new Level 1-3 tutors have commenced since the target was set and they have yet to complete the training.
Improve retention and recruitment of Maori staff	<ul style="list-style-type: none"> ▪ Recruit/support Maori and/or Pasifika staff to assist in improving learning outcomes for Maori and Pasifika students. 	<ul style="list-style-type: none"> ▪ One staff member identified in 2011, one more in 2012, and two in 2013. 	Measurement/Target set for 2011 financial year onwards	One Maori staff member recruited in 2011	One Maori staff member recruited in 2011	

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 10 Develop and invest in robust talent pipeline

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual <small>to 31 December 2011</small>	Comment
Recruiting, succession planning	<ul style="list-style-type: none"> ▪ Develop a recruitment and succession plan. ▪ Invest in talent pool 	<ul style="list-style-type: none"> ▪ Plan approved by Senior Management Team. 	Measurement/Target set for 2011 financial year onwards	Plan approved by Senior Management Team	Not achieved	<p>As at 31 December the People Strategy was still in draft form due to conflicting priorities (approved by Senior Management Team on 6 March 2012)</p> <p>Recruitment & succession plan, and investing in talent pool, are initiatives as part of the Aoraki Polytechnic People strategy.</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 11 Provide new technologies and develop staff capability in its use

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Improve telecommunications	<ul style="list-style-type: none"> ▪ Review and redevelop an Information and Communication Technology (ICT) strategy plan. ▪ Implement an ICT strategy plan. 	<ul style="list-style-type: none"> ▪ ICT Strategy Plan approved by Senior Management Team. ▪ Progress reports presented to Senior Management Team approved. 	<p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p>	<p>ICT Strategy Plan approved by Senior Management Team.</p> <p>Progress reports presented to Senior Management Team approved.</p>	<p>ICT Strategy Plan approved by Senior Management Team.</p> <p>Progress reports presented to Senior Management Team approved</p>	<p>Progress updates are presented by the deputy Chief Executive at fortnightly Senior Management team meetings as required</p>
Improve staff IT capability	<ul style="list-style-type: none"> ▪ Develop an Aoraki wide training programme. ▪ Implement training programme. ▪ Review outcomes and revise. 	<ul style="list-style-type: none"> ▪ Training plan approved by Senior Executive Team. ▪ 100% of staff complete IT capability training 	<p>Measurement/Target set for 2011 financial year onwards</p> <p>Measurement/Target set for 2011 financial year onwards</p>	<p>Training plan approved by Senior Management Team</p> <p>100%</p>	<p>Training plan approved by Senior Management Team</p> <p>70%</p>	<p>Commenced in 2011 with workshops on topics including, Moodle, video-conferencing, spread sheeting, and electronic management system Training continuing in 2012.</p>
Improve cross campus links	<ul style="list-style-type: none"> ▪ Develop and implement a staff awareness plan to improve use of video conferencing. 	<ul style="list-style-type: none"> ▪ 100% of staff complete IT resource training. 	<p>Measurement/Target set for 2011 financial year onwards</p>	<p>100%</p>	<p>Not met</p>	<p>Training has commenced using both an external advisor and internal capability. The target has not been met at all campuses due to disruptions caused by the Christchurch earthquake.</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

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.

Step 12 Increase number of students in the TES priority group of under 25, Maori students and Pasifika students

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Increase number of students under 25	<ul style="list-style-type: none"> ▪ Evaluate number of students under 25 ▪ Develop and implement plan to increase under 25 ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Levels 1–3: proportion of the Student Achievement Component (SAC) eligible EFTS under 25 ▪ Levels 4 and above: proportion of SAC eligible EFTS under 25 	22%	26%	31%	Some new Levels 4-6 programmes did not meet their EFTS targets. The result was also compounded by our response to the request for trades training after the Christchurch earthquake. Many of these programmes were at Levels 1-3.
			16%	28%	21%	
Increase number of Maori students	<ul style="list-style-type: none"> ▪ Evaluate number of Maori students ▪ Develop and implement plan to increase Maori students ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Levels 1–3: increase number of Maori students ▪ Levels 4 and above: Increase number of Maori students 	5%	6%	5%	Less than anticipated interest in programmes resulted in target not met. Step 16 and Step 17 identified as initiatives to increase number of Maori students.
			3%	5%	2%	
Increase number of Pasifika students	<ul style="list-style-type: none"> ▪ Evaluate number of Pasifika students ▪ Develop and implement plan to increase number of Pasifika students ▪ Review outcomes and revise 	<ul style="list-style-type: none"> ▪ Levels 1–3: Increase number of Pasifika students ▪ Levels 4 and above: Increase number of Pasifika students 	3%	3%	3%	Less than anticipated interest in programmes resulted in target not met. Plans in place to create further connections to local Pasifika community.
			1%	3%	0.4%	

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 13 Improve Internationalisation

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Increase international student enrolments	<ul style="list-style-type: none"> ▪ Create a plan for internationalisation ▪ Develop international partnerships ▪ Develop and implement annual plan to increase international student enrolments 	<ul style="list-style-type: none"> ▪ 3 new partnerships created. 	Measurement/Target set for 2011 financial year onwards	3 new partnerships created	2 new partnerships created	<p>Exchange Agreement signed with Saint Joseph's in France (March 2011)</p> <p>Partnership with City and Guilds for World Skills Judge from Aoraki Polytechnic (Malaysia – June 2011), (London – September 2011)</p>
		<ul style="list-style-type: none"> ▪ 80 international students enrolled. 	25 EFTs	80 EFTs	28 EFTs	Numbers affected by the lack of student interest in the Canterbury region due to the Christchurch earthquake
Increase progression of international students from local secondary schools to Aoraki Polytechnic	<ul style="list-style-type: none"> ▪ International programme collaboration developed with Secondary Schools 	<ul style="list-style-type: none"> ▪ Increase of 25% uptake of international students progressing from local secondary schools to Aoraki Polytechnic 	Measurement/Target set for 2011 financial year onwards	Increase of 25% uptake of international students progressing from local secondary schools to Aoraki Polytechnic	Not achieved	Local international secondary school student enrolments have declined significantly due to the earthquake in Christchurch

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 14 Create a vibrant educational, social and cultural campus environment

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comments
Create a vibrant educational, social and cultural campus environment	<ul style="list-style-type: none"> ▪ Develop aspirational brief ▪ Develop plan for conceptualised hub 	<ul style="list-style-type: none"> ▪ Brief approved by Council ▪ Plan approved by Council. 	Measurement/Target set for 2011 financial year onwards	<ul style="list-style-type: none"> Brief approved by Council Plan approved by Council 	Brief completed but not approved Plan completed. Not yet approved by Council	Plan expected to be approved in 2012. Currently on hold due to conflicting priorities.

Step 15 Raise the profile of Aoraki Polytechnic in the wider community

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Status
Develop new applied research hub and communicate to wider stakeholders	<ul style="list-style-type: none"> ▪ Develop hub concept ▪ Develop communication plan ▪ Commence implementation of this concept 	<ul style="list-style-type: none"> ▪ Three projects initiated in hub 	Measurement/Target set for 2011 financial year onwards	Three projects initiated in hub	Three projects completed	<p>Use of adaptive technology in developing literacy and numeracy skills</p> <p>Implementation of flexible on-line distance education in a small tertiary institution</p> <p>Factors that inform strategy to generate greater uptake of agricultural training at Aoraki Polytechnic</p>

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

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

Step 16 Develop a bicultural framework to improve our effectiveness as a Treaty of Waitangi partner.

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Develop a bicultural framework	<ul style="list-style-type: none"> ▪ To undertake a stock-take of Aoraki Polytechnic's bicultural performance – to include (but not be limited to): <ul style="list-style-type: none"> – Maori student achievement, retention and success; – Relationships with Arowhenua and other Iwi; – Maori input into governance and management; – Maori dimensions in programme content and delivery ▪ Develop, and agree with Arowhenua, a Te Ao Maori Strategy for the Polytechnic. ▪ Implement priority actions from the Te Ao Maori strategy. ▪ Review and revise 	<ul style="list-style-type: none"> ▪ Stock-take completed and report approved by Senior Executive Team and Arowhenua. ▪ Te Ao Maori Strategy developed and approved by Senior Executive Team and Arowhenua. ▪ Te Ao Maori Strategy actions implemented and positive feedback received. 	Measurement/ Target set for 2011 financial year onwards	<p>Stock-take completed and report approved by Senior Executive Team and Arowhenua.</p> <p>Te Ao Maori Strategy developed and approved by Senior Executive Team and Arowhenua.</p> <p>Te Ao Maori Strategy actions implemented and positive feedback received</p>	<p>Stock-take completed and report approved by Senior Executive Team and Arowhenua.</p> <p>Development started</p> <p>Development of strategy started</p>	<p>Te Ao Maori strategy under development. Ongoing meetings to finalise strategy for presentation to Senior Management Team.</p>
Partnering with hapū/iwi to achieve social and economic development initiatives.	<ul style="list-style-type: none"> ▪ Develop greater understanding of Te Ao Maori in all programmes. ▪ Support staff to effectively teach and respond to the Māori student profile. ▪ Create opportunities to improve community awareness. 	<ul style="list-style-type: none"> ▪ 15 programmes revised to include bicultural awareness in 2011, 15 in 2012 and 15 in 2013. 	Measurement/ Target set for 2011 financial year onwards	15 programmes revised to include bicultural awareness	15 programmes revised to include bicultural awareness	

Statement of Objectives and Service Performance

(Report against 2011 Corporate Business Plan)

Step 17 Engage with Maori community, their young learners and mentors.

Initiative	Action/Method	Measurement/KPIs	2010 Actual	2011 Target	2011 Actual to 31 December 2011	Comment
Create programmes that engage with the Maori community, their young learners and mentors.	<ul style="list-style-type: none">Develop plan	<ul style="list-style-type: none">Plan approved by Council	Measurement/Target set for 2011 financial year onwards	Plan approved by Council	Plan not approved by Council	This is an ongoing target. Completion affected by Maori Liaison officer leaving.

Public Objectives and Performance Measures

(Performance Commitment Reporting)

SAC Performance Commitments

Aoraki Polytechnic

6001

Actual data as at: 31 August 2012	Previous Performance		Planned performance	Actual Performance	Comment
	2009	2010	2011	2011	
Participation					
The number of international EFTS	30	25	80	28*	Numbers affected by the lack of student interest in the Canterbury region due to the Canterbury earthquake
Educational Performance					
<i>Measurement of the 4 EPIs is as defined in "Revised educational performance indicators for SAC funded tertiary education organisations" of March 2010</i>					
Successful course completion rate for all students (SAC Eligible EFTS)	82%	84%	78%	75%*	
Level 1 to 3	88%	89%	85%	77%*	Reduction in courses associated with short awards and qualification with less than 60% credits. These enrolments were replaced with 60 and 120 credit courses at levels 1-3. This increased the difficulty in achieving the performance target.
Level 4 and above	73%	77%	70%	73%*	
Qualification completion rate for all students (SAC Eligible EFTS)	51%	57%	55%	57%*	
Level 1 to 3	53%	61%	55%	53%*	Increase in 60 and 120 credit qualifications for levels 1-3 and decrease in short awards and under 60 credit programmes at levels 1-3 increased the difficulty in achieving the performance target.
Level 4 and above	47%	51%	55%	63%*	
Student retention rate for all students (SAC Eligible EFTS)	27%	54%	30%	48%*	
Student progression for students (SAC Eligible EFTS) at levels 1 - 3	28%	16%	28%	14%*	There was a substantial increase in the numbers of students achieving qualification completion on trade's courses at levels 2 and 3 and then moving straight into employment or apprenticeships resulting in lower actual progression rate than the target. Changes to the programme portfolio have created pathways for progression at level 4 and above but for levels 1-3 there are insufficient academic pathways except in hospitality. Other trades require industry experience at the completion of the level 3 qualification.
Successful course completion for Māori students (SAC Eligible EFTS)					
Level 1 to 3	89%	85%	80%	70%*	Small numbers of Maori students influence percentage rates as do enrolments on longer programmes rather than short courses. Target set too high based on 2010 actuals.
Level 4 and above	63%	77%	65%	61%*	Small numbers of Maori students influence percentage rates.
Qualification completion for Māori students (SAC Eligible EFTS)					
Level 1 to 3	65%	81%	62%	48%*	Target set too high based on 2010 actuals but was set as a challenge to create significant change in performance.
Level 4 and above	45%	53%	60%	53%*	Target set too high based on 2010 actuals but was set as a challenge to create significant change in performance.

Public Objectives and Performance Measures

(Performance Commitment Reporting)

Actual data as at: 31 August 2012	Previous Performance		Planned performance	Actual Performance	Comment
	2009	2010	2011	2011	
Successful course completion for Pacific Peoples students (SAC Eligible EFTS)					
Level 1 to 3	90%	95%	80%	74%*	Enrolments on longer programmes rather than short courses.
Level 4 and above	46%	59%	45%	39%*	Enrolments on longer programmes rather than short courses.
Qualification completion for Pacific Peoples students (SAC Eligible EFTS)					
Level 1 to 3	91%	120%	65%	78%*	Measurement of this is based on EFTS delivered in the year over qualifications credited within that year. Where a study path covers multiple years the ratio may show a low result in the preceding years and a high result in the final year when the full Qualification is credited.
Level 4 and above	39%	22%	45%	45%*	
Successful course completion for students (SAC Eligible EFTS) aged under 25					
Level 1 to 3	83%	85%	74%	77%*	
Level 4 and above	75%	78%	80%	77%*	Significant increase in students enrolled across a broader range of programmes.
Qualification completion for students (SAC Eligible EFTS) aged under 25					
Level 1 to 3	50%	64%	55%	52%*	Significantly increased cohorts of trades programmes including Work and Income (WINZ) candidates resulted in 3% lower actual against target. Furthermore, the target was set to high against 2010 actuals.
Level 4 and above	64%	67%	62%	65%*	
The proportion of level 1 - 3 courses offered that contain embedded literacy and numeracy			50%		Improving literacy, language and numeracy and skills outcomes from levels one to three study. 2012 actual performance data was not available at this time.
TEO risk rating against the Financial Monitoring Framework	low	low	low	medium	

*These results are based on data 1 January 2011 to 31 August 2011. Final numbers are not available until the May Single Data Return containing data 1 September 2011 to 31 December 2011

The above results were calculated using data and tools within the Aoraki Polytechnic's Tertiary Education Commission's workplaces site.

The TEO risk rating is based on the Tertiary Education Commission TEI risk assessment.

Performance Commitment Reporting - Appendices

Appendices SAC Performance Commitments 2011-2013

Appendix	Action/Method	Measurement/KPIs	2011 Actual	Comment
1. Ensuring quality teaching and learning	All staff new to teaching undertake a foundation teaching and learning course before they begin in the classroom.	<ul style="list-style-type: none"> 100% of new staff will undertake the Introduction to Teaching module of the Certificate in Adult Learning and Teaching prior to commencing teaching at the Polytechnic. 	90%	Target not met as some staff did not commence employment at times when the Introduction to Teaching module was running. However, an education development advisor met with those tutorial staff prior to their commencing teaching to go over the fundamentals of lesson planning, preparation and teaching strategies. Staff then joined the next offering of the module.
	All teaching staff (full time and proportional) will hold a Level 5 Certificate in Adult Teaching or equivalent within three years of employment as a tutor.	<ul style="list-style-type: none"> 100% of all teaching staff will hold a Level 5 Certificate in Adult Teaching or equivalent within three years of employment as a tutor 	On-going	Currently 43% of staff have a teaching qualification.
	A series of short, professional development courses will be held across all campuses that may cover, for example, working with international students, moderation, assessment, discipline issues and so on.	<ul style="list-style-type: none"> At least one short professional development course offered at campuses per month (in person or via video conference) 	Monthly professional development courses offered.	
	Pre-moderation of assessments prior to use with students will occur for 20% of new programmes.	<ul style="list-style-type: none"> Pre-moderation of assessments prior to use with students will occur for 20% of new programmes. 	Pre-moderation of assessments prior to use with students occurred for 20% of new programmes	
	Post-moderation will occur for 20% of new programmes and as per the consent and moderation requirements (CMR) for all other programmes.	<ul style="list-style-type: none"> Post-moderation occurs for 20% of new programmes and as per CMR for all other programmes. 	Post-moderation occurred for 20% of new programmes and as per CMR for all other programmes	
	Student evaluations will form part of the evaluative conversations for each programme as part of self-assessment.	<ul style="list-style-type: none"> Student evaluations identify areas of good teaching practice and areas requiring development and change. 	Student evaluations completed	Student First Impressions survey is administered in the first two weeks of students commencing classes and the Student Experience survey is complete mid-way through their programme of study.
	Quality Systems and Academic Policies and Procedures are updated annually to ensure currency of processes relating to practice.	<ul style="list-style-type: none"> Quality Systems and Academic Policies and Procedures are updated annually 	Quality Systems and Academic Policies and Procedures updated	
	The programme portfolio is reviewed annually.	<ul style="list-style-type: none"> An annual review of the programme portfolio is completed. 	Annual review of the programme portfolio was completed	

Performance Commitment Reporting - Appendices

Appendix	Action/Method	Measurement/KPIs	2011 Actual	Comment
	Analysis of curriculum content and technology associated with delivery is reviewed annually.	<ul style="list-style-type: none"> Analysis of curriculum content and associated technology completed. 	Analysis of curriculum content and associated technology completed	This action was part of the flexible on-line delivery environment (FODE) project which ran in 2011.
2. Meeting the vocational needs of students, industry and employers	Graduate destination and employer surveys are administered annually, collated and feedback provided to stakeholders.	<ul style="list-style-type: none"> Graduate destination surveys administered, collated and stakeholder feedback provided. Feedback is sought from employers 	<p>Graduate destination surveys administered, collated and stakeholder feedback provided</p> <p>Not achieved due to time constraints and conflicting priorities.</p>	
	Analysis of programmes on an annual basis is conducted to ensure curriculum and delivery are appropriate to industry requirements.	<ul style="list-style-type: none"> All programmes are reviewed annually 	All 91 programmes reviewed	All of Aoraki's programmes' content and delivery are reviewed annually against the Programme Principles. This is completed in two ways. Firstly, annual School academic workshops (part of self-assessment) and secondly, through Programme Academic Monitoring Reports which are prepared for each programme and presented at special Boards of Study.
	Programme specific advisory groups representative of industry within the region and nationally meet twice a year and recommendations are considered for implementation.	<ul style="list-style-type: none"> Advisory groups met with twice a year and recommendation are considered and implemented. 	Advisory groups met with twice a year and recommendation considered and implemented	
	Every staff member is encouraged to form and maintain an industry relationship relevant to their specific discipline or programme	<ul style="list-style-type: none"> Staff form and maintain industry relationships relevant to their specific discipline or programme 	Industry relationships relevant to specific disciplines or programmes formed and maintained by staff	Industry engagement by staff is an on-going initiative.
	Each Head of School to have designated relationships with a representation of industry and or community organisations associated with their portfolio.	<ul style="list-style-type: none"> Designated relationships developed. 	Designated relationships developed	
	Leader's forums established within the region to ensure the polytechnic receives continuous constructive feedback in relation to its programmes and potential programmes.	<ul style="list-style-type: none"> At least one leadership forum hosted by each campus. 	At least one leadership forum was hosted by each campus, except Christchurch	Leadership forums were held in Ashburton, Timaru, Oamaru. And Dunedin. The Christchurch forum was cancelled due to the earthquake.

Performance Commitment Reporting - Appendices

Appendix	Action/Method	Measurement/KPIs	2011 Actual	Comment
	Internships are considered as a component of many of the programmes to ensure that students experience a regular working environment prior to seeking employment on graduation.	<ul style="list-style-type: none"> • Internships established for three programmes 	Internships established for three programmes	Established for the national Diploma in Journalism, Diploma in Radio and National Certificate in Bakery
	Analysis of programmes on an annual basis to ensure wherever possible the delivery of the programmes reflect the regular business or industry environment.	<ul style="list-style-type: none"> • Each programme to complete a programme academic monitoring report (PAMR) each year. 	Programme academic monitoring report (PAMR) completed for each programme	
	Programmes have been constructed to ensure that there are consistent pathways to higher level qualifications for students to progress on an annual basis or to return after gaining further experience in the workplace to continue their education and skill development.	<ul style="list-style-type: none"> • New programme approval documentation requires identification of pathways • Conduct a graduate destination survey 	<p>New programme approval documentation identifies pathways</p> <p>Not achieved</p>	<p>New programme approval documentation implemented</p> <p>Target not met due to conflicting priorities. Graduate destination surveys are scheduled to be completed in June 2012</p>
3. Effective engagement with secondary schools in the Aoraki region	A designated schools liaison person will visit all secondary schools in the region at least three times each year.	<ul style="list-style-type: none"> • All secondary schools in the region visited at least three times each year. 	All secondary schools in the region visited at least three times each year	
	A designated Secondary Tertiary Alignment Resource (STAR) Coordinator will work with each school planning STAR courses, setting these up and ensuring school requests for new courses are met wherever possible.	<ul style="list-style-type: none"> • A STAR coordinator will work with each school planning and setting up STAR courses. 	The STAR coordinator worked with each school to plan and set up STAR courses.	
	Continue to develop and deliver training courses for secondary teachers to ensure a good fit between what secondary schools teach and Aoraki deliver	<ul style="list-style-type: none"> • Three new training courses developed for secondary teachers. 	Three new training courses were developed for secondary teachers	These have been held for cookery, art and information technology
	Develop a secondary-tertiary interface action plan to consolidate partnerships with local secondary schools, including the sharing of staff.	<ul style="list-style-type: none"> • Secondary-tertiary interface action plan developed which includes an outcome of sharing teaching staff. 	Secondary-tertiary interface action plan developed	<p>A School Liaison Plan was drafted in 2011 and was finalised at the beginning of 2012 and signed off by the Senior Management Team</p> <p>During semester 1 2011 Aoraki cookery staff taught in two local high schools</p>
	Community leaders stakeholder engagement meetings with individual follow up with Schools.	<ul style="list-style-type: none"> • Local Secondary School Principals spoken to by Chief Executive at their local conference • Leaders forums held with local industry and schools 	<p>Local Secondary School Principals spoken to by the Chief Executive</p> <p>Leaders forums held with local industry and schools</p>	

Performance Commitment Reporting - Appendices

Appendix	Action/Method	Measurement/KPIs	2011 Actual	Comment
	Secondary school careers advisors' evenings held annually at the polytechnic to provide updates on programme developments.	<ul style="list-style-type: none"> Career Advisors' evening hosted by the Polytechnic 	Career Advisors' evening hosted by the Polytechnic	
	Careers Advisors invited to meet industry within industry arranged by the polytechnic.	<ul style="list-style-type: none"> Careers advisors invited to attend Leaders' Forums hosted by the Polytechnic 	Careers advisors invited to attend Leaders' Forums hosted by the Polytechnic	
	A Careers EXPO arranged by Aoraki Polytechnic to be attended by all secondary schools in the region with a very broad range of providers showcasing programmes from a national and regional perspective.	<ul style="list-style-type: none"> Careers Expo organised and attended by all local secondary schools 	Careers Expo organised and attended by all local secondary schools	
	Open Day held yearly on campus with Aoraki Polytechnic transporting students from local high schools.	<ul style="list-style-type: none"> Open Day held 	Open Day held	
	Arrange visits throughout the year for groups of students from local secondary schools throughout the region to visit the Polytechnic and participate in classes and experience facilities.	<ul style="list-style-type: none"> Students from local secondary schools visit the Polytechnic and participate in classes and experience facilities, for example <i>Student for a Day programme.</i> 	Students from local secondary schools visit the Polytechnic and participated in classes and experienced facilities	

STAFF AS AT 31 DECEMBER 2011

Full Time Equivalents (FT Es)

	Tutorial	Support	Actual 2011	Actual 2010
Schools				
Adventure Tourism and Business			-	18.4
Hospitality, Hair and Beauty	20.3	5.3	25.6	25.9
Creative Technologies, IT and Journalism	31.0	9.0	40.0	29.7
Agriculture and Technology	18.9	3.7	22.6	14.8
Health and Education	19.8	3.6	23.4	15.7
Aoraki Education Partners		7.1	7.1	8.4
<i>Total Schools</i>	<u>90.0</u>	<u>28.7</u>	<u>118.7</u>	<u>112.9</u>
Support Departments				
Chief Executive Department			2.6	3.3
Human Resources			2.3	2.2
International			3.3	3.6
Marketing			6.8	7.0
Corporate Services			16.7	14.5
IT Services			3.4	3.6
Finance			5.9	5.4
Property Services			9.4	8.3
Registry			7.3	9.0
Library			2.5	2.3
Maori Liaison			0.5	1.6
Academic			8.7	7.2
Student Support Services			1.8	3.7
<i>Total Support Staff</i>			<u>71.1</u>	<u>71.7</u>
Government Grants				
Literacy	0.3	1.5	1.8	0.3
Polytechnic Total				
			<u>191.6</u>	<u>184.9</u>

Note:

- Is exclusive of contractors
- Tutorial staff as a percentage of total FTE is 47% (last year 44%).

STATEMENT OF RESOURCES

As at 31 December 2011

Chairperson

Kevin Cosgrove
Ministerial appointment

Deputy Chairperson

Gerald Morton
Ministerial appointment

Members

Lyndon Waaka
Community representative

Rob Smith
Community representative

Graeme McNally
Ministerial appointment

Carole Brand
Community representative

Craig O'Connor
Ministerial appointment

Robin Kilworth
Community representative

Senior Management

Chief Executive

Kay Nelson
MBA, PG Dip Bus, Dip in Ed (Tertiary Teaching)

Deputy Chief Executive and
Corporate Services Director

Alex Cabrera
MBA, BBS (Info Sys)

Executive Director

James Brodie
BA, M Ed
P.Grad Dip Ed Psych

Academic Director

Rachel Garden, appointed as senior manager 14 November 2011
MEd., PG Dip Ed (Secondary Teaching);
PG Cert Dip Theol; BA.

Aoraki Education Partners Director

Gavin Spence
MA, BBS

Hospitality, Hair and Beauty

Iain Bamber
BA (Hons)

Agriculture and Technology

Malcolm Kendrew
MBA

Creative Technology, IT,
Journalism and Business

Andrew Walne
BA (Hons)

Health and Education

Sandy McKirdy
RGON (Registered General Obstetrics Nurse),
NC in Adult Teaching & Learning



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