



2018
ANNUAL REPORT

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# Making a better world

At Otago Polytechnic, our vision is that our people make a better world.

We are a proud leader in high-quality, career-focused education, with some of the best learner achievement and satisfaction results in New Zealand.

- > We have the highest possible quality ratings from the New Zealand Qualifications Authority for our educational performance and our self-assessment capability.
- > We lead the ITP sector in course completions
- > Our learner and graduate satisfaction rankings are consistently high, and 97% of our graduates are in work, further study or both
- > We have highly satisfied and engaged staff who thrive within a strong culture of innovation and continuous improvement
- Our teachers have been awarded 20 Ako Aotearoa National Tertiary Teaching Excellence Awards over the past 12 years
- > We are the first organisation in New Zealand to win the Baldrige-affiliated Performance Excellence Study Award (PESA) in the education sector.
- > We are well connected to employers and our communities, including our Rūnaka, enjoying their highest confidence for responsiveness in meeting their education and training needs.

From our beginnings in 1870 with the opening of the Dunedin School of Art, we now have three campuses – in Dunedin and Central Otago for domestic and international learners, and in Auckland for international learners. We offer more than 180 programmes, at all levels from certificates to a doctorate. A truly national and global organisation, we sustain strong partnerships with more than 80 international tertiary institutions.

Our alumni are global citizens who are capable, sustainable practitioners in their chosen fields. They are equipped to make a real difference, enriching the communities, industries and sectors they serve.

As an organisation, community and industry partnerships are at the heart of our philosophy for learning and growth, guided by our values of caring/manaakitaka; courage/māia; accountability/takohaka; and empowerment/whakamanataka.

As educators, we offer innovative ways for our learners to study so they can develop their capabilities and realise their potential. Through the incorporation of online tools, blended delivery options and work-based learning, issues of time and distance are no barriers to accessing education. We lead our sector in the provision of digital micro-credentials, open education and the assessment of prior learning.

This report reviews our progress in 2018 and signals our intentions for 2019 and beyond.

The **only** NZ educational recipient of the **PESA** 

in NZ for course completions







Equivalent full-time students (EFTs)

4,333 **2015** 

5,554 **2018**5,125 **2017**4,801 **2016** 

Full- and part-time students

9,281 **2018**8,698 **2017**7,000 **2016**7,000 **2014** 

83% course completion
90% overall student satisfaction
Graduate Destination Benchmark Report 2018
97% of graduates in work, study or both
OP Graduate Destination Survey, 2018
93% of graduates would recommend their programme
Graduate Destination Benchmark Report 2018

Permanent and fixed-term staff

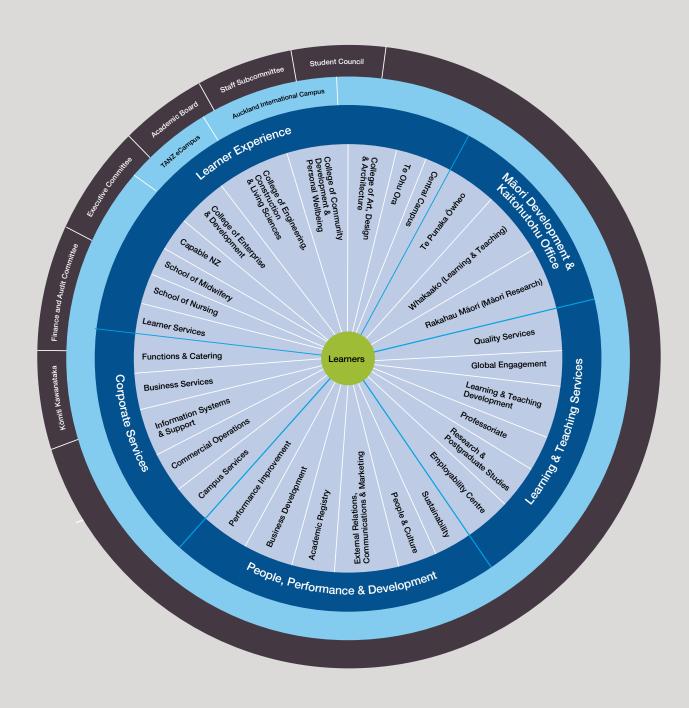
759 **2018** 

729 **2017** 

674 **2016** 

674 **2015** 





<u>^</u> Council and Subcommittees

<sup>↑</sup> Staff

n Executive Leadership Team

Otago Polytechnic Organisation Structure





From left to right: Oonagh McGirr, Janine Kapa, Philip Cullen, Phil Ker, Jo Brady and Chris Morland



#### OTAGO POLYTECHNIC COUNCIL 2018

From left to right: Bill Moran, Paul Allison, Darren Evans, Neil Barns, Mike Horne, Kathy Grant, Peter Coolbear, Megan Potiki

# Governance and leadership

Governance and leadership at Otago Polytechnic are complementary teams that work together to promote excellence and accountability.

The Otago Polytechnic Council is advised by student and staff sub-committees, and delegates some of its work to standing committees. It has developed a business-wide risk management framework which considers all critical and strategic and operational risks.

#### Kōmiti Kāwanataka

This committee operates within the Memorandum of Understanding established by the Rūnaka of Moeraki, Kāti Huirapa ki Puketeraki, Ōtākou, Hokonui and Otago Polytechnic Council.

The Komiti provides a meaningful mechanism for Māori participation in governance and decision making in relation to the Polytechnic's responsiveness to the Treaty of Waitangi and Kāi Tahu's education plan. In particular, attention is given to effective communication, developing and monitoring the Polytechnic's Māori Strategic Framework, and ensuring that Kāi Tahutaka (the Kāi Tahu perspective), as practised by Kā Rūnaka, is the basis for all Māori activities within the Polytechnic.

#### **Finance and Audit Committee**

This committee monitors financial and educational performance and forecast outcomes and makes appropriate enquiries into internal control systems and mechanisms. It has direct involvement in key strategic decisions that affect the financial position of the Polytechnic and has a delegated responsibility to oversee the external and internal audit process.

#### **Executive Committee**

This committee is convened by the Council at its discretion and includes the Chair and Deputy Chair, Chairs of Kōmiti Kawanataka and the Finance and Audit Committee.

#### **Executive Leadership Team**

The Executive Leadership Team comprises five Deputy Chief Executive roles which oversee nine Directors and nine Heads of School/College.

# Report from the Council Chair and Chief Executive

It is a pleasure to report on the 2018 achievements of Otago Polytechnic, another year of excellent results and important milestones. Also a year in which we were heavily engaged in discussions about the future of vocational education in New Zealand, hoping to guide official thinking towards a future model that would build on the best of high performing institutions such as ours.

We were particularly pleased once again to top the sector with a 2017 successful course completions rate of 87% published by TEC in October 2018. This is the performance metric we regard as the most important measure of our immediate success, because to achieve such results requires us not only to retain our learners through timely and personally targeted support but also to ensure they have the best possible teaching.

The longer term measure of our success is the qualifications completion rate - our 2017 results published in 2018, once again placed us in the top quartile of our sector.

Participation of Māori and Pacific learners continued to increase in 2018 with Māori now over 14% of our learners, against a regional proportion of 8%, reflecting our commitment to creating an inclusive learning environment. For Māori, both successful course completions and qualification completions increased significantly over 2017, reflecting a range of new initiatives undertaken to support Māori learners.

Regrettably, however, the course and qualification completion rates for Pacific learners declined significantly after what had been a pleasing high in 2017. Whilst the long term rates are constant, it is a concern that we have not been able to maintain the improvements of 2017, so turning this around is a priority for 2019.

We are pleased with the full range of performance results which are the measures of our success - student satisfaction rates remain very high as does employer satisfaction with our graduates. Staff satisfaction and engagement is at record high levels, reflecting the empowering work environment which we have worked hard to create. Our financial position remains strong, with a surplus of 4.3% which has resulted from the successful first year of our new student accommodation facilities in both Dunedin and Cromwell as well as strong enrolments across the board. International enrolments grew 15% overall, in spite of uncertainties created by changes in immigration policies, although these changes are expected to impact negatively in 2019.

2018 saw further progress on planning for a major upgrade and expansion of the Dunedin Campus and also the opening of much needed student accommodation in both Dunedin and Cromwell - Te Pa Tauira a 231 bed residential village for students studying in Dunedin and five separate houses at our Central Campus, accommodating 25 students. We also opened new trades training facilities at our Cromwell campus, the first of a series of buildings consolidating activity on the Bannockburn Road site.

Educational innovation once again featured strongly for us in 2018, with the growth of our micro-credentials service which we have branded as EduBits. This is the first comprehensive micro-credential service in New Zealand, and is attracting worldwide interest and now comprises a suite of over 80 micro-credentials. We also launched our new craft brewing programmes at our Central campus in conjunction with the opening of the Rough Rock Brewing Company. We have adopted an innovative delivery model in which craft brewing training will take place within a fully commercial brewing business – flipping the usual approach in which learning occurs in the class room and then is applied in the workplace.

Indeed, the future of vocational education is likely to involve significantly more integration of learning in the workplace with learning on campus and to this end Otago Polytechnic staff have been involved in several higher apprenticeship initiatives covering, engineering, management and building surveying.

The future of vocational education will also see an increasing emphasis on developing the transferable skills of learners. To this end we formally launched our learner capability initiative - iamcapable - at our Auckland campus, following a pilot programme in 2017. This initiative will eventually see the embedding of transferable skills development in all of our programmes, including our programmes delivered in Dunedin and Cromwell.

We also launched New Zealand's first capability degree – the Bachelor of Leadership for Change. This innovative degree breaks with the traditional discipline based learning that characterises tertiary education in New Zealand and instead develops transferable skills to very high levels as learners design and implement a major change initiative.

We believe that Otago Polytechnic's success can in considerable part be attributed to our innovation and sincerely hope that the pending reforms of the vocational education sector will embrace structures and processes which will allow innovation to flourish.

A major milestone in 2018 was the resigning of our Memorandum of Understanding with Ka Papatipu Runaka ki Araiteuru – the essence of our very strong relationship with our Māori community. We also developed a suite of Kaupapa Māori and cultural competency micro-credentials (EduBits), a Māori Language Strategy and held a Māori Research Symposium. We enjoy an excellent relationship with our Runaka, which must be empowered to continue under the vocational education reforms.

The major highlight for 2018 was without doubt receiving the Baldrige affiliated PESA award for organisational excellence – the first New Zealand recipient of a PESA in the education sector. This award, which recognises Otago Polytechnic as a world class organisation, resulted from a decade of focus on implementing validated best practices in all aspects of organisation and management and from a very strong culture of continuous improvement. A commitment to performance



excellence is another feature we would like to see as an integral part of New Zealand's future state vocational education system.

Last but not least, we refreshed our Sustainability strategy to incorporate the UNESCO Sustainable Development Goals and were thrilled to receive a national award for sustainable design for Te Pa Tauira.

We welcomed the appointment of Bill Moran as Deputy Chair of the Council at the expiration of Gillian Bremner's eight year term as a Council member. Gillian brought a breadth of experience to the Council table and kept us well focused on the importance of our connections with our communities.

We are thrilled with all of our achievements, but these result from the concerted efforts of staff and many community partners for whose support we are most grateful. We look to 2019 with some concern – that we may not have the autonomy we need in the new vocational education system to continue to be as flexible, responsive and innovative as we have been for many years, attributes which underpin our success. We believe that Otago Polytechnic has much to contribute to the future of vocational education in New Zealand and are keen to provide leadership should the opportunities to do so arise.



Phil Ker
CHIEF EXECUTIVE

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Kathy Grant .

Kathy Grant COUNCIL CHAIR

# Statement of Responsibility

Annual financial report for the year ended 31 December 2018

#### We hereby certify that:

- The Council and Management of Otago
   Polytechnic accept responsibility for the
   preparation of the financial statements and
   statement of service performance and the
   judgements used therein; and
- The Council and Management of Otago
   Polytechnic accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurances as to the integrity and reliability of financial reporting; and
- In the opinion of the Council and Management of Otago Polytechnic, the financial statements and the statement of service performance fairly reflect the financial position and operations of this institution for the year ended 31 December 2018.

The financial statements were authorised for issue by Council on 5 April 2019.

Kathy Grant.

COUNCIL CHAIR

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P Ker CHIEF EXECUTIVE

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P Cullen

CHIEF OPERATING OFFICER

### Our strategy for success

These are our Strategic Goals. Achieving these goals requires an aligned strategy, interweaving our organisation's directions, needs and actions.

For more information about the **SDGs** see the next page.



#### actions

01

Grow innovation

Strengthen educational leadership

Improve learner success - academic and employment

Strengthen research performance

Strengthen secondary tertiary partnerships

SDG 4: Quality education

SDG 10: Address and reduce inequalities

SDG 17: Partnerships

Introduce new leading edge programmes

Develop educational leadership

Introduce Learner Capability Framework

Accelerate Designing for Learner Success initiative

Introduce new secondary-tertiary programmes

Maximise PBRF outcomes

Implement strategy for Pasifika success

02

Further diversify our revenue base

Further strengthen Self Leading Teams

Enhance our self-assessment processes

Improve campus facilities

**SDG 8:** Decent work and sustainable economic development

SDG 12: Sustainable consumption and production

SDG 16: Peace, justice and strong institutions

SDG 17: Partnerships

Establish a business development unit

Grow domestic EFTS, especially postgraduate

and work-based learning

Implement next stage of Campus Master Plan

03

Improve engagement with industry and communities

Strengthen secondary-tertiary partnerships

SDG 4: Quality education

SDG 5: Gender equality and women's empowerment

SDG 17: Partnerships

Develop a stakeholder and community engagement plan

Enhance relationships with Māori business

Advance Capable NZ partnership with Kāi Tahu

04

Embed sustainability in campus development

Embed education for sustainability in all of our programmes

Actively manage operations for improved sustainability

SDG 6: Action for clean water and sanitation

SDG 13: Climate action

Implement our sustainability standards for new buildings

Reduce rate for landfill energy consumption, travel and IT footprints

05

Strengthen our culture for improved staff engagement

Further strengthen the work environment to empower staff

Strengthen leadership

Recruit more Māori and Pasifika staff

SDG 3: Promote good health and wellbeing

SDG 10: Reduced inequalities

Improve communications, especially with off-campus staff

Address Priority 1 Work Environment Survey (WES) concerns

Develop emerging leaders

Implement our health and wellbeing strategy

# Education for Sustainable Development

Otago Polytechnic is committed to playing its role in achieving the United Nations General Assembly-adopted 2030 Agenda of Sustainable Development. Central to this Agenda are 17

### Sustainable Development Goals (SDGs).

The process of embedding the SDGs in our programmes of learning requires a transformation of how we think, design and create learning experiences.

To create meaningful learning experiences, it is essential that learners develop the transferable skills, knowledge and attitudes required to contribute to the challenge of sustainable development.

Seven of the SDGs align directly to the Otago Polytechnic strategic plan and address important regional issues. These SDGs are identified in the Tier 1 list.

Specific aspects of other SDGs will be addressed by activity in different departments, through cross-institutional activity and partnerships with other organisations – these SDGs are noted in the Tier 2 list.

We will focus on the SDGs we can do exceptionally well and others where we can make a strong contribution.

Our ability to address the SGDs will be formally acknowledged in our Annual Reports and aligned directly to our strategic objectives.

#### Tier one



#### GOAL 3: GOOD HEALTH AND WELLBEING

Ensure healthy lives and promote wellbeing for all at all ages.



#### GOAL 6: CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all.



#### GOAL 13: CLIMATE ACTION

Take urgent action to combat climate and its impacts.

#### Tier two



#### GOAL 7: AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and clean energy for all.



#### GOAL 11: SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.



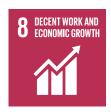
#### GOAL 4: QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



#### GOAL 5: GENDER EQUALITY

Achieve gender equality and empowerment for all.



#### GOAL 8: DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment.



#### GOAL 12: RESPONSIBLE PRODUCTION AND CONSUMPTION

Ensure sustainable consumption and production patterns.



#### GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build infrastructure, promote inclusive and sustainable industrialisation and foster innovation.



#### GOAL 10: REDUCED INEQUALITIES

Reduce inequality within and among countries.



#### GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



#### GOAL 17: PARTNERSHIPS FOR THE GOALS

Strengthen the implementation and revitalise the global partnership for sustainable development.





#### Highlights

- > TEC ranked us first in the ITP sector for course completions, at 87%
- > 97% of our graduates are in work or further study, according to our latest Graduate Destination Survey
- > 90% of our students are satisfied with Otago Polytechnic
- > Our Auckland International Campus launched our new *i am capable* learner capability process which embeds transferrable skills in the curriculum.

#### Looking ahead to 2019

- > Review our self-assessment processes through a pan-institutional audit
- > Further embed the Learner Capability Framework, i am capable
- > Continue to prioritise employer and workplace focused learning pathways
- > Further strengthen sustainable practice, experiential learning and learner capability in our curricula
- Continue to build academic staff capability in learning design, assessment practice and technology for learning
- > Support all staff who teach degrees and postgraduate programmes to be research-engaged
- > Streamline academic processes to reduce workload for staff
- Further develop and strengthen our relationships with business, industry and international providers.

#### Aspirations by 2021

- > Achieve a course completion rate of at least 90% at degree level, and 80% at lower levels, for all learners and courses
- > Achieve a qualification completion rate of 70%
- > Ensure 100% of permanent academic staff teaching on degrees are research-engaged
- > Achieve a graduate employment rate of 80%.



### Learning life cycles

It's a special privilege to guide our learners through a formative time in their lifelong learning journeys. At Otago Polytechnic, they engage in an experiential learning process and emerge as capable, work-ready practitioners.



"My time at Otago Polytechnic supported me to develop the skills to conduct myself with confidence on the world stage."

Ashleigh Smith has always sought to make a positive difference in the community. At the age of 15, she was one of 30 young people instrumental in establishing Sticks n Stones, a youth-led programme designed to tackle bullying in schools.

A graduate of both the Bachelor of Nursing and Bachelor of Leadership for Change programmes, Ashleigh found the programmes highly relevant to the needs of the workforce – and crucial for her personal development.

"Otago Polytechnic doesn't take a cookie-cutter approach to education," she says. "The learning is student-centric. I learnt as much about myself as I did about the disciplines that I was enrolled in."

Ashleigh she says her Leadership for Change degree enabled her to share her ideas and get critical feedback from others, as well as supporting her to better articulate her experiences.

"A great idea is not enough. Often it is only through discussion and the communication of ideas that optimal solutions are found. I've experienced this time and again – for example when I sat on a discussion panel at the Womer of the World Festival in Brisbane, and again as one of 1000 young people who attended UNLEASH, where we worked on ideas and solutions for the United Nations Sustainable Development Goals," she says.

"I feel like there are a lot of doors open to me; I just have to decide which ones to enter."

Finn Boyle was passionate about food and the role it plays in our lives and society even before he discovered the Bachelor of Culinary Arts at Otago Polytechnic. Keen to help reduce the contribution our food systems make to problems such as climate change and ecological degradation, he enrolled in the programme.

And, when the Bachelor of Leadership for Change later became available, he quickly enrolled in that too.

Finn says Otago Polytechnic has given him many opportunities to practise the skills required for the future he desires, and to be the person he wants to be.

"One of the things I love most about the Bachelor of Leadership for change is that I get to show up fully as myself, vulnerabilities and strengths equally welcome. We do real work, not just theory. While I'm studying for a qualification and learning highly applicable skills, I also get to contribute to a meaningful, real project in the wider community."

In addition to his studies, Finn has enjoyed the support of educators and resources from Otago Polytechnic in establishing his own small food business, brewing kombucha. And, he is working with Otago Polytechnic to redesign the organic waste systems on campus.



#### Educational performance

#### **TEC PRIORITY 3**

Boosting achievement of Māori and Pasifika



**SDG 10: REDUCED INEQUALITIES** 

Overall, Otago Polytechnic maintained its very high level of educational achievement placing us as one of New Zealand's top performing polytechnics. We achieved the top sector ranking for course completions in 2017, according to educational performance indicators released by the Tertiary Education Commission in 2018 – with an 87% completion rate.

Our overall course completion rate in 2018 was 1.2% higher than in 2017, with the rates for Māori learners and under-25s improving on the previous year.

There was a pleasing increase in the overall qualification completion rate, which grew by 12.9% on 2017 figures. This increase is reflected in much improved rates of completion for Māori learners and under-25s.

It is disappointing to report that both course and qualification completions fell among Pasifika learners. Due to low numbers of Pasifika students, non-completing learners can have a disproportionate effect on success rates. For example, our Bachelor of Midwifery had six Pasifika EFTS in 2018; course completions for this programme declined from 100% to 60.3%. We will undertake a review of the outcomes across all measures for Pasifika students in 2019, and have appointed a Pasifika staff member to lead this.

Pleasingly, we exceeded all of our participation targets for 2018, continuing a positive trend evident over the past three years.

# Educational participation and achievement outcomes (% of total EFTS)

#### 1. ACHIEVE PARTICIPATION RATES

Māori	2018	2017	2016	Target
Level 3 and above Level 4 and above	14.4% 14.1%	14.0% 12.5%	13.7% 12.6%	13.3% 12.2%
Pasifika				
Level 3 and above Level 4 and above	4.2% 4.0%	3.8% 3.5%	4.0% 3.7%	4.2% 3.8%
Under 25				
Level 3 and above Level 4 and above	62.1% 60.7%	61.3% 55.0%	62.3% 56.9%	61.7% 60.0%

#### 2. ACHIEVE SUCCESSFUL COURSE COMPLETION RATES

All students	2018	2017	2016	Target
Level 3 and above Level 4 and above	83.1% 83.9%	82.0% 82.6%	81.7% 82.5%	84.6% 85.2%
Māori				
Level 3 and above Level 4 and above	79.0% 80.6%	77.1% 79.1%	74.9% 76.0%	79.1% 80.0%
Pasifika				
Level 3 and above Level 4 and above	70.0% 70.7%	76.9% 79.1%	67.3% 67.7%	75.0% 80.0%
Under 25				
Level 3 and above Level 4 and above	84.4% 85.5%	83.6% 84.7%	82.6% 83.3%	83.7% 85.0%



018 2017 2016 Target	2018	All students
	85.5% 87.7%	Level 3 and above Level 4 and above
		Māori
	88.4% 94.9%	Level 3 and above Level 4 and above
		Pasifika
	71.6% 74.8%	Level 3 and above Level 4 and above
		Under 25
	68.6% 67.8%	Level 3 and above
.6% 65.8% 67.9% 7	74.8% 68.6%	Level 3 and above Level 4 and above Under 25 Level 3 and above

#### 4. ACHIEVE STUDENT RETENTION RATE

Overall	2018	2017	2016	Target
Level 3 and above	75.0%	79.6%	80.2%	76.7%
Māori				
Levels and above*	73.6%	74.4%	75.4%	71.5%
Pasifika				
Level 3 and above*	71.5%	68.0%	74.3%	70.0%

#### 5. ACHIEVE STUDENT PROGRESSION RATE

Overall	2018	2017	2016	Target
Levels 1-3, to a higher level <b>Māori</b>	39.3%	25.4%	38.6%	50.0%
Levels 1-3, to a higher level	34.5%	21.7%	32.1%	58.8%
Pasifika				
Levels 1-3, to a higher level	30.8%	50.0%	34.8%	50.0%

For definitions and formulas for each of these measures, please refer to the Appendix.



# Honouring alumni

Now its third year, our Distinguished Alumni Awards recognise our best and brightest alumni for their contributions to their communities and industries.

There were 16 honourees in 2018, from Commonwealth Games stars to internationallyexhibited artists, business high-fliers and community movers and shakers.

The recipients were: ceramicist Chris Weaver; painter Holly Zandbergen; fashion designer Abby van Schreven; nursing specialist Marianne Te Tau; businessman Justin Stonelake; support worker Kerri Oliver; youth advocate Faanimo Elisara-To'o; rugby sevens players Kelly Brazier and DJ Forbes; javelin thrower Holly Robinson; and athletic coach Raylene Bates.



SDG 4: QUALITY EDUCATION

#### Student satisfaction

We employed varied methods to gather valid and reliable feedback from our student body in 2018. We made use of multiple platforms including pop-ups and apps to encourage learner engagement. The response rates exceed the minimum requirement to be representative of the total student population.

Overall, we met or exceeded our target of 90% satisfaction in four of the five reported categories in 2018.

#### Satisfaction with Otago Polytechnic

Student satisfaction	2018	2017	2016	Target
Overall	90%	90%	92%	90%
With services	92%	93%	93%	90%
With teaching	90%	89%	92%	90%
With programmes	88%	89%	91%	90%
With learning environment	91%	91%	93%	90%

Graduate satisfaction	2018	2017	2016	Target
Graduate satisfaction with programme	93%	94%	94%	90%

#### Graduate destinations

TEC PRIORITY 1 **Delivering skills to industry** 



SDG 8 : DECENT WORK AND ECONOMIC GROWTH

Graduate destinations	2018	2017	2016	2015
Graduates are satisfied with the quality of their programmes (Target: 90%)	93%	94%	94%	94%
Graduates are working and/or self-employed (Target: 70%)	73%	79%	74%	83%
Graduates are either working and/or studying	97%	96%	94%	98%

Graduate destinations	2018	2017	2016	2015
Māori graduates are working and/or studying	100%	99%	92%	100%
Pasifika graduates are working and/or studying	100%	94%	95%	100%
Graduates are working in an area relevant to their qualifications	85%	83%	82%	85%
Graduates are in full-time work	68%	65%	62%	68%
Graduates whose post-graduation job is their first full-time job	38%	32%	32%	34%

The Graduate Destination Survey was distributed in July 2018, approximately eight months after students completed their 2017 qualifications. It explored graduates' satisfaction with their experiences at Otago Polytechnic and how well they thought their qualifications prepared them for their careers. The survey reports on their activities as at 1 June 2018.

The number of graduates satisfied with the quality of their programme of study remained steady at a very positive 93%, exceeding our target of 90%.

Results show that almost three-quarters of graduates were either working or self-employed. The median gross salary for these graduates was \$41,580, down from \$46,000 in 2017. Graduates with a postgraduate degree had the highest median salary at \$68,000, up from the \$61,000 reported in 2017.

Female graduates earned an average of \$3,400 more per annum than their male counterparts, earning a median salary of \$43,000. However, for those aged over 30, the men overtook the women with a median salary of \$56,000 compared to \$47,560.

Of the employed graduates, 60% were working in Otago, with 8% in Canterbury, and 7% each in Auckland and Wellington.

In 2018, 97% of graduates were in work or further study compared to 96% in 2017.

### Further study intentions of graduates

Results show 37% of graduates were studying or had enrolled in further study at the time of this survey. An additional 10% intended to study in the second semester of 2018 or in 2019. Overall, 34% of graduates were undecided about their future study intentions.

Pasifika graduates were more likely than other graduates to be enrolled for further study, consistent with previous years' findings.

Of those students who had enrolled in study, 77% were studying within the ITP sector compared with 18% studying at a university. The vast majority – 69% – were studying at Otago Polytechnic.

#### **Graduate Outcome Survey**

	ear wage	oloyed rning es or a llary	~	elf- bloyed	work	Not king or elf- bloyed
	n	%	n	%	n	%
Do not intend to do more study	141	16%	18	2%	35	4%
Currently studying full-time or part-time	119	13%	11	1%	98	11%
Currently enrolled to commence study	21	2%	0	0%	10	1%
Intend to enrol in 2017 or 2018	70	8%	5	1%	13	1%
Undecided at this stage	278	31%	29	3%	39	4%
TOTAL	629	71%	63	7%	195	22%

### Learner capability - i am capable



#### **SDG 4: QUALITY EDUCATION**

Employers tell us they look for potential employees with transferable skills who can prove they are work-ready. In order to be highly employable, learners must not only have technical or specialist skills and knowledge, but also well-developed transferable skills, which we call 'learner capabilities'.

In 2018, we initiated a research project which involved more than 50 Otago Polytechnic staff engaging with 160 employers to better understand the importance of capabilities in a variety of workplaces. As a result, we've identified 25 learner capabilities that employers wish to see in graduates.

We have progressed capability-focused curriculum innovation across a range of pilot programmes, which will spread to all degree-level programmes in 2019. Learners will be able to build an online profile to share with prospective employers that showcases their learner capabilities, effectively a transcript of transferable skills.

#### Student Support

#### **TEC PRIORITY 3**

Boosting achievement of Māori and Pasifika

#### TEC PRIORITY 4

**Boosting adult literacy and numeracy** 



**SDG 10: REDUCED INEQUALITIES** 

In 2017, we made a change to the way we record and report our student contacts. These are now defined as meaningful contacts of at least 15 minutes' duration with a student. For this reason, figures from 2018 and 2017 are not usefully comparable with those of previous years.

Student contacts (appointments)	2018	2017
Careers	1,114	1,025
Māori/Kaitautoko	899	408
Pasifika	540	675
Disabilities and Wellbeing	680*	614
Learning Advisors	1,802	1,664
Student Advisor	972*	996
Counsellors	1,682*	828
International	1,311	1,682
Total	9,000	7,892

#### Careers guidance

In addition to 993 contacts with existing learners, our Careers team had contacts with 512 prospective learners in 2018.

We hosted 12 placements for learners in the second and third years of the Bachelor of Social Services specialising in Career Practice, and one internship with a Study Abroad learner.

Throughout the year, we facilitated 72 tailored workshops and seminars for learners and an additional 42 lunchtime workshops, covering topics such as work-readiness, career planning, job searching, CV and cover letter development, interview skills and employability skills.

All learners who were unsuccessful with their applications to study were contacted and offered advice around alternative pathways or progamme options.

Two Career Guidance Days were popular with the general public and new learners to Otago Polytechnic, providing support with career decision-making and course planning, and information about StudyLink and Student Success.

#### Learning support

Our Learning Advisors provided 1802 contacts with students requiring learning support in 2018, focused largely on the development of academic writing skills, language and literacy awareness.

To improve accessibility to Foundation students, who are traditionally less likely to access support, Learning Advisors attended regular classes. This led to an increase in learners accessing individual support.

Learning Advisors also supported staff enrolled in the Graduate Diploma in Tertiary Education and students working at post-graduate level. We also ran skills workshops and small group sessions for Te Pā Tauira residents and international learners.

#### Māori students

Otago Polytechnic's Māori Centre, Te Punaka Ōwheo had 899 contacts with 126 individual Māori students in 2018. All students were contacted during the application process to ask if any additional support was required. Once enrolled, they also received a welcome message from Te Punaka Ōwheo, outlining our services. We held a number of workshops over the course of the year on topics such as scholarships, essays and exams, and living to a budget.

Te Punaka Ōwheo includes Poho, our Māori student common room, which continued to be well-utilised for breakfasts and lunches. The Chief Executive has been a regular face on site, attending a number of lunches during the year to hear feedback directly from our Māori students.



### Ngā Kete

Our Dunedin campus is home to a new sculpture, Ngā Kete, a work that reflects the way in which those who enter Otago Polytechnic fill their kete with knowledge.

Created by award-winning artist and distinguished Dunedin School of Art alumnus, Michel Tuffery (MNZM), the 2.5m sandcast bronze sculpture was selected from among eight outstanding proposals.





#### **Pasifika**

Our Pasifika Advisor had 540 contacts with Pasifika students who sought out one-on-one academic support, focused on understanding course terminologies and assignment instructions, as well as reflective writing.

We utilised learner retention reports to identify learners who may be having difficulties, and to inform targeted support for those students.

Pasifika learners are able to use the Pasifika Room and The Hub for their studies after hours, and our shared lunches twice a semester are popular.

#### Disability and wellbeing support

There was an increase in the number of learners requiring support with their wellbeing, predominantly mental health issues. Learning difficulties such as dyslexia were the primary driver for those accessing disability support.

Our on-campus Sensory Space was well-utilised, with great results for more than 30 of our learners. These numbers look set to increase in 2019, with an initial consultation of prospective students indicating many have an interest in sensory regulation for wellbeing.

We ran more than 40 wellbeing workshops throughout the year. Our Disability and Wellbeing Advisor was trained as a facilitator for Good Yarn, an initiative that aims to reduce stigma and start a conversation around mental health, and how to support our colleagues, friends and whānau.

#### Counselling

While learners often presented with difficulty in their relationships, handing in assignments for their courses, or for feeling low, other underlying issues often came to the surface and required several weeks work and support. These included parental abandonment and neglect, grief, childhood sexual and physical abuse, addiction issues and gender and identity issues.

We have noted a considerable increase in young people presenting with significant anxiety issues. Across many age groups, there is still a struggle with existential type issues, along with stress, depression and loneliness. As in previous years, issues such as significant poverty while studying and uncertainty of employment even once qualified, form part of the increased anxiety.

#### **Domestic student support**

Our Student Advisors work with domestic students both on- and off-campus to ensure they are well-supported to participate fully in their studies. Most appointments relate to circumstances in learners' lives outside of study that affect their ability to achieve. These include financial stress, relationship issues, family illness, accommodation changes and mental illness.

As well as 972 contacts with learners throughout 2018, the team facilitated more than 40 workshops and group sessions on study strategies and resilience. Alongside these, oncampus and distance learners are supported with individual face-to-face meetings, skype sessions, emails, texts and phone calls.

#### International student support

We had 1311 contacts with international learners in 2018, comprised of one-on-one appointments with 731 students, and 580 learners who attended a variety of social activities and workshops.

New initiatives included coordinating an eight-week English conversation group each semester, and the use of learner engagement reports to target support to learners who need it the most.

This year, as a result of student feedback, we implemented optional workshops and activities during our three-day Orientation programme. An integral part of the Orientation which was a resounding success, was the use of Student Ambassadors, some of whom also acted as student mentors.



#### TEC PRIORITY 5

Strengthening research-based organisations



**SDG 4: QUALITY EDUCATION** 

Research	Outcome 2018	2017	2016	Target 2018
The number of research degrees completed meets target of 30 for 2017-2018	82	32	27	30
The amount of external research income earned (\$000) meets target	\$22,956	\$53,739	\$368,093	\$60,000*

\*TEC agreed on a change to the Investment Plan External Research commitment due to the disestablishment of our commercial research and development centre, WorkSpace.

KPIs	2018	2017	2016
Number of research-active staff	170	168	150
Total number of quality assured outputs	325	523	361
Total number of master's degree completions	82	32	29
Total number of research outputs including quality assured outputs	438	642	Not reported

Throughout 2018, the Research and Postgraduate Studies Directorate prioritised the preparation of staff for the 2018 Performance Based Research Fund (PBRF) Quality Evaluation round. Otago Polytechnic submitted 103 evidence portfolios and staff put in many hours to develop these. As expected, this work impacted negatively on the quantity of research outputs produced in 2018.

There were, however, some areas where research outputs increased. Capable NZ and Applied Management staff had an



# Fantastic feats with food

A technically-challenging food art collaboration between Sanitarium and our Food Design Institute came to fruition with a taste twist.

Examples included a dahl curry encased in turmeric chocolate and presented as a chilli, and an apple pie smoothie in the form of a Granny Smith apple hanging from a tree.

The work, believed to be a New Zealand first, was showcased as part of an edible 'garden' established at Auckland's Britomart.



SDG 4: PARTNERSHIPS FOR THE GOALS



increase in both the amount of quality research produced and in the number of research active staff. It is worth noting that both of these academic areas hosted symposia in order to share and collaborate and disseminate research.

By working in research teams, the Schools of Occupational Therapy, Nursing and Midwifery produced more co-authored outputs that were successful in bringing new staff to research activity. While the focus for research activity is primarily on those staff engaged in degree teaching, Otago Polytechnic also supports other staff members to undertake research in the belief that this contributes to a the research culture crucial for a learning institution.

The learner capability framework has become one of the key structures embedded in Otago Polytechnic's Strategic Directions for 2017-2021, aimed at improving curricula to increase graduates' employability and work-readiness, and to connect educators with workplaces, employers and other stakeholders. In 2018, the research dimension of this framework involved conducting semi-structured interviews with employers, mostly in the Dunedin region. A group of 50 Otago Polytechnic lecturers volunteered for this work and – after attending development workshops - interviewed 160 employers and stakeholders directly connected with 15 clusters of Otago Polytechnic programmes. This identified the learner capabilities prioritised by employers in each area. We were successful in obtaining an AKO Aotearoa National Project Fund grant for the continuation of the research project in 2019-2020.

In order to increase the dissemination of our research to our communities of interest, we published five issues of our open access academic journal, *Scope: Contemporary Research Issues*. These were accompanied by an issue of our international publication, *Junctures: The Journal of Thematic Dialoque*.

In addition to a plethora of open lectures and seminars, we hosted a number of significant research events including Capable NZ's professional practice symposium and an emotional intelligence symposium.

Our design-based research centre, EPICentre, has continued to develop as a valuable research hub for students to work on applied solutions to technical research problems. EPICentre was visited 3250 times in 2018, and learners were supported in their research there by our two technicians.

As expected, our contribution to postgraduate education continued to grow in 2018, with a 156% increase in completions due to an increase in the number of postgraduate qualifications we offer.

#### Māori research (staff)

Māori researchers continue to actively engage in research at Otago Polytechnic. While the number of Māori researchers remained consistent in 2018, there was a marked decrease in the total number of outputs from these staff members as they focused on developing PBRF portfolios. There were eight Māori researchers who chose to submit PBRF portfolios.

Māori researchers covered a wide range of subjects, including global partnerships, reproductive systems, and indigenous perspectives on tourism.

We also held a Māori research symposium, *Mauri Ora: Human Flourishing*, in November, showcasing the Māori research being undertaken at Otago Polytechnic on a variety of issues around human and environmental wellbeing. It highlighted Māori-led or -partnered research, with the intention of connecting with our wider communities, Ka Papatipu Rūnaka and iwi.

There was a significant increase in the number of Māori consultation applications to the Kaitohutohu Office due to the wider deployment of Category B Ethics and Māori Consultation processes. There were 119 applications under Category A and 79 for Category B.

	2018	2017	2016	2015	2014
No. of research-active Māori researchers	11	11	7	9	12
No. of research outputs by Māori researchers	46	46	17	15	21
No. of research outputs on Māori topics by Pakeha researchers	4	4	4	5	3

#### Delivering skills to industry

TEC PRIORITY 1
Delivering skills to industry



**SDG 4: QUALITY EDUCATION** 



SDG 8: DECENT WORK AND ECONOMIC GROWTH

For those employed as building surveyors by local authorities, we launched a work-based programme for those who need to meet Regulation 18 of the Building (Accreditation of Building Consent Authorities) Regulations 2006. The New Zealand Diploma in Building Surveying (Level 6) is delivered in partnership with Future Skills, Building Officials' Institute of New Zealand, and Skills Organisation.

In its fourth year, Fee for Service training continued to build on its successes throughout 2018. It offered a suite of 15 short courses delivering leadership, management and business excellence development to 250 participants.

We continued to develop our micro-credentials service, EduBits, with a view to it becoming our principal means of delivering in-house training to industry and community organisations. Throughout 2018, we developed tailored EduBits for several organisations, such as the New Zealand Fire Service and Dr Lance O'Sullivan's iMoko healthcare.

We opened our Rough Rock Brewery in Central Otago and launched two New Zealand Certificates in Brewing (at Levels 4 and 6). The Level 4 programme is targeted at those seeking the skills and knowledge to work as a brewer under supervision in a commercial brewing operation, and has core work-experience components. The Level 6 programme is designed for brewers with considerable skill and experience, and uses a Recognition of Prior Learning process to assess and accredit them.

For those who wish to work in social services environments with Māori and whānau, we partnered with Arai Te Uru Kōkiri Centre to develop the New Zealand Certificate in Whānau Ora (Level 3). Graduates are able to work under supervision to apply knowledge of Māori philosophies and theories of Māori wellbeing.

There is interest in traditional food production and harvesting methods and mahika kai development within whānau, hapū, iwi, and communities. We will launch Te Whakamahi Whenua (Level 3) in 2019 to enable learners to pursue this area of study.



# Prime Minister's Scholarships

Nine Otago Polytechnic Sport, Exercise and Health students were awarded Prime Minister's Scholarships in 2018.

Three went to Argentina to work with La Plata Rugby Club; three travelled to India to teach children sports-related activities; and three worked with a leading American Football team in China.



SDG 4: QUALITY EDUCATION

#### Pathways to higher learning

TEC PRIORITY 2

Getting at-risk young people into a career



**SDG 4: QUALITY EDUCATION** 



SDG 8: DECENT WORK AND ECONOMIC GROWTH

One of our ongoing priorities is to provide opportunities for at-risk youth and second-chance learners, and we offer a range of pathways into tertiary education and a brighter future.

#### **Farmhand**

Farmhand is a free 13-week programme for young people aged 18-24 which aims to help bridge the gap between at-risk city youth and job opportunities in the rural sector, and connect young people to community and nature.

Delivered in partnership with the Malcam Charitable Trust, Farmhand enables youth to improve their skills in reading, writing and maths, and gain a Certificate in Foundation Studies.

#### Otago Secondary-Tertiary College

The Otago Secondary-Tertiary College is an active partnership between Otago Polytechnic and all Otago secondary schools. It provides a range of learning experiences that enable senior secondary students to have a taste of learning at Otago Polytechnic and working in a trade environment.

Programmes are available at both of our Dunedin and Central campuses, ensuring that all schools in Otago have the opportunity to offer this transition experience to their students. All students can gain NCEA credits, with courses designed to provide pathways to higher-level qualifications.

In 2018, the College's eighth year, we offered programmes in Hospitality, Cookery, Sport, Health and Fitness, Carpentry, Automotive Engineering, Primary Industries, and a Dunedin delivery, Manaaki Tauira – the latter in collaboration with Kōkiri Training Centre. These were funded through TEC's Trades Academy channel.

We also delivered a new Level 3 Carpentry programme in Balclutha in collaboration with Big River Homes and South Otago High School. Students on the programme constructed an entire new relocatable home, and gained an excellent insight into all aspect so the residential construction industry.

All programmes met anticipated attendance, completion and transition targets. We noted pleasing increases in the number of completions in both Dunedin and Central Otago, and in the number of learners either returning to school, or moving into apprenticeships or employment.

		2018	2017	2016	2015
Number of enrolled students	Central	66	59	66	67
	Dunedin	80	65	54	29
Results: Successful completion	Central Dunedin	49 69	40 51	61 42	56 27
Results: Did not complete	Central	17	19	5	11
	Dunedin	11	14	12	2
<b>Destinations:</b> Further study	Central	1	7	12	13
	Dunedin	29	20	19	13
Destinations: Employment/ Apprenticeship	Central Dunedin	29 19	23 11	23 17	26 3
Destinations:	Central	31	23	27	23
Returned to school	Dunedin	29	26	11	11
Destinations:	Central	5	6	4	5
Unknown/Other	Dunedin	3	8	7	2



### Design students awarded

Otago Polytechnic students and lecturers claimed three gold medals and two bronze medals at the prestigious national Best Design Awards.

Nine Otago Polytechnic Design projects were among the finalists in the 2018 Awards, run by the Designers' Institute of New Zealand to recognise excellence in graphic, spatial, product, interactive and motion design.



SDG 4: QUALITY EDUCATION



#### Highlights

- be a challenging year for enrolments throughout the ITP sector
- Became the New Zealand recipient of a Baldrige-affiliated PESA for organisational excellence in the education sector
- Supported 4767 FTE jobs nationally as a result of direct
- Grew our EduBits service to a suite of 80 micro-credentials
- Established a branch of CapableNZ in Auckland, to grow the North Island market
- 1436 EFTS
- > Increased Auckland International Campus student numbers by 15%, to 1116 EFTS
- Considered a great place to work by 98% of staff

#### Looking ahead to 2019

- > Implement the next stage of our campus redevelopment

  - the Bannockburn Road site
    Begin the extension of O Block to allow relocation of activities from leased Cumberland Street site
    Finalise the design and commence enabling works
- Scale our EduBits service, focusing particularly on business-to-business provision
- Maintain international student numbers and develop international fee for service initiatives
- **Environment Survey**
- Introduce new programmes for all campuses, responding to industry demand and changing technologies.
- and achieve budget
- Maintain and diversify revenues at Auckland International Campus, and achieve budget
- Improve viability by ensuring that government funding from the student achievement component and from domestic fees is not more than 62% of total revenue.

#### Aspirations for 2021

- > Achieve an operating surplus of 5% before improvement investment





#### Financial sustainability



#### Financial sustainability

Monthly reporting of all financial metrics which contribute to the TEC risk analysis; budgeted annual surplus is achieved

Target 2018: \$3.3M

<b>~</b>	<b>2018</b> \$4.18M	<b>2017</b> \$4.2M	<b>2016</b> Not achieved: \$3,3M
			\$3,3M

#### **Objectives**

- > To achieve the volume and mix of provision per Investment Plan and budget
- > To achieve budgeted surplus
- > To reduce dependence on TEC EFTS funding
- To foster collaborative relationships that benefit us financially, strategically and educationally
- > To embed a performance excellence framework
- > To nurture a culture of innovation and continuous improvement
- > To manage and plan for strategic assets
- > To sustainably manage our supply chain
- To make building project decisions based on "whole of life" criteria, with evidenced need and future flexibility major considerations.

Otago Polytechnic achieved a strong financial result within the context of a struggling ITP sector.

Our enrolments continued to increase over previous years and were 8% higher than in 2017, and 2% above 2018 budget. The Tertiary Education Commission increased our base funding in the SAC 3+ pool by 7.5% during the year due to the higher EFTS numbers, and this increased base will stay in place for 2019.

Our net operating surplus of \$4.18M was ahead of our budget of \$3.28M. Revenue from both international and domestic student fees exceeded budget, as did revenue from other operating activities which include Te Pā Tauira, our Otago Polytechnic Student Village. Expenses overall were unfavourable to budget, primarily due to increased costs associated with the additional student numbers.

Capital expenditure at \$15.6M is lower than the budget of \$17.7M, reflecting the timing of expenditure on our campus redevelopment and the construction of Te Pā Tauira.

For 2018, we continued to focus on our metrics, both financial and non-financial, and used these to help drive further improvements. We also continued to invest in strategic initiatives such as the development of micro-credentials and training schemes, the learner capability framework, and performance and process improvement projects, to further diversify sources of revenue and ensure we are positioned strongly for the future.

Our finances remain strong, and we are confident of future surpluses providing sufficient returns to invest in strategic initiatives and development projects. Cash flow is also strong going forward.

(Measures improve over prior year)

achieved	Actual 2018	Actual 2017
<b>~</b>	4.3%	3.4%
-	20.6%	47.7%
<b>~</b>	4.7%	8.3%
_	112.2%	115.3%
<b>~</b>	95.8%	96.7%
<b>~</b>	46.6%	50.3%
-	55.1%	53.6%
<b>~</b>	161.2%	179.6%
<b>*</b>	\$199,044	\$165,944
<b>*</b>	\$246,871	\$228,451
<b>*</b>	\$212,299	\$187,323
	* * * * * * * * * * * * * * * * * * *	2018  4.3%  20.6%  4.7%  112.2%  95.8%  46.6%  161.2%  \$199,044  \$246,871



# Central campus accommodation

Our brand new, 25-bed accommodation complex at our Central campus in Cromwell features five freshly-built, fully-furnished houses, each with five single bedrooms.

All of the homes have double glazing and extensive insulation to provide superior energy efficiency and comfort

# Student Village officially opened

Te Pā Tauira – Otago Polytechnic Student Village welcomed its first residents in 2018.

Just a short walk from campus and Dunedin's city centre, the residential village offers fully-catered single rooms (dorms), self-catered studios (standard or deluxe) and four-bedroom apartments.



### Achieving organisational excellence



SDG 12: RESPONSIBLE PRODUCTION AND CONSUMPTION



SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Otago Polytechnic was honoured to be presented with the prestigious organisational excellence award – the Performance Excellence Study Award (PESA).

In doing so, we became the first educational sector recipient of a PESA in New Zealand to reach the required standard for the award, after an assessment process comparable to that of the internationally-renowned United States Malcolm Baldrige National Quality Award.

Administered by Business Excellence New Zealand and endorsed by the American Society of Quality, the PESA involves rigorous examination by New Zealand and United States-based examiners against seven core Baldrige Performance Excellence Criteria, determining organisational excellence by world-class standards.

Errol Slyfield, Chief Executive of Business Excellence New Zealand, formally presented the award to our Chief Executive Phil Ker, in October.

Phil Ker initiated the journey towards PESA recognition more than a decade ago, as part of his vision to develop and embed a culture committed to continuous improvement.

Key performance indicators and/or highlights noted by the examiners, include:

- > Otago Polytechnic's strong organisational vision and culture of excellence
- High levels of student satisfaction and employer satisfaction with Otago Polytechnic graduates
- Excellent educational performance indicators (course completions, student progression, qualifications and course retention)
- Sound financial performance and growth in overall EFTS/ enrolments
- > High number of Ako Aotearoa Awards for Teaching Excellence
- > High levels of workforce engagement and staff satisfaction
- > Organisational agility and leading-edge innovation through diverse provision models.

### Striving for continued excellence



SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Since adopting the Baldrige framework in 2011, Otago Polytechnic has remained committed to the pursuit of business excellence.

In 2018, three staff members from the Dunedin Campus and two from the Auckland International Campus participated in the Baldrige Study Tour, bringing back knowledge and understanding of leading practices from three flagship Baldrige Award-winning organisations in the United States. Our Director: Performance Improvement, Joanne Greatbanks, stepped in as New Zealand's lead Baldrige representative, when Chief Executive of Business Excellence New Zealand, Errol Slyfield, was unable to lead the tour in 2018.

The group visited Adventist Health Castle, Stellar Solutions and the City of Fort Collins, and also attended the Baldrige regional conference in Denver. Key observations were robust strategic alignment, a strong ethos of servant leadership and comprehensive staff development pathways.

Otago Polytechnic hosted an inbound visit from Jaynes Corporation, a high-performing US construction company that uses the Baldrige excellence model to achieve outstanding business results.

These fed purposely into exciting improvement initiatives in 2018 around service excellence, business intelligence, and a re-engineering of Otago Polytechnic's project management approach, as well as our successful application for the Performance Excellence Study Award..

#### Global engagement

**TEC PRIORITY 6: Growing international linkages** 



SDG 17: PARTNERSHIPS FOR THE GOALS

In 2018, we continued to strengthen our international linkages to further improve the value of education at Otago Polytechnic, and to educate learners for a global workforce.

We believe global engagement is key to our development and to the achievement of our strategic goals. Through committed and open-minded engagement, we can develop meaningful

and sustainable global partnerships that provide opportunities for collaboration, and afford us global insights and new perspectives.

#### **Study Abroad**

As part of our focus on preparing our graduates for the global workforce, we supported 52 learners to undertake study overseas at partner institutions in 2018 – an increase of 8% on the previous year.

Through these experiences, our learners gain capabilities that reflect the aspiration of Education New Zealand to have "students gain the knowledge, skills and capabilities they need to live, work and learn globally", and to become global citizens.

Several students won Prime Minister's Scholarships for Asia and Latin America. Nine Design students spent four weeks in China, where they attended the Shanghai Art and Fashion Exhibition in Shanghai and travelled to a number of Chinese partner institutions to work on projects with their peers. Four postgraduate diploma students spent six weeks at Shanghai Institute of Technology completing their Physical Conditioning practicum – and three of these learners also spent six weeks at the La Plata Rugby Club in Argentina. Another three Bachelor of Applied Science students travelled to India to complete a course from their degree.

Seven learners, at both diploma and degree level, joined Unitec's PMSA-funded six-week business and supply chain study tour in India.

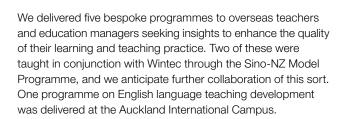
Other learners made their way to engaging opportunities overseas, including an engineering student who took part in the Women in Engineering programme in Austria; a master's student in Vienna; various internships in Australia; study in Malaysia, USA, Fiji and Ireland; and short scholarship courses in China, Finland and Canada.

Ten Civil Engineering students and graduates, accompanied by lecturers and community representatives, travelled to the island of Paama in Vanuatu to work on sanitation and water supplies for the local community.

#### Staff development

We support our staff to become globally informed, expert practitioners in their fields. To that end, 11 staff travelled overseas to engage with partner institutions.

Notably, a significant number of our Engineering staff have now had experience teaching in China on our joint degree programme with Dalian Ocean University. In turn, we hosted six Chinese teaching staff from the programme. This exchange of knowledge and teaching practice is a significant factor in the ongoing success of the degree.



#### Global partnerships

A significant milestone came at a two-day summit in Dunedin, when we signed a Memorandum of Understanding with Humber College in Canada and VIA University College in Denmark – forming the Global Polytechnic Alliance. The institutes' leadership teams were introduced to some of our innovative education practices, and a work plan was finalised. Research projects on student retention and success, and learning technology and methodologies, will begin in 2019 in a three-way collaboration.

Our Kaitohutohu Office is developing strong connections with overseas partners as the benefits of indigenisation become better understood. In 2018, we welcomed a delegation from Saskatchewan Polytechnic to our Dunedin campus, here to find out how we implement our Māori Strategic Framework into our learning environment and the curriculum.

We strengthened our relationships with key partner institutions, resulting in articulation agreements and student enrolments, particularly from the Chinese university and college sector and United States community colleges.

In Japan, we refined existing short courses with our partners, and discussed the delivery of project-centred learning based on the UNESCO sustainable development goals. The value of Otago Polytechnic as a study destination is illustrated by the number of students studying with us on the prestigious and competitively sought Tobitate Japanese government scholarship. The Japanese government's international strategy is to increase student mobility to develop a global outlook, increase staff mobility and learn from overseas education models.

International student numbers by EFTS

	2018	2017	2016	2105	2014
Dunedin	284	277	227	196	219
Central	35	40	47	31	14
Auckland International Campus	1,116	935	521	376	270
Total	1,436	1,252	795	603	503



## Brewery launched

Our new Central Otago beer brewing facility, Rough Rock Brewing Company, will operate as a fully commercial brewery that will also support our new brewing programmes.

"This is a 'flipped model', making it distinctly different from a traditional approach which would have brewing programmes supported with a training brewery," explains Jo Brady, Deputy Chief Executive People, Performance and Development.

### Global Polytechnic Alliance

Otago Polytechnic has signed a three-way agreement with Humber College (Canada) and VIA University College (Denmark) aimed at providing new learning and collaborative opportunities for students and staff.

"Through collaboration, we will create opportunities for our students that will better prepare them for the complex changes of the 21st century," says Chief Executive, Phil Ker.



SDG 17: PARTNERSHIPS FOR THE GOALS



#### International student numbers by percentage

	2018	2017	2016	2105	2014
Dunedin	20%	22%	29%	32%	44%
Central	3%	3%	6%	5%	3%
Auckland International Campus	78%	75%	66%	62%	54%

Note: Not all values add up to 100 due to rounding.

#### EduBits

TEC PRIORITY 1: Delivering skills to industry



**SDG 4: QUALITY EDUCATION** 

We continued to grow EduBits, the first comprehensive micro-credentials service in New Zealand. EduBits are right-size, digital qualifications that validate a person's expertise.

In September, we formed the Employability Centre which will oversee the continuing implementation and ongoing development of the micro-credentialing service.

We have 80 EduBits available on our website, which generated more than 600 registrations in 2018. The most popular EduBits in 2018 were Te Reo Māori for the Workplace and Safe Workshop Practices for Electric Vehicles.

To date, bespoke EduBit assessments have been developed for Southern District Health Board, Primary Industry Training Organisation and Inspiring Communities, as well as the Department of Corrections and NZ Defence Force. Otago Polytechnic has also been working with digital healthcare service iMoko, designing credential training for a new digital health workforce.

We are also partnering with Whitestone Cheese to create an EduBits-based online training academy for hospitality workers and cheese enthusiasts, with plans for launch in 2019. Other EduBits coming online in 2019 include tertiary education teaching, emerging leadership and global citizens.

#### Te Pā Tauira – Otago Polytechnic Student Village

As part of our five-year, \$50 million Campus Redevelopment Plan, we officially opened the doors to our \$22 million, 231-bed residential village.

Te Pā Tauira – a name kindly gifted to us by Ōtākou Rūnaka – offers fully-catered single rooms, self-catered studios and four-bedroom apartments.

Constructed with the environment firmly in mind, Te Pā Tauira uses sustainable materials throughout, including crosslaminated timber within its unique structural frame.

The building won two national architectural awards for its efficient and sustainable design in 2018, with judges saying they believed it would help shape the attitude of a new generation towards timber.



### EduBits a finalist in Business Awards

We were delighted when our innovative EduBits micro-credentials service was named as a finalist in the 2018 Westpac Otago Business Awards.

Micro-credentials have been endorsed by NZQA as an important part of the New Zealand qualifications framework, so we are proud to be pioneers leading the way with implementation." says Chief Executive. Phil Ker.



SDG 4: QUALITY EDUCATION



Our Auckland International Campus (in partnership with Future Skills Academy) made excellent progress in 2018, with overall EFTS reaching 1116 – a 15% increase on 2017.

It is heartening to note that the campus continues to build a diverse student body, with 11% of new students in 2018 representing more than 20 countries other than our key markets of India and China.

Throughout 2018, in response to exponential growth in recent years, we established two new executive roles: the Executive Director: Academic to support our educators to drive further curriculum development and research; and the Executive Director: Student Success and Employability to focus on strengthening relationships with business and industry to ensure we continue to provide valuable experiences for learners outside the classroom.

In addition, we appointed five Heads of Department to oversee our Business, Construction, IT, English, and postgraduate programmes; as well as Registry and Employability Managers, and a new Learning and Teaching team.

A key 2018 milestone was celebrating our tenth graduation ceremony at the Auckland War Memorial Museum in November, where former Dunedin mayor, Dame Sukhi Turner, delivered the graduation address.

#### **Graduate outcomes**

Our latest Graduate Destination Benchmark Report, released in 2018, provided information about the activities of AIC graduates who completed their qualifications in 2017.

The Report found 83% of our Auckland campus graduates were in work six months after the completion of their programmes, and that 95% were either in work or further study.

Our Outstanding Alumni Awards and Alumni Event, held in August, honoured seven of our high-achieving alumni, and provided a valuable networking opportunity for staff and former students.

#### **Industry relations**

Our activities with our industry partners across the Auckland region have continued to grow this year, and our staff and learners worked with more than 350 companies on helping to solve real world problems. A number of these partners actively engaged with us for on-campus events as part of our Learning Outside the Classroom initiative, and as members of our Permanent External Advisory Committees.



# Employers keen on our graduates

Graduates of Otago Polytechnic's Auckland International Campus (OPAIC) are being snapped up by employers.

Its 2018 Graduate Destination Benchmark
Report showed 83 percent of OPAIC respondents
had found work by last June.

"We are proud of how our graduates can successfully connect their learning to practical experiences, ultimately developing capabilities that are desired by employers today," says OPAIC Employability Manager Andrew Tui.





Our Auckland campus continued to lead the implementation of our learner capability framework, *i am capable*, which will eventually sit alongside the academic framework of all Otago Polytechnic programmes. Students are assessed on a range of 25 broad capabilities that employers tell us they want to see in graduates, irrespective of their field of study.

Our new Employability Manager will support the ongoing development of *i am capable*, which will enhance the ability of learners to demonstrate their work-readiness to prospective employers. In 2018, we designed 65 hours of face-to-face workshops, complemented by online resource libraries. We also administered direct engagement activities for learners with industry partners as part of our *i am capable* implementation plan.

#### **Technology solutions**

We introduced a new Technology Solutions team in January, as part of a process and workflow automation initiative. The team has developed applications for monitoring industry projects, assessment and moderation, teaching capability framework, monitoring at-risk students, and a host of other useful algorithms. The assessment and moderation application has generated considerable interest from our other campuses.

In collaboration with an industry partner, we incorporated artificial intelligence and machine-learning technology to launch Chatbot Kiosks for students on campus. Learners interact with a digital assistant called Āwhina at the kiosks.

### **Kids on Campus**

Kids on Campus launched in the July school holidays with more than 40 children aged 1-16 attending. Feedback from children and parents was very positive, so will become a regular fixture on campus.

### Staff and Student Hubs

We launched an exciting open plan workspace for all academic staff in 2018, providing access to state of the art facilities within a contemporary design space.

Renovations are underway to transform the first floor of our Queen Street premises into a new Student Services Hub housing Student Success, Corporate Relations, Employability, Registry, ICT and Facilities, and Reception. This project is due to be completed in March, 2019.



# Capable NZ extends north

We opened Capable NZ's Auckland premises in 2018, assessing people for their existing skills and experience and crediting them against official qualifications.

It's already proving to be a desirable option for learners, with a total of 220 enrolments in 2018.

### Under the hammer

About 100 people attended the 2018 Charity House Auction, which raised \$176,000 dollars for community causes in Otago.

This is the twelfth year that Carpentry students have built a four-bedroom home for fundraising purposes, with guidance from lecturers and the generous support of many local businesses.

The 2018 Charity House sold for \$271,000.



#### Student services

We extended our learning support services in 2018, introducing extra classes for undergraduate business students to complement the extra sessions we have for our postgraduate business programmes. Additional support sessions were put in place for learners studying English and Construction.

We began delivering weekly employability workshops for learners on topics such as setting career goals, job searching in New Zealand, and how to succeed in an interview.

Students enjoyed access to a range of social activities exposing them to New Zealand culture. During Orientation, learners experience a Māori cultural performance rich in te reo, haka and waiata. Student Success also organised well-attended outings to destinations such as Devonport and the Auckland Zoo.

#### Programme development

Throughout 2018, AIC worked on developing a number of new programmes for launch in 2019, in order to ensure that we continue to be responsive to the needs of our learners, employers and communities.

These include a Bachelor of Information Technology, a Graduate Diploma in Project Management, a Graduate Diploma in Operations and Production Management, and a new Business Information Systems major at postgraduate level. We also developed a New Zealand Certificate in Study and Career Preparation and General English.

# New developments at Central campus

The 2018 year was one of positive change and new initiatives for our Central campus, which has further cemented us as a core part of the Central Otago community.

As part of the overall strategy to consolidate all Central campus teaching facilities at our Bannockburn Road site, we constructed a new Trades building to house our Automotive, Carpentry and Brewing, as well as our Rough Rock Brewery. The building was completed late November and officially opened in December by Central Otago mayor, Tim Cadogan, and guests were able to sample Rough Rock's first brew. Another highlight of the opening day was the auction of a three bedroom house which was built by the first intake of full-time Carpentry students at Central.

In addition, we welcomed the first student residents of our new onsite accommodation at the beginning of 2018. Five self-contained, fully-equipped houses were constructed between October 2017 and February 2018.

Programme development continued throughout 2018, with many of the new New Zealand certificates and diplomas being delivered for the first time, while others will be rolled out in 2019.

# Education Foundation strengthened

TEC PRIORITY 5: Strengthening research-based organisations



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

The Otago Polytechnic Education Foundation funds development and community-involvement opportunities for staff and students, as well as educational technology and services, and sustainability initiatives including the Wildlife Hospital Dunedin.

The Foundation supported 17 students in 2018, granting a total of \$24,500. It was bolstered by two main fundraising initiatives in 2018: our inaugural Legends Long Lunch event and our Charity House Auction.

### Economic Impact Report



SDG 12: RESPONSIBLE PRODUCTION AND CONSUMPTION



SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Otago Polytechnic's latest Economic Impact Report, released in 2018, revealed total expenditure of \$425.12 million in the Otago region in 2017, a 35% increase on the previous year. In Dunedin, the \$174.51 million of total value added constituted 3.5% of the city's gross domestic product.

The Report found Otago Polytechnic attracted 5130 EFTS in 2017 – a 39% increase on 2016 – and noted strong domestic demand for programmes in health and wellness, community, trades, creative industries and information technology.

Approximately 54% of 2017 students came from outside Otago: 32% from the North Island and 24% from overseas.

We employed 652 FTE staff in 2017 across our three campuses. In addition, 4767 FTE jobs were supported throughout the national economy as a result of direct Otago Polytechnic expenditure, 3755 of them in Dunedin.

### Health and safety



### MA SDG 3: GOOD HEALTH AND WELLBEING

We continued to strengthen our safety and wellbeing culture throughout 2018. Initiatives included tracking and setting expectations to improve our completion rates for safety and wellbeing inductions for staff, students and contractors; normalising conversations relating to safety and wellbeing to increase engagement; and improving the availability of information relating to safety and wellbeing for all to access.

Although we reported an increase in the number of events, this can be attributed to an increase in the number of staff and learners being aware of reporting processes. It's encouraging to note that staff and learners are willing to tell us when things haven't gone so well, or when they notice something that should be improved.

### Reported incidents in 2018

Of the 216 reported incidents in 2018, 58% resulted in minor injury or harm. These 125 harm-related incidents reflect a 7% increase on the 90 reported in 2017. However, it is pleasing to note there was a 19% decline in the number of incidents requiring medical treatment.

The incidents involved 104 staff, 103 learners, and nine visitors/third parties. Wrist and hand injuries were the most prevalent, accounting for 46% of incidents. A total of 15% of incidents were leg injuries, and 14% were head injuries.

Regrettably, there were two notifiable events in 2018. One involved a learner and the other a member of staff. One investigation is still being reviewed by Worksafe NZ.

	-	Number of m-related incidents	Percentage of harm-related incidents	
	2018	2017	2018	2017
Notifiable events	2	1	1	1
Incident requiring medical treatment	57	51	46	57
Incident requiring First Aid	55	35	44	39
Non-injury incident	11	3	9	3
Total	125 (216)	90 (179)	58	51

### **Auditing**

Otago Polytechnic continued to run an internal audit programme, and an external review of Health and Safety was completed by Crowe Horwath. The review was against the ISO 45001, AS/NZS 4801 and included Institute of Directors Guidelines.

The review made 21 recommendations with 66 actions identified for completion to ensure continuous improvement.

In 2018, we completed 20 of these actions, and a further 42 are underway. We expect to have implemented all actions by the end of 2019.

We continue to learn from those staff and learners whose fields of activity involve a regular presence of hazards and risks, and continue to develop new strategies to keep them informed and focused on working safely while being exposed to these hazards. Work is ongoing to ensure all critical risks are appropriately identified and correctly controlled, managed and reviewed with regularity.

### Health, Safety and Wellbeing Strategy

Our staff continued to access to a variety of wellbeing initiatives via our Wellbeing Framework.

The Polytechnic observed Mental Health Awareness Week, hosting events throughout the week to promote mental health to staff, students and visitors to campus.

Employees with an interest in the area of mental health continued to take part in a Mental Health Awareness Group, comprised of representatives from across the institute. In addition, a number of staff began training as facilitators for the Good Yarn programme in 2018. The initiative was developed to assist the farming community to recognise and respond appropriately when friends, family, and colleagues are suffering from stress or mental illness.

Staff were also invited to participate in our Workplace Health Activity Management (WHAM) programme for a second year in 2018.



### Dusky Sound experience

We were proud to host a masterclass in fine dining on the pristine waters of Dusky Sound, taking our 'paddock-to-plate' philosophy to even greater heights – and depths.



SDG 4: QUALITY EDUCATION







### Highlights

- > Re-signed our Memorandum of Understanding with Kā Papatipu Rūnaka ki Araiteuru
- > Developed a suite of kaupapa Māori and cultural competency EduBits
- > Developed Te Rautaki Reo Māori, our first Māori Language Strategy, for implementation in 2019
- > Further implemented our AMA (Advancement of Māori), Otago Polytechnic's Māori Workforce Development Strategy
- > Held a Māori Research Symposium, *Mauri Ora: Human Flourishing*
- > Our leaders presented at the CICan Conference in Canada and the PIN Conference in Arizona, USA
- > Welcomed delegations from Saskatchewan Polytechnic in Canada and Kaua'i Community College, Hawai'i.

### Looking ahead to 2019

- > Increase the proportion of new staff who identify as Māor
- > Implement and socialise a revised Māori Strategic Framework
- > Implement Te Rautaki Reo Māori, our Māori Language Strategy, to increase the visibility, use and correct pronunciation of te reo Māori at Otago Polytechnic
- Promote ways for all staff to develop at least a baseline cultural competence (i.e. in Māori cultural practices, introductory Māori language, the Treaty of Waitangi and culturally inclusive pedagogies)
- > Foster Māori research and contribute to the advancement of mātauraka Māori
- > Grow Māori enrolments in Capable NZ through more iwi partnerships.

### Aspirations for 2021

- Have an effective partnership with Kā Papatipu Rūnaka ki Araiteuru, Te Rūnanga o Ngāi Tahu in Te Waipounamu, and Te Rūnanga o Ngāti Whātua in Auckland
- > Otago Polytechnic is recognised as a place where Māori can work and learn as Māori
- > Embed Māori knowledge and perspectives in all programmes
- Achieve a proportion of Māori staff that at least matches the proportion of Māori learners
- Achieve Māori learner success that equals or exceeds the rate for non-Māori
- > Achieve Māori learner participation at 16% of domestic EFTS.

### Community collaboration



#### Annual feedback from Kāi Tahu - combined Rūnaka

**Target** Arai Te Uru Rūnaka are satisfied overall with consultation and decision making processes, and progress towards implementing our Māori Strategic Framework (MSF)

	2018	2017	2016
~	Achieved	Achieved	Achieved

Otago Polytechnic economic impact is reported

 2018	2017	2016
Achieved	Achieved	Achieved

In 2018, Otago Polytechnic was delighted to re-sign our Memorandum of Understanding with Kā Papatipu Rūnaka ki Araiteuru – Te Rūnanga o Ōtākou; Kāti Huirapa Rūnaka ki Puketeraki; Te Rūnanga o Moeraki; and Hokonui Rūnanga – renewing our commitment to its principles and purpose.

### Māori Strategic Framework (MSF)

One of our core priorities is to see our Māori Strategic Framework embodied in all Colleges, Schools and Service Areas throughout the Polytechnic. We are guiding academic staff through the process of redesigning their programmes and assisting them to build more industry-specific Māori knowledge into their teaching.

With this goal in mind, in 2018 we awarded Staff Awards for Excellence in the implementation of the MSF. The recipients were our Campus Services team, Social Services Principal Lecturer, Jenny Rudd, and Social Services Senior Lecturer, Katrina Le Cong. These Awards recognise staff who foster excellence in Māori participation and learning success; Kāi Tahu/Māori leadership; the development or delivery of programmes where Māori values are understood and recognised; and/or who undertake research with outcomes that benefit or meet the development aspirations of Kāi Tahu/Māori. Up to three of these Awards can be given in any year, each to the value of \$2,000 to be spent on professional development.

Our Kaitohutohu Office and our People and Culture team began the implementation of our AMA (Advancement of Māori), the Polytechnic's Māori Workforce Development Strategy and Action Plan, aimed at attracting and sustaining a larger Māori workforce at Otago Polytechnic.

We began developing our first Te Rautaki Reo Māori (Māori language strategy) ready for roll-out in 2019. This provides a strategic approach to the ways in which we incorporate te reo Māori within our organisational environment, as well as within the curriculum. Our suite of kaupapa Māori EduBits, created in 2018, feeds into this strategy, aiming to increase the visibility, use and correct pronunciation of the language.

A Māori Learner Survey undertaken in 2018 generated many responses and largely positive feedback, acknowledging Otago Polytechnic's efforts in making Te Ao Māori more visible across the institution, and sharing ideas for future development.

We hosted a Māori Research Symposium, *Mauri Ora: Human Flourishing*, in 2018, which attracted sizeable audiences.

# Increasing Māori educational opportunities



**SDG 10: REDUCED INEQUALITIES** 



SDG 5: GENDER EQUALITY

In 2018, 344 qualifications were awarded to 319 Māori learners. Our Māori pre-graduation ceremonies were very well attended, and Minister Tau Henare and MP Rino Tirikatene were among the dignitaries and whānau present at the May ceremony.

Building on three previous years of success, Capable NZ again offered a specialist service to iwi and hapū business and community leaders wishing to gain formal qualifications in recognition of their skills and knowledge.

Of the 26 learners who began their learning in 2018, 23 completed and graduated within the year. Of these 26, 23 identified as Kāi Tahu. Most of the group enrolled in the Bachelor of Applied Management, with two learners undertaking the Bachelor of Social Services.

In 2018, we appointed a part-time Kaiārahi who led the planning for Otago Polytechnic's first He Toki trades training programme for Māori and Pasifika carpentry learners, which is full for 2019.



# International interest in MSF

Our Kaitohutohu, Janine Kapa, and Tumuaki: Whakaako, Ron Bull, were invited at ClCan Conference in Victoria in May, to present on the implementation of the Māori Stratgic Framework at Otago Polytechnic.

They also continued to strengthen relationships with First Nations tertiary providers from throughout Canada. Janine Kapa also presented on the MSF at the PIN Conference in the United States in September.

### A taste of Italy

Ron Bull and our Food Design Institute's Tony Heptinstall attended the International Slow Food Conference in Turin, Italy, in September.

There, they presented their research on the ways food articulates identity and culture, and creates and strengthens relationships.



SDG 17: PARTNERSHIPS FOR THE GOALS



# NOTE PUCKER

# International visitors

A delegation from Saskatchewan Polytechnic visited our Dunedin campus to learn more about our Māori Strategic Framework, and the ways in which it is embedded in our learning environment and the curriculum.

We also welcomed a group from Kauai'i Community College as we developed an exchange programme for their Business students to come and complete their degrees at Otago Polytechnic.

The manuhiri also spent time forming relationships with tangata whenua.

### Kaupapa Māori programmes

The courses within our Certificate in Mata ā Ao Māori continue to provide our staff with opportunities to advance their knowledge and awareness of tikaka Māori in order to apply or embed their learning in their teaching or professional practice.

Our three new kaupapa Māori EduBits ran in tandem with the Certificate in 2018 – Te Reo Māori, Tikaka Māori and Treaty of Waitangi. These will replace the Certificate entirely in 2020.

Responding to the needs of iwi and communities nationally, we developed two cultural competency EduBits in consultation with TEC for use by iwi across Aotearoa. These microcredentials are broad enough to allow iwi to incorporate their own iwi-specific knowledge, and to both teach and assess these components, ensuring they retain control of their intellectual property. This model also has the potential to be internationalised for use by other indigenous peoples globally.

### Te Pā Tauira

The histories of Kā Papatipu Rūnaka are woven into the fabric of Te Pā Tauira, our new student village, which opened its doors to its student residents in 2018. Consultation and partnership with mana whenua began in the early design stages, ensuring Kāi Tahu knowledge was integrated in the building's planning.

The concept of ara honohono – multiple interconnecting pathways – capture elements of the history of the area in and around Otago Polytechnic's Dunedin campus. It was not previously a place of permanent dwelling, but an intersection point for journeys on foot and in waka, and even bird migration pathways. The concept also reflects the learner journey, both here at Otago Polytechnic and beyond.

Te Pā Tauira was officially blessed by Tahu Potiki of Te Rūnanga o Ōtākou in February.

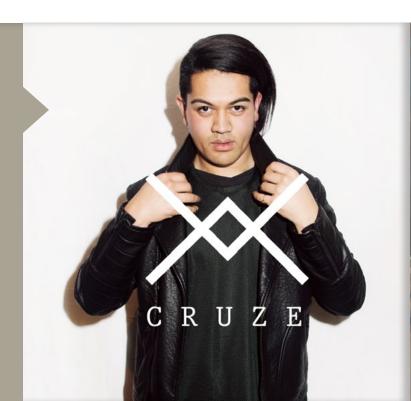
### Alumnus awarded

Bachelor of Design (Fashion) graduate, Cruze Kapa, started his own design-label CRUZE straight after graduating from Otago Polytechnic's Fashion degree – and won the 2018 Attitude Entrepreneur Award.

Cruze, who is deaf, told *Te Karere* that he was "very emotional" receiving the award, describing it as "just like magic".



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE





### Symposium celebrates Māori research

Our Māori research symposium, Mauri Ora: Human Flourishing, was held in November, showcasing a wide range of Māori research undertaken at Otago Polytechnic.

The event featured keynote addresses by Professor David Tipene-Leach and Professor Jacinta Ruru, as well as dozens of concurrent presentations throughout the day.

### New directions

For 40-year-old Derek Te Kanawa, who had spent a decade working in mental health, enrolling in a Mechanical Engineering programme at Otago Polytechnic was "a bit of a U-turn".

"I'd wanted to do it since I was a young fella," he says. "I had to ask for support in some areas because it had been 25 years since I'd been at school."

Since graduating, Derek has a job he "absolutely loves" – working as an apprentice fabricating engineer at Dunedin utilities company, Delta.



### Highlights

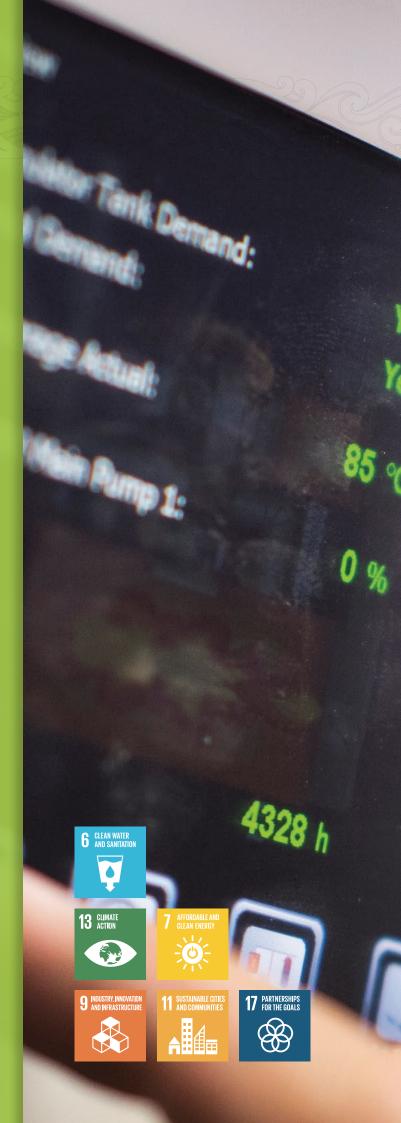
- > Refreshed our Sustainability strategy in line with UNESCO's Sustainable Development Goals
- > Supported the Wildlife Hospital Dunedin, located at our School of Veterinary Nursing
- > Continued to replace flourescent lamps with LED bulbs, reducing energy consumption by 135,711kWh
- Won national awards for sustainable design for Te Pā Tauira – our student accommodation village
- Further improved visibility and communication of sustainability initiatives through signage and campus events
- > Challenged staff to reduce waste during Plastic-free August
- > Joined the Climate Leaders Coalition
- > Became a member of Predator Free Dunedin.

### Looking ahead to 2019

- > Implement our Sustainability Strategy in line with UNESCO Sustainable Development Goals
- > Improve on all 2018 sustainability metrics
- > Reduce waste to landfill by 20% on 2018
- > Reduce energy consumption by 10% from 2017
- Enhance the ecosystem and native biodiversity of the Dunedin campus
- > Run more sustainability-focused events on campus, and support learners and staff to get involved.

### Aspirations for 2021

- > 100% of undergraduate programmes address Education for Sustainability
- > 80% reduction in waste to landfill (base 2017)
- > 30% reduction in energy consumption/square metre for existing buildings; 80% for new builds.
- > Zero lost time injuries.



04

# Lead the way in sustainable practice

Kia whakanekeneke te taiao

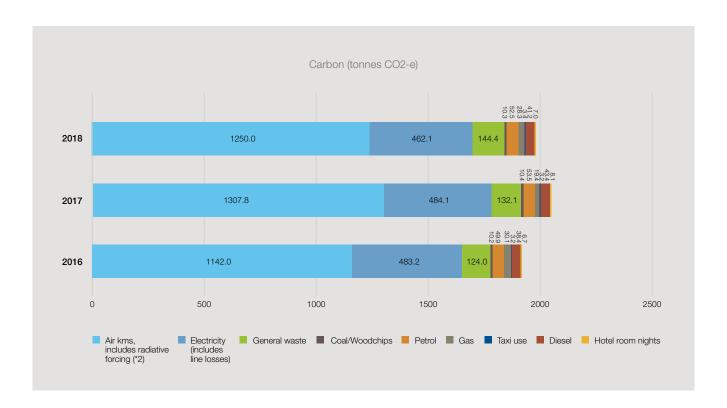
This goal means our environmental footprint is minimised and our leadership encourages others to embrace sustainable practices.

We apply the principles of sustainability to our business practices and to our relationships with the wider community.

Sustainable practice at Otago Polytechnic is a holistic concept – we seek not only to improve the environment but also the health and wellbeing of our people.

### Sustainability monitoring





Our overall 2018 carbon footprint decreased by 66 tonnes - or 3%, this is largely due to a reduction in travel emissions (57.7 tonnes).

Air travel remains a significant carbon contributor at 60% of our carbon footprint and is driven by the continued growth in the number of research-active staff producing outputs of international standard and presenting at conferences around the world, and our continued focus on the development of key international partnerships with a view to further building global engagement.

It is especially pleasing to note that our electricity usage (excluding Te Pa Tauira) has reduced by 5% in 2018.

Resource	2018	2017	2016
Electricity (kW hours)	3,590,191	3,761,554	3,754,464
Water (m3)	67,588	71,027	78,485



### Wildlife Hospital TV Series

Viewers around New Zealand will soon get an up-close look at the incredible life-saving work of Dunedin's Wildlife Hospital.

Based at our School of Veterinary Nursing, the Wildlife Hospital helps safeguard New Zealand's endangered species through rescue, rehabilitation and research.

Titled Wildlife Rescue, the five-part documentary series will be produced by Natural History New Zealand and will screen on Choice TV in 2019



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

# Predator-free Dunedin

Otago Polytechnic is one of 20 organisations joining forces to protect our native wildlife, with the goal of ridding Dunedin of possums, rats and stoats by 2050.

Predator Free Dunedin will work to ensure the city can safeguard its status as the wildlife capital of New Zealand, by targeting Introduced pests that prey on our vulnerable native wildlife.



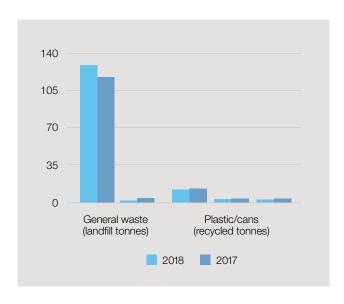
SDG 17: PARTNERSHIPS FOR THE GOALS



### Waste management

Otago Polytechnic produced 128 landfill tonnes of waste in 2018, compared with 117 landfill tonnes in 2017. This was largely due to the opening of our new student village.

There was a halving of ash to landfill – from four tonnes to two tonnes – due to reduced boiler use as a result of warmer temperatures in 2018.



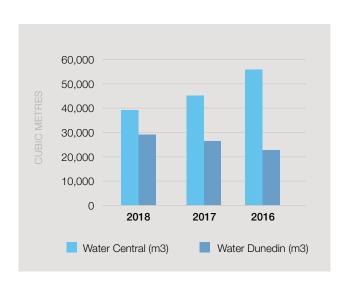
### Water and gas usage



**SDG 6: CLEAN WATER AND SANITATION** 

There was a drop in overall water consumption in 2018, down to 67,588 cubic metres from 71,027 in 2017.

However, we noticed a 46% increase in the amount of gas used in 2018, largely due to the opening of our new student village, Te Pā Tauira.





### TEFMA benchmarking

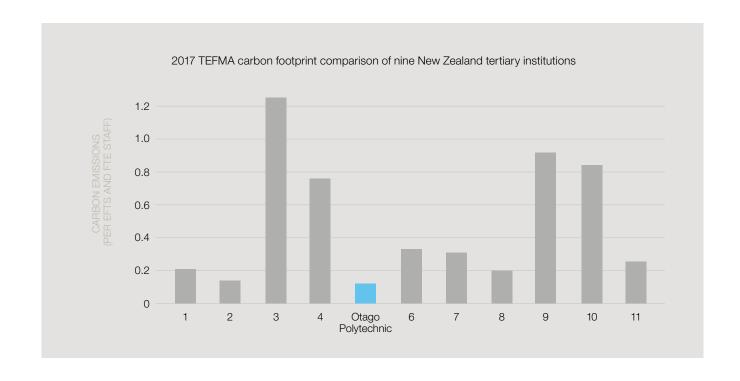


SDG 13: CLIMATE ACTION

In order to develop benchmarks for environmental monitoring, Otago Polytechnic once again took part in the Tertiary Education Facilities Management (TEFMA) survey, enabling comparison with participating Australasian tertiary institutions. The survey measures the tonnes of carbon per EFTS and FTE staff.

The latest results position Otago Polytechnic as having the lowest footprint of the nine New Zealand institutions taking part when comparing energy use from all sources – fuel, gas and electricity.

Total carbon emissions from Otago Polytechnic were 0.12 compared to the New Zealand average of 0.46 and the Australian average of 1.35.





# Climate campaigners

We became the first tertiary institution to join the Climate Leaders Coalition, a national alliance of 60 businesses pledging to play a leadership role in the country's transition to a low emissions economy under the Paris Agreement.

Our specific targets for 2021 include an 80% reduction in waste; a 30% reduction in energy use in our existing buildings; and planting 3000 trees. Plus, we're fully committed to being carbon neutral by 2030.



# Sustainable development and engagement



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE



SDG 11: SUSTAINABLE CITIES AND COMMUNITIES



SDG 17: PARTNERSHIPS FOR THE GOALS

In 2015, the UN General Assembly adopted its 2030 Agenda for Sustainable Development. Central to this agenda are 17 Sustainable Development Goals (SDGs). For countries to achieve these goals, everyone needs to do their part.

We are recognised nationally and internationally for our commitment to sustainable practice. In 2018, we embedded 14 of the 17 SDGs into our strategic plan, learning and teaching framework and regional partner networks using a two tier approach. The first tier identifies the SDGs that directly align with our strategic plan and KPIs. The second tier identifies the SDGs for which individual departments can provide evidence of high achievement on specific aspects of the goals.

Our commitment during the next decade is to further embed the SDGs into the day-to-day activities of the Polytechnic. As an innovative and collaborative organisation, we intend to lead our sector in doing our bit to achieve the objectives of the 2030 Agenda for Sustainable Development.

To meet our strategic objectives we have agreed:

- we will establish a Regional Centre of Expertise (United Nations) that could double as a Centre of Vocational Excellence (CoVE) in Sustainable Development
- > we will continue to establish regional partnerships across business, local government, community groups, NGOs, schools and other tertiary providers to address the most important Sustainable Development Goals for the Otago region
- all undergraduate programmes in Dunedin will contain Education for Sustainability so graduates may practise sustainably in their chosen fields
- we will share our practice in Education for Sustainability with the new Vocational Education entity, to ensure all New Zealand vocational training graduates may practice sustainably in their chosen fields by 2022.

# Staff and student engagement

We continued to engage staff and learners in aspects of sustainable practice. The main areas of focus for 2018 were waste minimisation and Fair Trade.

Our student sustainability group hosted initiatives both onand off-campus in relation to composting. These included running a student flat composting system, in which learners brought their household organic waste to Otago Polytechnic for processing. This enabled students living in built-up urban environments to divert waste from landfill and increase their understanding of waste management.

A series of workshops and talks were offered to learners, focusing on plastic reduction and purchasing behaviour. Among these, we hosted a local young person who shared tips from her zero waste journey and skill sessions to inspire students to banish plastic by creating their own moisturiser and herbal teas.

In addition, our Sustainable Practice Advisors worked in collaboration with Trade Aid Dunedin to deliver workshops and events for staff and learners to illustrate how Fair Trade purchasing makes a difference to others' livelihoods. These were popular events that focused on connecting the consumers with artisan growers, helping participants to understand the positive impact of purchasing Fair Trade. These workshops also served to remind staff about our obligations as a Fair Trade organisation.

### Energy-saving initiatives



Across our Dunedin campus in 2018, we continued to replace our fluorescent lamps with LED bulbs, equating to an annual electricity reduction of 135,711 kWh. This work will continue into the future, with an expected additional reduction in energy use of more than 100,000 kWh.

We began investigating radiator control systems to provide individual room temperature control linked to a timetable, with potential savings in the order of 50-65% of annual heating energy.

Efforts continued to further refine our building management system (BMS), which controls scheduling on- and off-times for our heating and ventilation, and will reduce consumption even further in 2019 and beyond.

# Sustainable construction

Te Pā Tauira – Otago Polytechnic's student village, won a national 'green building' excellence prize at the 2018 Property Council New Zealand Industry Awards.

It is the first student accommodation complex of its size to use pre-fabricated cross-laminated timber (CLT) panels, which are up to 80% lighter than concrete and 100% sustainable.



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE





### Plastic-free August

Staff and students alike took advantage of an engaging schedule of events throughout our 'Plastic-Free August', aimed at raising awareness of alternatives to disposable plastics.

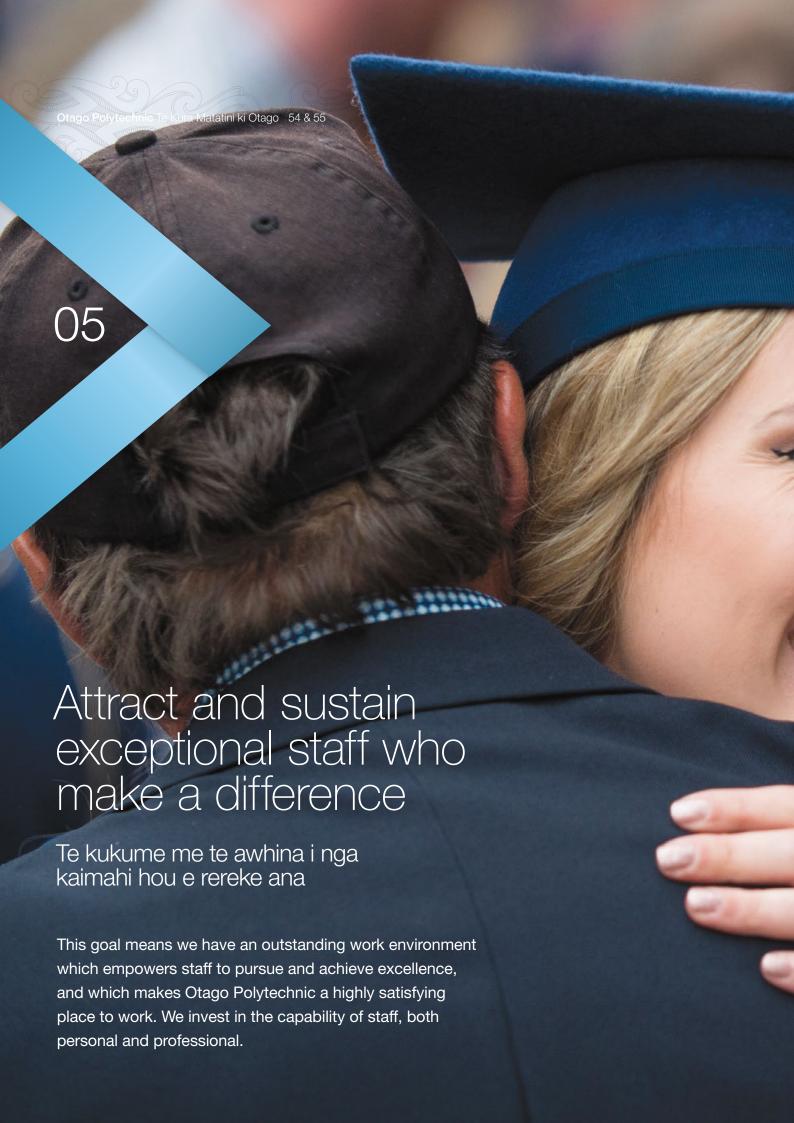
The range of workshops included learning how to make beeswax wraps, and how to shop without taking home unnecessary packaging.

# Leadership for Change

We welcomed out first cohort in our ground-breaking Bachelor of Leadership for Change programme, enabling learners to develop their own career paths in whichever fields they choose.

The qualification is significantly self-directed and project-based, as learners work alongside or within businesses and communities.







### Highlights

- Our Work Environment Survey results revealed that we have a highly-engaged workforce and that 99% of staff really care about the success of Otago Polytechnic
- > Implemented our Health, Safety and Wellbeing Strategy
- Two academic staff were named international Higher Education Academy Fellows
- > Embedded our vision, mission and values
- Launched our new and improved intranet, Tuhono, which was exceptionally well-received
- Re-certified with the Rainbow Tick, recognising Otago Polytechnic as a safe place to work regardless of someone's gender identity or sexuality.

### Looking ahead to 2019

- Strengthen processes for recruiting Māori and Pasifika staff
- > Further embed our Health, Safety and Wellbeing Strategy
- Respond effectively to all Priority One opportunities for improvement from the WES
- > Implement strategies to reduce workload
- > Raise staff capability through a new Staff Capability Framework, providing a pathway for development opportunities.

### Aspirations for 2021

- > Achieve 90% staff satisfaction
- Have 90% of permanent academic staff tertiary teaching qualified and internationally recognised
- Have 75% of academic staff acknowledged as Highe Education Academy Fellows
- Ensure Otago Polytechnic's workforce reflects our learner profile
- Ensure all employees live Otago Polytechnic values in their daily work.

# Educational and employment equity



SDG 5: GENDER EQUALITY



SDG 10: REDUCED INEQUALITIES

Otago Polytechnic strives to ensure provision of equal opportunities in both employment for staff and learning for students.

This commitment is demonstrated by our practices, employment policies, staff development opportunities and monitoring of our workforce profile and outcomes. These include a transparent salary structure, opportunities for promotion through our Salary Review and Promotions Committee, and the establishment of a Diversity and Equity Committee to drive further improvements in this area.

We are committed to good practice and the requirements of the Education Act. Our equity performance is evidenced in this Report.

# Attracting and sustaining exceptional staff

Otago Polytechnic continued to retain and recruit high performing staff, as part of our commitment to providing our learners with the best possible learning environment and experience.

We work hard to provide an inclusive environment for all staff, particularly international and relocating staff. We provide welcomes and inductions, location and school information, and can arrange accommodation and personal airport pickups. The level of support provided to new employees depends on their personal needs and preferences.

We provide a range staff development opportunities and benefits, including professional development funding for every employee, and staff awards. In 2018, we also introduced a team reward of an additional day of leave for high performing teams, based on 2017 performance.

### Developing staff capability



**SDG 4: QUALITY EDUCATION** 

Throughout 2018, Otago Polytechnic maintained its commitment to supporting staff in their professional and personal development.

Our focus consisted of four key areas: learning to build capability; planning pathways for learning and development; accessing and valuing a range of opportunities for learning; and identifying the impact of learning on performance.

We provided a wide range of development opportunities, including a successful Staff Development Day in October with the highest staff engagement yet – 300 staff participated, an increase of 12% on the previous year.

A fresh approach in trialing a new development calendar on Tūhono, our intranet, improved both access to and enrolment in learning opportunities.

Addressing the need for recognising and conversing about mental health issues, we introduced Good Yarn workshops for staff. Overall, 80% of participants reported that the workshops increased their knowledge of mental health and wellbeing, while 100% said they would recommend the workshops to others.

### Our work environment

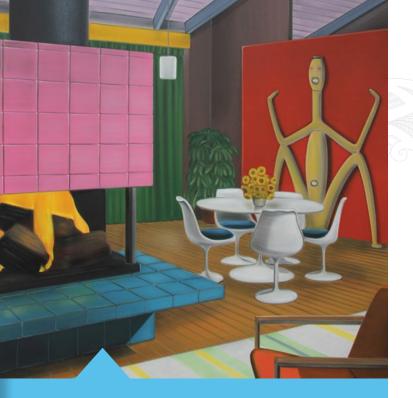


M ← SDG 3: GOOD HEALTH AND WELLBEING

The 2018 Work Environment Survey was the fourteenth annual survey of staff satisfaction and engagement at Otago Polytechnic, designed to provide insights into the perceptions of all staff working at the institution.

In total, 645 staff who were available during the survey period were invited to participate. A total of 550 responses were received, resulting in a response rate of 85%. For surveys of this nature in similar-sized organisations, this response rate is considered excellent.

Otago Polytechnic continues to enjoy very high levels of agreement to key drivers, and responses to our key engagement questions remain very positive, indicating a highly-engaged workforce.



# Graham Fletcher exhibition

Dunedin School of Art senior lecturer and artist, Graham Fletcher, staged an extensive exhibition as part of the 2018 Auckland Arts Festival.

Of mixed Samoan and European heritage, Fletcher's work considers the ways in which indigenous art is appropriated and repurposed in contemporary domestic settings.



Work Environment Survey	2018	2017	2016
Participation rates	85%	81%	87%
Staff are satisfied at Otago Polytechnic, overall	92%	91%	89%
Staff really care about the success of Otago Polytechnic	99%	100%	100%
Staff are proud to tell others they are part of Otago Polytechnic	97%	98%	97%
Staff say Otago Polytechnic is a great organisation to work in	98%	98%	96%

### Diversity of staff

TEC PRIORITY 3: Boosting achievement of Māori and Pasifika



**SDG 10: REDUCED INEQUALITIES** 



SDG 5: GENDER EQUALITY

Our commitment to diversity and equity is cornerstone to being an employer of choice.

A notable achievement reinforcing our commitment to achieving pay equity, was our pay equity gap of 4.7% – well below the national average of around 9%. During 2018, we sought to address any imbalances in recruitment, promotion and reward mechanisms. Work will continue in this space as we work towards our target of pay equity.

Total workforce (headcount)	2018	2017
Total permanent staff	567	543
Permanent new starters	24	37
Total permanent staff who ended employment (staff turnover)	36	42

### **Ethnicity**

We continue to provide a specific and concerted approach to improving Māori staff numbers, which stayed consistent with previous years at 5.3%. Attracting and retaining Pasifika staff remained a challenge throughout the year. Strategies to improve both Māori and Pasifika recruitment and retention will be further strengthened in 2019.

Staff Ethnicity	2018	2017	2016	2015
Asian	1.9%	2.4%	3.3%	2.9%
Māori	5.3%	5.5%	5.7%	5.2%
Middle East/Latin/ America/Africa	0.4%	0.4%	0.4%	0.7%
NZ European	69.8%	70%	68.7%	69.5%
Other European	12.9%	11.4%	11.3%	11.1%
Other	9%	9.4%	9.6%	9.1%
Pasifika	0.7%	0.9%	1%	1.5%

### Roles by gender

The gender makeup of our workforce once again remained largely unchanged in 2018.

Role type	Female (n)	Female (%)	Male (n)	Male (%)
Leadership Team	3	50%	3	50%
Academic	159	60%	126	40%
Professional staff	163	73.5%	59	26.5%
Managers	12	48%	13	52%
TOTAL	337	62.6%	201	37.4%



### Rainbow Tick awarded

In 2018, Otago Polytechnic was reassessed for the Rainbow Tick and retained the accreditation - recognition that we are an inclusive and supportive employer, regardless of a staff member's gender identity or sexuality.



SDG 10: REDUCED INEQUALITIES



SDG 5: GENDER EQUALITY



# Protecting the pooches of Rarotonga

Dog collars are a pricey commodity in Rarotonga, and un-collared pets are often shot by the island's animal control service.

Holly Kendrick, an Otago Polytechnic Veterinary Nursing lecturer, packed her bags full of collars for the island's massive massive roaming dog population (of about 5,000 dogs compared with 11,000 human residents).

As a board member of Te Are Manu, Rarotonga's only veterinary clinic, Holly is also working on a long-term plan to microchip and de-sex the island's dogs.



#### Recruitment

A total of 76 roles – both permanent and fixed-term – were advertised during 2018, and 57 people were employed. These included 30 permanent staff members (six of whom will start in 2019). We recruited a number of people in our Learning and Teaching Development team and increased our administration talent pool of casual employees. Applications for our professional positions remained strong.

Our executive positions attracted an exceptional calibre of applicants showing the strong position Otago Polytechnic holds in the sector. On average, there were 17 applications per job advertised.

	Academic	Professional	Executive	Total
Total number of jobs advertised	29	38	9	76
Total applicants	405	835	68	1,308
Total number of people hired	43	47	8	98
Average number of applicants per job	14	22	7	17

#### Permanent staff turnover

Once again, our staff turnover rate was well below 8% and represents a significant positive difference to the corresponding national education figure.

Turnover Year	Voluntary (%)	Involuntary (%)	Total (%)
2014	7.3%	0.8%	8.1%
2015	6.6%	1.6%	8.2%
2016	6.1%	1.5%	7.6%
2017	6.4%	1.5%	7.8%
2018	5.2%	1.1%	6.3%

### Salary and promotion review

Fewer staff members applied for promotion in 2018 compared with the previous year. In total, 66% of applicants were female and 34% were male, a similar split to the previous year.

As part of the salary and promotion review process, we appointed six new senior lecturers and 11 new principal lecturers.

	2018	2017	2016
Professional staff	13	13	20
Male	4	2	5
Female	9	11	15
Academic staff	37	47	53
Male	13	16	14
Female	24	31	39

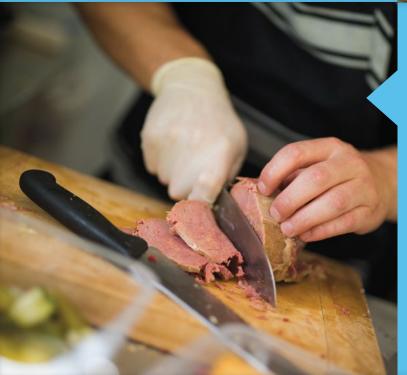
### **Employment issue resolution**

We noticed a continuing decline in the number of employment issues, down from 10 in 2017 to eight in 2018. It is pleasing these continue to be resolved largely in-house.

	2018	2017	2016	2015	2014
Internal formal resolution	8	8	21	16	21
External resolution	0	2	1	2	3

### Engineering students assist in Vanuatu

A group of staff and 14 students from our School of Engineering spent ten days on the range of water, sanitation and health infrastructure projects.





### Fill the Freezer Challenge

A team of Dunedin staff took to our campus kitchens to whip up 150 nutritious meals for learners to heat and eat - an initiative that will continue in 2019.



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SDG 3: GOOD HEALTH AND WELLBEING

### App wows awards judges

An app used by more than 70 Otago Polytechnic Carpentry apprentices every week has won a prestigious award at this year's annual Tertiary ICT Conference.





# Independent Auditor's Report

### AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Otago Polytechnic and group's financial statements and statement of service performance for the year ended 31 December 2018

The Auditor-General is the auditor of Otago 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 his behalf.

### **Opinion**

We have audited:

- > the financial statements of the Polytechnic and group on pages 67 to 91, that comprise the statement of financial position as at 31 December 2018, the statement of financial performance, statement of other comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- > the statement of service performance of the Polytechnic and group on pages 8 to 61.

In our opinion:

- > the financial statements of the Polytechnic and group on pages 67 to 91:
  - > present fairly, in all material respects:
    - > the financial position as at 31 December 2018; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- > the statement of service performance of the Polytechnic and group on pages 8 to 61 presents fairly, in all material respects, the Polytechnic and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2018.

Our audit was completed on 5 April 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to uncertainties about the proposed merger of all polytechnics and institutes of technology. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Uncertainties about the proposed merger of all polytechnics and institutes of technology

Without modifying our opinion, we considered the adequacy of the disclosures made in note 18 on page 90 that outline the Government's proposal to merge the activities of all polytechnics and institutes of technology. Should the merger proceed, it could have a significant impact on the future of the Polytechnic and group. However, a final decision on the proposal is yet to be made. We consider these disclosures to be adequate.

#### Basis for our opinion

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

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

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

# Responsibilities of the Council for the financial statements and the statement of service performance

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

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

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

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

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

### Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

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

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

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

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

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

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

- > We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- > We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

#### Other information

The Council is responsible for the other information. The other information comprises the information included on pages 2 to 7, 66 and 92 and Appendix, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

#### Independence

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

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

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

# Financial Performance Summary

	Actual 2018	Budget 2018	Actual 2017
Net Surplus / (Deficit) (000s)	\$4,177	\$3,275	\$2,909
Proportion of Government Grants to Total Income (%)	41.4%	42.0%	44.2%
Total Cost per EFTS (excluding redundancies)	\$17,248	\$16,501	\$16,599
Total Cost per EFTS (including redundancies)	\$17,300	\$16,529	\$16,660
Average Government Grant per EFTS	\$7,302	\$7,103	\$7,488
Debt (as a percentage of Total Assets)	3.8%	6.6%	6.4%
Debt per EFTS	\$981	\$1,728	\$1,813
Working Capital Ratio	0.2	0.1	0.5
Student Staff Ratio	22.3	20.5	19.8
Total Assets (000s)	\$144,592	\$143,066	\$144,165
EFTS	5,554	5,440	5,125
Academic FTE	248.8	265.9	258.5
Total FTE	503.7	547.7	532.1

### Statement of Financial Performance

for the year ended 31 December 2018

		POLYTECHNIC				GROUP			
Revenue	Notes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000		
Government Grants	4 (a)	40,550	38,636	38,378	40,550	38,636	38,378		
Student Tuition Fees	4 (b)	44,614	42,236	38,906	44,614	42,236	38,906		
Other Revenue	4 (c)	12,293	10,611	8,683	12,808	11,065	9,386		
Interest Received	4 (d)	78	50	147	80	50	150		
Total Revenue		97,535	91,533	86,114	98,052	91,987	86,820		
Expenditure									
Employment Expenses	4 (e)	46,508	44,203	44,087	46,747	44,560	44,443		
Consumable Expenses	4 (f)	28,306	26,586	22,907	28,312	26,608	22,914		
Operating Expenses	4 (f)	8,729	7,274	7,105	8,961	7,348	7,380		
Occupancy Expenses	4 (f)	4,876	4,402	4,451	4,876	4,404	4,453		
Interest Expense	4 (d)	198	302	134	198	302	134		
Depreciation & Amortisation Expense	9 & 10	6,924	6,655	6,033	6,924	6,655	6,033		
Loss on Disposal/Impairment of assets		59	35	27	59	35	27		
Total Expenditure		95,600	89,457	84,745	96,077	89,912	85,384		
Surplus from Operations Realised Gain from Dunedin City		1,935	2,076	1,369	1,975	2,075	1,436		
Tertiary Accommodation Trust		4,705	0	0	0	0	C		
Share of Associate's surplus	8	2,202	1,200	1,383	2,202	1,200	1,473		
Net Surplus		8,842	3,276	2,752	4,177	3,275	2,909		
Surplus %		9.1%	3.6%	3.2%	4.3%	3.6%	3.4%		

Explanations of non-GAAP underlying surplus are detailed in note 3. Explanations of significant variances against budget are detailed in note 22.

### Statement of Other Comprehensive Revenue and Expense

for the year ended 31 December 2018

	POLYTECHNIC			GROUP		
Notes	Actual 2018	Budget 2018	Actual 2017	Actual 2018	Budget 2018	Actual 2017
Notes  Net Surplus for the year	\$000 8,842	\$000 3,276	\$000 2,752	\$000 4,177	\$000 3,275	\$000 2,909
Other Comprehensive Revenue and Expense						
Distribution to Beneficiaries	0	0	0	78	0	(78)
Increase/(Decrease) in Asset Revaluation Reserves	0	0	3,118	(189)	0	6,087
Total Other Comprehensive Revenue and Expense	0	0	3,118	(111)	0	6,009
Total Comprehensive Revenue and Expense	8,842	3,276	5,870	4,066	3,275	8,918

### Statement of Changes in Equity

for the year ended 31 December 2018

		POLYTECHNIC			GROUP			
Public Equity at the start of the year	Notes	Actual 2018 \$000 107,053	Budget 2018 \$000 109,672	Actual 2017 \$000 101,183	Actual 2018 \$000 112,030	Budget 2018 \$000 109,588	Actual 2017 \$000 103,112	
Total Comprehensive Revenue and Expense		8,842	3,276	5,870	4,066	3,275	8,918	
Public Equity at the end of the year		115,895	112,948	107,053	116,096	112,863	112,030	

### Statement of Financial Position

as at 31 December 2018

		POLYTECHNIC			GROUP				
A005T0	Notes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000		
ASSETS Current Assets									
Cash and Cash Equivalents	5	444	103	372	480	113	372		
Trade and Other Receivables	6	4,424	2,699	5,596	4,549	2,800	5,720		
Non Current Assets Held for Sale	7	0	0	3,332	0	0	8,227		
Prepayments		607	500	541	609	500	541		
Inventories		197	250	343	197	250	343		
Total Current Assets		5,672	3,552	10,184	5,835	3,663	15,203		
Non Current Assets									
Investments in Associates	8	3,355	1,150	2,218	3,412	1,150	2,229		
Property, Plant and Equipment	9	128,152	131,028	119,836	128,152	131,028	119,836		
Intangible Assets	10	7,193	7,225	6,897	7,193	7,225	6,897		
Total Non Current Assets		138,700	139,403	128,951	138,757	139,403	128,962		
Total Assets		144,372	142,955	139,135	144,592	143,066	144,165		
LIABILITIES Current Liabilities									
Trade and Other Payables	11	19,848	16,804	19,117	19,867	17,000	19,170		
Employee Entitlements	12	2,971	3,573	3,443	2,971	3,573	3,443		
Loans and Borrowings	13	5,447	9,400	9,292	5,447	9,400	9,292		
Total Current Liabilities		28,266	29,777	31,852	28,285	29,973	31,905		
Non Current Liabilities									
Employee Entitlements	12	211	230	230	211	230	230		
Total Non Current Liabilities		211	230	230	211	230	230		
Total Liabilities		28,477	30,007	32,082	28,496	30,203	32,135		
NET ASSETS		115,895	112,948	107,053	116,096	112,863	112,030		
EQUITY									
Retained Earnings	14	80,705	80,849	71,822	80,906	80,764	73,830		
Asset Revaluation Reserves	14	34,717	31,599	34,717	34,717	31,599	37,686		
Other Reserves	14	473	500	514	473	500	514		
Total Equity		115,895	112,948	107,053	116,096	112,863	112,030		

<sup>▶</sup> The Notes to the Financial Statements and Summary of Significant Accounting Policies form part of and are to be read in conjunction with these Statements.

### Statement of Cash Flows

for the year ended 31 December 2018

		POLYTECHNIC			GROUP			
		A - 1 1	Dodad	A - 1 1	Astrol	Posteri	A - 1 1	
N	otes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	
CASH FLOWS FROM OPERATING ACTIVITIES Cash was provided from:	0100	Ψ000	4000	Ψ000	<b>4000</b>	<b>4000</b>	φσσσ	
Receipts from Government Grants		40.888	38.636	38.396	40.888	38.636	38.396	
Receipts from Student Tuition Fees and Student Levies		46,673	41,855	43,458	46,673	41,855	43,458	
Receipts from Other Revenue		8,038	11,376	7,561	8,323	11,800	8,199	
Interest Received		78	50	147	78	50	147	
		95,677	91,917	89,562	95,962	92,341	90,200	
Cash was applied to:								
Payments to Employees		46,921	44,001	43,970	47,138	44,355	44,327	
Payments for Consumables		28,418	26,059	22,012	28,424	26,066	22,137	
Payments for Operating Expenses		6,977	7,134	6,970	6,994	7,195	7,172	
Payments for Occupancy		4,526	4,308	4,251	4,526	4,312	4,276	
Interest expense		213	302	134	213	302	134	
Goods & Services Tax (net)		(170)	802	172	(162)	802	159	
		86,885	82,606	77,509	87,133	83,032	78,205	
Net Cash Flow from Operating Activities	5	8,792	9,311	12,053	8,829	9,309	11,995	

# Financial Statements

# Statement of Cash Flows (continued)

for the year ended 31 December 2018

		Р	OLYTECHNIC		GROUP		
	Notes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
CASH FLOWS FROM INVESTING ACTIVITIES Cash was provided from:							
Proceeds from Sale of Property, Plant & Equipment Proceeds from Sale of Dunedin City Tertiary		11	0	3	11	0	3
Accommodation Trust		8,436	8,417	150	8,436	8,417	150
Distribution from Associate		1,845	1,845	0	1,845	1,845	0
		10,292	10,262	153	10,292	10,262	153
Cash was applied to: Purchase of Property, Plant & Equipment Purchase of Intangible Assets Contribution to TANZ & Wildlife Hospital		14,201 852 114	15,721 2,000 300	21,617 2,403 0	14,202 852 114	15,721 2,000 300	21,617 2,403 0
·		15,167	18,021	24,020	15,168	18,021	24,020
Net Cash Flow from Investing Activities		(4,875)	(7,759)	(23,867)	(4,876)	(7,759)	(23,867)
CASH FLOWS FROM FINANCING ACTIVITIES Cash was provided from:							
Loan Finance Received		18,397	11,200	21,042	18,397	11,200	21,042
		18,397	11,200	21,042	18,397	11,200	21,042
Cash was applied to: Loan Finance Repaid		22,242	12,800	11,750	22,242	12,800	11,750
		22,242	12,800	11,750	22,242	12,800	11,750
Net Cash Flow from Financing Activities		(3,845)	(1,600)	9,292	(3,845)	(1,600)	9,292
Cash Increase/(Decrease) Opening Cash Balance		72 372	(48) 151	(2,522) 2,894	108 372	(50) 163	(2,580) 2,952
Closing Balance		444	103	372	480	113	372
Represented by:							
Bank deposits and current account		444	103	372	480	113	372
		444	103	372	480	113	372

For the year ended 31 December 2018



for the year ended 31 December 2018

# 1. REPORTING ENTITY

Otago Polytechnic is a Crown Entity and was established in 1966 as a Polytechnic under the Education Act 1955. It provides full-time and part-time tertiary education in New Zealand.

The Polytechnic and group consists of Otago Polytechnic and its subsidiaries, Open Education Resource Foundation Limited (100% owned) and Otago Polytechnic Education Foundation Trust (100% interest). The 50% share of its associate OPAIC Ltd Partnership is equity accounted. The 16.67% share of its associate TANZ eCampus Limited is equity accounted. The Otago Polytechnic Education Foundation Trust was resettled into the OP Education

Foundation Trust on 31 December 2017.

The primary objective of the Polytechnic and group is to provide education services for community or social benefit, rather than making a financial return. Accordingly the Polytechnic has designated itself and the group as public benefit entities for financial reporting purposes.

The financial statements of the Polytechnic and group for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of council on xx April 2019.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

# (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Crown Entities Act 2004 and the Education Act 1989 which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The measurement base applied is historical cost adjusted for revaluations of assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional and presentation currency of the Polytechnic and its subsidiaries is New Zealand dollars (\$).

# (b) Statement of compliance

The financial statements have been prepared in accordance and comply with, Tier 1 PBE accounting standards.

# (c) Basis of consolidation

The purchase method is used to prepare the group financial statements, which involves adding together like items of assets, liabilities, equity, revenue, expenditure and cash flows on a line-by-line basis. All significant intra-group balances and transactions are eliminated on consolidation.

An associate is an entity over which the Polytechnic has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Polytechnic's associate investment is accounted for using the equity method. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the associate after the date of acquisition. The Polytechnic's share of the associate's surplus or deficit is recognised in the surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment. If the share of deficits of an associate equals or exceeds an interest in the associate, the Polytechnic discontinues recognising its share of further deficits. After the Polytechnic's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Polytechnic has incurred

legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Polytechnic will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised. Where the Polytechnic transacts with an associate, surpluses or deficits are eliminated to the extent of the Polytechnic's interest in the relevant associate.

# (d) Changes in accounting policy

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

PBE IFRS 9 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and is effective for financial years beginning on or after 1 January 2021, with earlier adoption permitted. The main changes under the standard relevant to the Polytechnic are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.
- > The Financial Statements of the Government will early adopt PBE IFRS 9 for the 30 June 2019 financial year. The Polytechnic intends to early adopt PBE IFRS 9 for the 31 December 2019 financial year to be consistent with the Crown's accounting policies for financial instruments. The Polytechnic has not yet assessed in detail the impact of the new standard.

PBE IPSAS 21 Impairment of Revalued Assets was issued April 2017 and is not effective until reporting period starting January 2019 and the Polytechnic and group have chosen not to early adopt.

PBE IPSAS 34 - 38 replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019. The Polytechnic will apply these new standards in

preparing the 31 December 2019 financial statements. The Polytechnic does not expect any significant impact on applying the new standards.

PBE FRS 48 Service Performance Reporting replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for annual periods beginning on or after 1 January 2021. The Polytechnic is required to prepare its performance information in accordance with generally accepted accounting practice (GAAP) from 31 December 2019 year-ends. The Polytechnic is considering whether it will early adopt PBE FRS 48 for the 31 December 2019 year end rather than apply the existing performance information requirements of PBE IPSAS 1. The Polytechnic has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

## (e) Revenue

Revenue is measured at fair value. Specific accounting policies for significant revenue items follow:

# Government grants

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

The Polytechnic considers the TEC's Performance Based Research Funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The Polytechnic recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the Polytechnic's financial year. PBRF revenue is measured based on the Polytechnic's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

# Fees-Free

The Polytechnic considers fees-free revenue is non-exchange revenue and recognises revenue when the course withdrawal date for an eligible student has passed. The Polytechnic has presented funding received for fees-free as part of student fees. This is on the basis that receipts from TEC are for payment on behalf of the student as specified in the relevant funding mechanism.

# Student tuition fees

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

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

# Other grants received

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

conditions of the grant are satisfied.

#### Other Revenue

Other Revenue is recognised when earned. For the sale of materials this is when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

## Student accommodation revenue

Revenue from the provision of accommodation services is recognised on percentage of completion basis. This is determined by reference to the number of accommodation days used up till balance date as a proportion of the total accommodation days contracted for with the individual.

#### Interest

Interest revenue is recognised using the effective interest method.

## (f) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset until substantially all activities necessary to prepare the qualifying asset for its intended use are complete.

An asset that takes a substantial period of time to get ready for its intended use is considered as a qualifying asset.

# (g) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for trade receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

# (h) Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

# (i) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits or highly liquid assets with an original maturity of three months or less.

For the purposes of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above.

# (j) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

for the year ended 31 December 2018

# 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (k) Non-current assets held for sale

Non-current assets held for sale are held at the lower of at the lower of carrying amount and fair value less costs to sell.

## (I) Other financial assets

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

Term deposits and loans to subsidiaries

Term deposits and loans to subsidiaries are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance.

At year end, term deposits and loans to subsidiaries are assessed for indicators of impairment. If they are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

# Listed and unlisted shares

Equity investments are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred from equity to the surplus or deficit.

Impairment losses on equity investments recognised in the surplus or deficit are not reversed through the surplus or deficit.

# (m) Property, plant and equipment

Property, plant and equipment consists of land, buildings, plant and equipment, motor vehicles, computer hardware, art works and library collections.

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

- > Land and buildings are measured at fair value less subsequent accumulated depreciation and impairment losses.
- > Other Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

# Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition. Work in progress is recognised at cost less impairment and is not depreciated.

# Disposals

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

# Subsequent costs

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

# Depreciation

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

Class of assets	Useful lives	Rate
Buildings	2-80 years	1.25% - 50%
Plant and equipment	2-30 years	3.33% - 50%
Motor vehicles	5 years	20%
Computer hardware	4-10 years	10% - 25%
Library collection	10 years	10%

# Revaluations

Land and Buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years on the basis described below. All other asset classes are carried at depreciated historical cost. Additions between revaluations are recorded at cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The fair values of Land and Buildings are derived from market based evidence or depreciated replacement cost as determined by an independent valuer. For example where buildings have been designed specifically for educational purposes they are valued at depreciated replacement cost which is considered to reflect fair value for such assets.

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

# (n) 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 computer software is carried at cost less accumulated amortisation and impairment losses.

# Course development costs

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

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

# **Amortisation**

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

Course Development Costs	Computer Software
3-5 years	5-10 years
Straight-line method from the commencement of the course	Straight-line method
Internally generated	Separately acquired
	Development Costs  3-5 years  Straight-line method from the commencement of the course  Internally

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.

# (o) Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable

amount is the higher of an asset's fair value less costs to sell and value in use.

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

# (p) Employee entitlements

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on the following basis:

- > likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- > the present value of the estimated future cash flows. A discount rate of 2.38% (2017: 2.75%) and a salary inflation factor of 1.02% (2017: 1.02%) were used. The discount rate is based on government bonds with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the current CPI rate.

# (q) Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

The Polytechnic and group belong to two Defined Benefit Plan Contributors Schemes (the schemes). The schemes are multi-employer defined benefit schemes.

for the year ended 31 December 2018

# 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the schemes the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on these schemes are disclosed in Note 16.

# (r) Loans and borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the Institute or group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Gains and losses are recognised in the statement of financial performance when the liabilities are derecognised.

# (s) 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 statement of financial performance on a straight-line basis over the lease term.

# (t) Budget figures

The budget figures are those approved by the Polytechnic Council and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Otago Polytechnic for the preparation of the financial statements.

# (u) Critical accounting estimates and assumptions

In preparing these financial statements the Polytechnic and group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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 only estimate and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities is estimating the fair value of land and building - refer to note 9.

# (v) Critical judgements in applying accounting policies

The Polytechnic and group has exercised the following critical judgements in applying accounting policies for the year ended 31 December 2018:

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, the Polytechnic and group accounts for the funding as a capital contribution directly in equity. Information about capital contributions recognised in equity is disclosed in note 14.

# (w) Taxation

The Polytechnic and group is exempt from the payment of income tax as it is classified by the Inland Revenue Department as a charitable organisation. Accordingly, no charge for income tax applies or has been provided for.

# 3. NON-GAAP UNDERLYING NET SURPLUS (DEFICIT)

Underlying net surplus is a non-GAAP financial performance measure that represents net surplus stated in compliance with NZ PBE accounting standards excluding the net movement in PBE non-exchange revenue and the gains or losses on realisation of the investment in the Dunedin City Tertiary Accommodation Trust (City College). It is presented to enable readers to make an assessment and comparison of the Polytechnic's underlying performance across different accounting periods.

# PBE non-exchange revenue

The revenue for domestic students is classified as non-exchange. Due to this being accounted for under PBE IPSAS 23, all domestic student fee and government funding revenue must be recognised in full as soon as the withdrawal with refund period has passed. This means that if a student enrols towards the end of a financial year, all of the revenue for the student has to be accrued into the year of enrolment while the delivery costs will be split over that year and the following year. Due to the nature of the flexible start dates for some students, for example those studying at CapableNZ, the number of

students studying over the financial year end can (and does) change from year to year. These changes result in the variances in revenue recognition as set out below. The Polytechnic considers these variances to be timing in nature and not reflective of the underlying financial performance for the year.

# Realisation of investment in the Dunedin City Tertiary Accommodation Trust (City College)

During the 2018 year the investment in the Dunedin City Tertiary Accommodation Trust was realised. The investment in the Trust was recorded as an asset held for sale in the 2017 financial statements. In the parent accounts this asset was recorded at cost and in the group accounts the asset was recorded at fair value, being equal to the expected distribution due to be received. The different accounting policies between parent and group have resulted in a large gain on sale being recognised in the parent financial statements in 2018. The Polytechnic considers this adjustment to be not reflective of the actual underlying financial performance. The adjusted position is reflected below.

	Р	POLYTECHNIC		GROUP		
	2018 Actual \$'000	2018 Budget \$'000	2017 Actual \$'000	2018 Actual \$'000	2018 Budget \$'000	2017 Actual \$'000
Net Surplus	8,842	3,276	2,752	4,177	3,275	2,909
Adjustments						
less PBE non-exchange revenue adjustment	(271)	0	(654)	(271)	0	(654)
less (gain)/loss from investment in Dunedin City Tertiary Accommodation Trust	(4,705)	0	0	0	0	0
Underlying Net Surplus	3,866	3,276	2,098	3,906	3,275	2,255
Underlying surplus %	3.9%	3.6%	2.4%	3.9%	3.6%	2.6%

## 4. REVENUES AND EXPENSES

	POLYTECHNIC		GROUP	
1				
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
(a) Government Grants	00.044	0.4.550		0.4.550
Student Achievement Component	36,814	34,576	36,814	34,576
Equity Funding	230	223	230	223
Early Childhood Education	552	484	552	484
Performance Based Research Fund	1,172	1,123	1,172	1,123
Modern Apprentices	0	48	0	48
Trades Academy	393	436	393	436
Youth Guarantee	942	1,256	942	1,256
Other Government Grants	447	232	447	232
	40,550	38,378	40,550	38,378
(b) Student Tuition Revenue				
Student Fees Domestic	16,328	20,932	16,328	20,932
Student Fees Free Domestic	5,445	0	5,445	0
Student Fees International	24,528	20,246	24,528	20,246
Fee Subsidies & Discounts	(1,821)	(2,480)	(1,821)	(2,480)
Other Student Fee Revenue	134	208	134	208
	44,614	38,906	44,614	38,906
(c) Other revenue				
Revenue from other operating activities	12,265	8,643	12,780	9,346
Grants and Donations	28	40	28	40
	12,293	8,683	12,808	9,386
Grants and Donations were received from the following community organisations				
Bendigo Valley Sports and Charity Foundation (OPEF charity golf event)	0	2	0	2
Community Trust of Otago (Refugee youth resettlement and Quality management)	25	15	25	15
Inner Court Trust (Dyslexia support and tinted lenses)	3	3	3	3
Pacific Island Polynesian Education Foundation (PI student scholarships)	0	20	0	20
	28	40	28	40

for the year ended 31 December 2018

# 4. REVENUES AND EXPENSES (continued)

	POLYTECHNIC		GROUP	
(d) Finance revenue/costs Interest earned on bank deposits	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000 150
Total finance revenue	78	147	80	150
Interest paid on bank loan facilities	198	134	198	134
Total finance costs	198	134	198	134
(e) Employment expenses				
Wages and salaries	42,947	40,173	43,170	40,480
Employer contributions to defined contribution schemes	1,237	1,159	1,245	1,168
Other employment expenses	2,324	2,755	2,332	2,795
	46,508	44,087	46,747	44,443
Employer contributions to defined contribution schemes include contributions to KiwiSaver, the Government Superannuation Fund and National Provident Fund DBP Contributors Scheme.				
(f) Consumable, Operating and Occupancy expenses				
Audit fees – annual audit	101	100	105	108
Trade and other receivables impairment	285	50	299	76
Donations	46	14	156	124
Operating lease payments	1,941	2,019	1,941	2,021
Administrative and other expenses	39,538	32,280	39,648	32,418
	41,911	34,463	42,149	34,747

# 5. CASH AND CASH EQUIVALENTS

	POLYTE	CHNIC	GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and in hand	443	366	479	366
Short term deposits	1	6	1	6
	444	372	480	372
	2018	2017	2018	2017
Reconciliation from the net surplus/(deficit) to the net cash flows from operations	\$'000	\$'000	\$'000	\$'000
Net surplus/(deficit) for the year  Adjustments for:	8,842	2,752	4,177	2,909
Depreciation and Amortisation	6,924	6,033	6,924	6,033
Net (gain)/loss on disposal of property, plant and equipment	47	24	47	24

	POLYTE	CHNIC	GROUP	
	2018	2017	2018	2017
(Increase) / decrease in financial assets	\$'000 36	\$'000 163	\$'000 8	\$'000 167
Share of Associates (Surplus)	(2,202)	(1,383)	(2,202)	(1,473)
Realised (Gain)/loss from Dunedin City Tertiary Accommodation Trust	(4,705)	0	0	0
Movement in Revaluation and Other Reserves	0	33	0	33
Changes in working capital items				
(Increase)/decrease in trade and other receivables	327	(1,771)	326	(1,788)
(Increase)/decrease in prepayments	(66)	(142)	(68)	(143)
(Increase)/decrease in inventories	147	(136)	147	(136)
Increase/(decrease) in trade and other payables	(67)	6,365	(39)	6,254
Increase/(decrease) in employee entitlements	(491)	115	(491)	115
Net cash from operating activities	8,792	12,053	8,829	11,995

## 6. TRADE AND OTHER RECEIVABLES

	POLYTE	CHNIC	GROUP	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Student fees receivables	2,364	3,047	2,364	3,047
Other receivables	2,305	2,374	2,436	2,498
Dunedin City Tertiary Accommodation Trust advance	0	400	0	400
Provision for doubtful debts	(245)	(225)	(251)	(225)
	4,424	5,596	4,549	5,720
As at 31 December the age of receivables is as follows:				
Current	3,293	3,404	3,382	3,501
30-60 days	625	1,338	647	1,350
60-90 days	98	295	98	296
90 days +	408	559	422	573
	4,424	5,596	4,549	5,720
As at 31 December, all overdue receivables have been assessed for impairment and appropriate provisions applied.				
Movements in the provision for doubtful debts are as follows:				
At 1 January	225	277	225	288
Additional provisions made during the year	245	24	251	24
Receivables written off during the year	(225)	(76)	(225)	(87)
At 31 December	245	225	251	225

# 7. NON CURRENT ASSETS HELD FOR SALE

	0	3,332	0	8,227
Dunedin City Tertiary Accommodation Trust	2018 \$'000 0	2017 \$'000 3,332	2018 \$'000 0	2017 \$'000 8,227
	POLYTECHNIC		GRO	UP

for the year ended 31 December 2018

## 8. INVESTMENTS

	POLYTE	CHNIC	GROUP	
Open Education Resource Foundation	2018 \$'000 39	2017 \$'000 (11)	2018 \$'000 0	2017 \$'000 0
TANZ eCampus Limited	1,194	757	1,194	757
OPAIC Limited Partnership	2,125	1,386	2,125	1,386
Other	(3)	86	93	86
	3,355	2,218	3,412	2,229

# Investment in Dunedin City Tertiary Accommodation Trust

As at 31 December 2017 Dunedin City Tertiary Accommodation Trust had signed an unconditional agreement to sell City College this agreement was settled and the funds were distributed in 2018.	GROUP		
	2018	2017	
	\$'000	\$'000	
Movements in the carrying amount of the investment in associate:			
Balance at 1 January	0	5,167	
Revaluation of DCTAT	0	2,971	
Share of total comprehensive revenue and expense	0	89	
Reclassification to non current asset held for sale	0	(8,227)	
Balance at 31 December	0	0	
Summarised financial information of associate presented on a gross basis:			
Assets	0	9,186	
Liabilities	0	1,532	
Revenues	0	2,967	
Surplus	0	268	
Group's interest	0.00%	33.33%	
Observed and a state of the sta			
Share of associate's contingent liabilities incurred jointly with other investors	0	0	

# Investment in TANZ eCampus Limited

TANZ eCampus Limited is jointly owned by six New Zealand Polytechnics one of which is Otago Polytechnic. TANZ eCampus was set up to develop and run an on-line e-learning platform. TANZ offers a variety of programmes that are delivered 100% on-line. Otago Polytechnic has equity accounted for TANZ eCampus Limited and the investment is shown at the cost price of the shares plus a 1/6 share of the surplus to date.

	POLYTE	POLYTECHNIC		UP
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Movements in the carrying amount of the investment in associate:  Balance at 1 January	757	771	757	771
Investment	373	(11)	373	(11)
Share of total comprehensive revenue and expense	64	(3)	64	(3)
Balance at 31 December	1,194	757	1,194	757

	POLYTECHNIC		GROUP	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Summarised financial information of associate presented on a gross basis: Assets Liabilities	9,833	7,013	9,833	7,013
	2,668	2,472	2,668	2,472
Revenues	5,502	2,540	5,502	2,540
Surplus/(Deficit)	382	(17)	382	(17)
Polytechnic's interest  Investment in OPAIC Limited Partnership	16.67%	16.67%	16.67%	16.67%
OPAIC Ltd Partnership is a collaborative venture between Otago Polytechnic and Future Skills Academy Ltd. OPAIC delivers tertiary education from an Auckland Campus to international students. Otago Polytechnic has equity accounted for OPAIC Ltd Partnership and the investment is shown as the share of surplus to date (the initial cost being nil).				
Movements in the carrying amount of the investment in associate: Balance at 1 January Distribution received by the Polytechnic Share of total comprehensive revenue and expense	1,386	0	1,386	0
	(1,400)	0	(1,400)	0
	2,139	1,386	2,139	1,386
Balance at 31 December	2,125	1,386	2,125	1,386
Summarised financial information of associate presented on a gross basis: Assets Liabilities Revenues Surplus Polytechnic's interest	5,877	4,963	5,877	4,963
	2,726	3,359	2,726	3,359
	19,581	15,192	19,581	15,192
	4,277	2,772	4,277	2,772
	50.00%	50.00%	50.00%	50.00%

There are no impairment provisions for other financial assets. None of the other financial assets are either past due or impaired.

# 9. PROPERTY, PLANT AND EQUIPMENT

# POLYTECHNIC AND GROUP

	Land	Buildings	Plant and	Motor	Computer	Library	Artworks	Total
	\$'000	\$'000	Equipment \$'000	Vehicles \$'000	Hardware \$'000	Collection \$'000	\$'000	\$'000
At 1 January 2018	<b>4 0 0 0</b>	4 000	<b>4</b> 000	<b>4</b> 000	4 000	<b>4 6 6 6</b>	<b>4 6 6 6</b>	<b>4</b> 000
Cost or fair value	26,135	83,480	15,962	1,221	6,116	6,929	169	140,012
Accumulated depreciation								
and impairment	0	(551)	(9,467)	(924)	(3,416)	(5,818)	0	(20,176)
Net carrying amount	26,135	82,929	6,495	297	2,700	1,111	169	119,836
Year ended 31 December 201	8							
Balance at 1 January	26,135	82,929	6,495	297	2,700	1,111	169	119,836
Additions	0	9,627	1,894	110	1,480	140	126	13,377
Revaluations	0	0	0	0	0	0	0	0
Disposals (net)	0	0	(27)	0	(2)	0	0	(29)
Depreciation expense	0	(2,619)	(1,136)	(120)	(946)	(211)	0	(5,033)
Balance at 31 December	26,135	89,937	7,226	287	3,232	1,040	295	128,152
At 31 December 2018								
Cost or fair value	26,135	93,107	17,695	1,283	7,589	7,069	295	153,173
Accumulated depreciation								
and impairment	0	(3,170)	(10,469)	(996)	(4,357)	(6,029)	0	(25,021)
Net carrying amount	26,135	89,937	7,228	287	3,231	1,040	295	128,152

for the year ended 31 December 2018

# 9. PROPERTY, PLANT AND EQUIPMENT (continued)

				POLYTECH	NIC AND GROU	Р		
ı	Land	Buildings	Plant and Equipment	Motor Vehicles	Computer Hardware	Library Collection	Artworks	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017								
Cost or fair value	23,021	69,478	14,912	1,162	19,736	6,728	149	135,186
Accumulated depreciation								
and impairment	0	(4,204)	(8,767)	(804)	(17,274)	(5,604)	0	(36,653)
Net carrying amount	23,021	65,274	6,145	358	2,462	1,124	149	98,533
Year ended 31 December 2017								
Balance at 1 January	23,021	65,274	6,145	358	2,462	1,124	149	98,533
Additions	0	19,827	1,379	67	1,228	201	20	22,722
Revaluations	3,114	4	0	0	0	0	0	3,118
Disposals (net)	0	0	(6)	0	(4)	0	0	(10)
Depreciation charge for the year	0	(2,176)	(1,023)	(128)	(986)	(214)	0	(4,527)
Balance at 31 December	26,135	82,929	6,495	297	2,700	1,111	169	119,836
At 31 December 2017								
Cost or fair value	26,135	83,480	15,963	1,221	6,116	6,929	169	140,013
Accumulated depreciation								
and impairment	0	(551)	(9,468)	(924)	(3,416)	(5,818)	0	(20,177)
Net carrying amount	26,135	82,929	6,497	297	2,700	1,111	169	119,836

# Valuation

The most recent valuation of land and buildings was a desktop valuation performed by Praveen Menon MPINZ, registered valuer, of Crighton Anderson Property & Infrastructure Ltd with a valuation date of 31 December 2018.

# Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Restrictions on the Polytechnic and group's ability to sell land would normally not impair the value of the land because the Polytechnic and group has operational use of the land and the full benefits of outright ownership.

# Buildings

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

Depreciated replacement cost is determined using a number of significant assumptions, these include:

- The replacement asset is based on modern equivalent assets with adjustments where appropriate for obsolescence 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.

# Restrictions on title

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

# Work in progress

Buildings in the course of construction total \$6,766k (2017 \$24,020k) while Plant, Equipment, Motor Vehicles and Computers total \$580k (2017 \$726k).

#### 10. INTANGIBLE ASSETS

POLYTECHNIC AND GROUP

	Course		
	Development	Computer	
	costs	Software	Total
	\$'000	\$'000	\$'000
At 1 January 2018			
Cost (gross carrying amount)	7,225	10,225	17,450
Accumulated amortisation	(3,923)	(6,630)	(10,553)
Net carrying amount	3,302	3,595	6,897
Year ended 31 December 2018			
Balance at 1 January	3,302	3,595	6,897
Additions	1,492	713	2,205
Impairments (net)	(17)	0	(17)
Amortisation expense	(1,117)	(775)	(1,892)
Balance at 31 December	3,660	3,533	7,193
At 31 December 2018			
Cost (gross carrying amount)	8,645	9,808	18,453
Accumulated amortisation	(4,985)	(6,275)	(11,260)
Net carrying amount	3,660	3,533	7,193
At 1 January 2017			
Cost (gross carrying amount)	6,598	9,832	16,430
Accumulated amortisation	(4,231)	(5,954)	(10,185)
Net carrying amount	2,367	3,878	6,245
Year ended 31 December 2017			
Balance at 1 January	2,367	3,878	6,245
Additions	1,673	502	2,175
Impairments (net)	(17)	0	(17)
Amortisation expense	(721)	(785)	(1,506)
Balance at 31 December	3,302	3,595	6,897
At 31 December 2017			
Cost (gross carrying amount)	7,225	10,225	17,450
Accumulated amortisation	(3,923)	(6,630)	(10,553)
Net carrying amount	3,302	3,595	6,897

# Work in progress

Course Development projects not yet completed total \$1,495k (2017 \$1,797k) while Software projects total \$450k (2017 \$471k).

# 11. TRADE AND OTHER PAYABLES

	POLYTE	POLYTECHNIC		UP
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
	6,011	5,661	6,030	5,714
nce	13,837	13,456	13,837	13,456
	19,848	19,117	19,867	19,170

for the year ended 31 December 2018

# 11. TRADE AND OTHER PAYABLES (continued)

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value. Income in advance relates to

international student fees for programmes that continue into the following financial year, and domestic student fees received for which the withdrawal date had not passed at balance date.

# 12. EMPLOYEE ENTITLEMENTS

	POLYTECHNIC		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Employee Entitlements				
Annual and discretionary leave	1,861	1,547	1,861	1,547
Long service leave	221	240	221	240
Retirement leave	140	107	140	107
Sick Leave	125	136	125	136
Other Entitlements	835	1,643	835	1,643
	3,182	3,673	3,182	3,673
Current portion	2,971	3,443	2,971	3,443
Non-current portion	211	230	211	230
	3,182	3,673	3,182	3,673

# 13. LOANS AND BORROWINGS

The Westpac Bank loan facility is secured with a negative pledge and operates as a multi-option credit line facility. The balance drawn down on the multi option credit facility was \$5,447k as at 31 December 2018 (\$8,000k as at 31 December 2017). The interest rate was 3.23% per annum (2017: 3.23%).

As at 31 December 2017, the loan from University of Otago (\$1,292k) was an unsecured, interest-free advance related to the sale of City College by Dunedin City Tertiary Accomodation Trust. The balance as at 31 December 2018 is \$nil.

# 14. EQUITY

		POLYTECHNIC		GROUP	
	1				
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Retained Earnings					
At 1 January		71,822	69,103	73,830	71,032
Resettlement of Trust		0	0	78	(78)
Net Surplus		8,842	2,752	4,177	2,909
Transfer from Revaluation Reserve		0	0	2,778	0
Net change in Trust and Special Funds		41	(33)	43	(33)
At 31 December		80,705	71,822	80,906	73,830

	POLYT	POLYTECHNIC		UP
		_		
	2018	2017	2018	2017
Asset David offer Description	\$'000	\$'000	\$'000	\$'000
Asset Revaluation Reserve At 1 January	34,717	31,599	37,686	31,599
Revaluation gains/(losses)	04,717	3,118	(2,969)	6,087
Change in reserve on disposal/transfer	0	0	0	0
At 31 December	34,717	34,717	34,717	37,686
Trust Funds				
At 1 January	430	397	430	397
Receipts to funds	91	88	91	88
Payments from funds	(132)	(55)	(132)	(55)
Transfer to OPEF subsidiary	0	0	0	0
At 31 December	389	430	389	430
Special Funds				
At 1 January	84	84	84	84
Receipts to funds	0	0	0	0
Payments from funds	0	0	0	0
At 31 December	84	84	84	84
Total Equity	115,895	107,053	116,096	112,030

Trust funds comprise scholarship and other funds held on behalf of students and staff Special funds comprise student-related equity and support funds. The use of some of these funds is restricted.

# 15. FINANCIAL INSTRUMENT RISKS

The Polytechnic's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Polytechnic has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

# Market risk

# Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Polytechnic has transactional currency exposures arising from overseas purchases that include capital equipment, software licences, library books and other expenditures in currencies other than the Polytechnic's functional currency.

The Polytechnic's exposure to foreign currency risk is minimal. Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Polytechnic's exposure to market risk for changes in interest rates relates primarily to the Polytechnic's long-term debt

obligations, refer to note 12 for interest rates and loan balances of any Otago Polytechnic borrowings.

# Credit risk

Credit risk is the risk that a third party will default on its obligation to the Polytechnic, causing the Polytechnic to incur a loss.

The Polytechnic has no significant concentrations of credit risk other than the Tertiary Education Commission, as it has a large number of credit customers, mainly students. The Polytechnic invests funds only with registered banks and its investment policy limits the amount of exposure to any one institution. There is no collateral held as security against these financial instruments.

# Liquidity risk

Liquidity risk is the risk that the Polytechnic will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed credit facilities. The Polytechnic aims to maintain flexibility in funding by keeping committed credit lines available.

The Polytechnic has a maximum amount that can be drawn down against its multi-option credit line facility of \$20m. There are no restrictions on the use of this facility with the exception of TEC approval being required if used for long-term borrowing requirements.

for the year ended 31 December 2018

15. FINANCIAL INSTRUMENT RISKS (continued)					
Maturity analysis of financial assets and liabilities	Carrying amount	Current	1-3 months	3-12 months	More than 12 months
Polytechnic 2018					
Cash and cash equivalents	444	444	0	0	0
Trade and other receivables	4,424	3,293	723	408	0
Total Loans and Receivables	4,868	3,737	723	408	0
Other financial assets - fair value through other comprehensive revenue and expense	36	36	0	0	0
Total financial assets	4,904	3,773	723	408	0
Trade payables	6,011	6,011	0	0	0
Loans and borrowings (current)	5,447	0	5,447	0	0
Loans and borrowings (non-current)	0	0	0	0	0
Total financial liabilities	11,458	6,011	5,447	0	0
Group 2018					
Cash and cash equivalents	480	480	0	0	0
Trade and other receivables	4,549	3,381	746	422	0
Total Loans and Receivables	5,029	3,861	746	422	0
Other financial assets - fair value through other comprehensive revenue and expense	93	93	0	0	0
Total financial assets	5,122	3,954	746	422	0
	,	,			
Trade payables	6,030	6,030	0	0	0
Loans and borrowings (current)	5,447	0	5,447	0	0
Loans and borrowings (non-current)	0	0	0	0	0
Total financial liabilities at amortised cost	11,477	6,030	5,447	U	U
Polytechnic 2017					
Cash and cash equivalents	372	372	0	0	0
Trade and other receivables	5,596	3,404	1,633	559	0
Total Loans and Receivables	5,968	3,776	1,633	559	0
Other financial assets - fair value through other comprehensive revenue and expense	73	73	0	0	0
Total financial assets	6,041	3,849	1,633	559	0
Trade payables	5,661	5,661	0	0	0
Loans and borrowings (current)	9,292	0	9,292	0	0
Loans and borrowings (non-current)	0	0	0	0	0
Total financial liabilities	14,953	5,661	9,292	0	0
Group 2017					
Cash and cash equivalents	372	372	0	0	0
Trade and other receivables	5,720	3,501	1,646	573	0
Total Loans and Receivables	6,092	3,873	1,646	573	0
Other financial assets - fair value through other comprehensive revenue and expense	85	85	0	0	0
Total financial assets	6,177	3,958	1,646	573	0
			,		-
Trade payables	6,332	6,332	0	0	0
Loans and borrowings (current)	9,292	0	9,292	0	0
Loans and borrowings (non-current)	0	0	0	0	0
Total financial liabilities	15,624	6,332	9,292	0	0

# 16. COMMITMENTS AND CONTINGENCIES

# Operating lease commitments

The Polytechnic has entered into commercial leases on certain items of property, plant and equipment where it is not in the best interest of the Polytechnic to purchase these assets.

These leases have an average life of 5 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

	POLYTE	POLYTECHNIC		OUP
	2018	2017	2018	2017
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:	\$'000	\$'000	\$'000	\$'000
Within one year	1,196	1,235	1,196	1,235
After one year but not more than five years	3,125	3,417	3,125	3,417
More than five years	4,772	4,936	4,772	4,936
	9,093	9,588	9,093	9,588

## Capital commitments

At 31 December 2018 the Polytechnic had total commitments of \$6.85m for the major building works at the Forth St and Central campuses (New Engineering Construction and Living Sciences Building, O Block Extension and Cromwell Trades Facility at Bannockburn). (2017: \$3.0m for OP Student Village, Manaaki and Central Student Accomodation.

## Legal claim

Otago Polytechnic has no unresolved contingent matters as at balance date.

# Contingent assets and liabilities

Otago Polytechnic has no significant contingent assets as at balance date.

## Unquantifiable contingencies

The Polytechnic and group is a participating employer in two Defined Benefit Plan Contributors Schemes (the schemes), which are multi-employer defined benefit schemes. If the other participating employers ceased to participate in the scheme the Polytechnic and group could be responsible for any deficit of the schemes. Similarly, if a number of employers ceased to participate in the schemes the Polytechnic and group could be responsible for an increased share of the deficit.

Otago Polytechnic is joint and several guarantor for property leases relating to the Polytechnic's Auckland Campus. There is no certainty that any liability under the leases would arise, in addition the Polytechnic is unable to quantify any potential contribution. (2017: nil).

# 17. RELATED PARTY DISCLOSURE

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Polytechnic would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with Government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

Inter-group transactions

The Otago Polytechnic Education Foundation Trust paid \$14,322 to Otago Polytechnic for event catering (2017: \$36,783). Otago Polytechnic provides accounting, secretarial and trustee services to the Otago Polytechnic Education Foundation Trust at no cost.

Otago Polytechnic provides accounting, secretarial and director services to the Open Education Resource Foundation Limited for no charge in lieu of payment of membership fees of \$5,955 (US\$4,000) annually. Monies owed between the parties are held in a current account, being -\$38,961 (2017: \$11,507).

OPAIC Ltd Partnership paid \$1,085,017 to Otago Polytechnic as reimbursement for expenses paid by Otago Polytechnic on behalf of the Partnership. These expenses were oncharged at original cost without any margin. OPAIC Ltd Partnership paid Otago Polytechnic \$157,000 for an operating lease on assets owned by Otago Polytechnic but used by OPAIC Ltd Partnership. Otago Polytechnic paid \$19,258,356 to OPAIC Ltd Partnership for Contracted Education Services delivered to students who are enrolled in Otago Polytechnic programmes delivered by the Limited Partnership. The fees are paid on a service delivered basis. Until payment is transferred to the Limited Partnership, Otago Polytechnic pays interest on the balance of fees paid in advance of services delivered.

POLYTECHNIC AND GROUP

Key management personnel compensation	2018	2017
	\$'000	\$'000
Salaries and other short-term employee benefits	1,352	1,264
Post employment benefits	70	65
	1,422	1,329

Key management personnel included 6 members of the Executive Leadership Team and the Director of Open Education Resource Foundation Ltd, totalling 7 FTE (2017: 7 FTE).

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

for the year ended 31 December 2018

# 18. EVENTS AFTER THE BALANCE SHEET DATE

# Uncertainties about the Government's proposal to merge polytechnics and technology institutes into a single entity

In February 2019, the Government released a proposal which if implemented would merge the activities of all 16 polytechnics and institutes of technology, and the training functions of all industry training organisations (ITO's) into a single entity responsible for the delivery of the majority of tertiary vocational education in New Zealand.

The proposal is subject to public consultation, which is expected to be completed on 5 April 2019. It is expected that the Government will make its decision on the merger of all polytechnics and institutes of technology after this date.

Should the merger proceed, it could have a significant impact on the future of Otago Polytechnic. However, because the Government is yet to make a decision on the merger, it is not clear what that impact, if any, would be on the Otago Polytechnic. As a result, the financial statements continue to be prepared using the going concern basis of accounting.

Should the merger proceed, it could also have a significant impact on the future of Otago Polytechnic's associate entities, and it is not yet clear what that could mean for the services or activities of the associate entities. As a result, the associate entities financial statements continue to be prepared using the going concern basis of accounting, and the Polytechnic has not recognised any impairment against the carrying value of its investment in associates.

POLYTECHNIC AND GROUP

# 19. COUNCILLOR FEES

	I OLI ILOIINIO AND GITOOI				
The following fees were earned by members of the Council during the year:	2018 \$	2017			
Paul Allison	14,120	14,120			
Neil Barns	14,120	9,413			
Gillian Bremner	5,350	21,400			
John Christie	0	4,707			
Peter Coolbear	14,120	14,120			
Darren Evans	14,120	14,120			
Kathy Grant	35,952	35,952			
David Higgins	0	7,133			
Mike Horne	17,120	17,120			
Bill Moran	14,267	0			
Megan Potiki	17,120	9,987			
	146,289	148,072			

# 20. CHILDCARE CENTRE

	POLYTECHNIC AND GROUP		
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
Revenue	φοσσ	φοσο	φοσο
Ministry grants	552	523	484
Guardians and Student income	312	300	286
Total Revenue	864	823	770
Expenditure			
Employment costs	707	688	696
Other Operating costs	105	110	112
Total Expenditure	812	798	808
Surplus/(Deficit)	52	25	(38)

The Childcare Centre is part of the provision of student and staff services. No capital charge has been applied by the Polytechnic to the Centre. The Statement of Financial Performance for the Childcare Centre has been extracted from the Statement of Financial Performance for Otago Polytechnic.

2018

2017

Statistics	hours	hours
Under two year olds	19,578	16,926
Two years old and over	16,466	18,957
Fees Free fully funded 3 years and over	25,126	19,265

Changes to the Centre layout completed in January 2018 have resulted in increased license numbers and improved space in the

over two area which is reflected in the higher 2-5 year old funded hours.

# 21. CAPITAL MANAGEMENT

The Polytechnic's capital is its equity which is comprised of retained earnings and reserves. Equity is represented by net assets.

The Polytechnic manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Polytechnic's equity is largely managed as a by-product of managing revenue, expenses,

assets, liabilities and general financial dealings.

The objective of managing the Polytechnic's equity is to ensure that the Polytechnic effectively achieves its goals and objectives contained within its Investment Plan, whilst remaining a going concern.

# 22. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

# Group statement of financial performance

# Government Grants

Government grants were \$1,914k higher than budgeted. This was due largely to an increase of 7.5% in base funding from TEC in the SAC 3+ pool due to increased EFTS. Partially offseting this was less funding for Youth Guarantee due to lower than expected EFTS.

# Student tuition fees

Student tuition fees were a net \$2,378k higher than budgeted, with the majority being due to higher than budgeted international EFTS at the OPAIC Auckland Campus.

# Employment expenses

Employment expenses were \$2,187k higher than budgeted. Academic staffing costs were higher due to the need to increase staffing in programmes with higher EFTS than budget. General staffing was higher than budget due to Otago Polytechnic Student Village staffing being budgeted under contracted education as well as staffing for new projects such as the Energy Contract, Employability Centre and Central Otago Brewery not known at budget time.

# Consumable Expenses

Consumable expenses are \$1,704k higher than budgeted. Additional costs of \$2,539k were incurred in Contracted Educational Services for the increased OPAIC EFTS activity. This was partially offset by savings of \$255k in clinical training due to anticipated cost increases and additional placements not occuring until 2019, and savings of \$177k on budget for Otago Polytechnic Student Village food costs. The balance of the favourable variances is due to Otago Polytechnic Student Village first year of operation costs which were budgeted under consumable expenses and coded correctly between operating, consumable and occupancy costs throughout the year.

# Operating expenses

Operating expenses are a net \$1,613k higher than budgeted, this was due to Otago Polytechnic Student Village costs of \$433k being

budgeted under contracted education and spent under operating expenses, an increased provision for doubtful debts of \$225k, the addition of two new sponsorships (Otago Wildlife Hospital and Dunedin Venues Management Limited) along with AIC scholarships and costs related to projects detailed above not known at budget time.

# Group statement of financial position

# Cash and cash equivalents

Cash and Cash Equivalents are \$367k higher than budgeted. This is due to various timing factors including the receipt of fees from international students and the payment of capital build costs.

# Trade and other receivables

Trade and other receivables are \$1,749k higher than budgeted. This is mainly due to an understated receivables budget. Overall receivables are \$1,171k lower than 2017 with a dedicated staff member managing debt.

# Property, plant and equipment

Property, plant and equipment is \$2,876k lower than budgeted. The major building works (New Engineering, Construction and Living Sciences building and O Block extension) are under budget due to timing of work completed. In addition, Plant & Equipment provisions were underspent across the Polytechnic.

# Trade and other payables

Trade and other payables were \$2,867k higher than budget, due to an increase in domestic fees in advance as a result of students enrolled in courses that span across 2018 and 2019.

# **Group Statement of Cash Flows**

# Net cash flows

Net investing cash outflows were under budget, due to a lower capital project spend than expected. As a result of this the Polytechnic did not require the full budgeted loan drawdown.

# Compulsory student service fees

2018 2017

	Compulsory Student Services Fees \$'000	Other \$'000	Total Revenue \$'000	Total Expenses \$'000	Surplus/ (Deficit) \$'000	Compulsory Student Services Fees \$'000	Other \$'000	Total Revenue \$'000	Total Expenses \$'000	Surplus/ (Deficit) \$'000
Advocacy and Legal Advice	76	0	76	127	-51	77	0	77	109	-33
Careers Information Advice and Guidance	44	0	44	76	-32	47	0	47	70	-23
Counselling and Pastoral Care	639	227	866	871	-5	683	208	891	805	86
Employment Information	31	0	31	57	-26	25	0	25	39	-14
Financial Support and Advice	32	0	32	33	-1	35	0	35	33	2
Health Services	377	113	491	572	-82	383	131	514	560	-46
Media	82	0	82	80	2	64	0	64	77	-13
Childcare Services	0	814	814	765	49	0	723	723	759	-36
Clubs and Societies	9	0	9	9	0	9	0	9	8	1
Sports, Recreational and Cultural Activities	415	0	415	434	-19	413	0	413	451	-38
Total	1,705	1,154	2,859	3,024	-165	1,735	1,062	2,797	2,911	-114

# Compulsory Student Services Levy

Otago Polytechnic has consulted with the students on the student services levy. In 2018 this consultation included presenting to and directly engaging with students on the type of services to be delivered, seeking student feedback on these services and how the student services levy would be spent. The fee charged by Otago Polytechnic per Equivalent Full Time Student in 2018 was \$656 for Dunedin Students, \$576 for Central Otago Students, and \$266 for distance students (all GST inclusive). These fees have remained unchanged since 2012. Otago Polytechnic accounts separately for all revenue and expenditure related to the provision of each of the student services listed here.

# Advocacy and legal advice

Advocacy support is provided to students needing help to resolve problems. Advocacy is undertaken by an impartial person on behalf of students, this may include advocacy relating to legal matters or accommodation and tenancy issues. All issues are resolved or escalated to a higher level to be heard and resolved.

# Career information, advice and guidance

Support is provided to students to assist their transition into employment. Support includes employability workshops, CV development, interview practice, employability expos, one-on-one career advice and liaison with Career Guides (second and third year Bachelor of Social Service students with a Career focus for their degree).

# Counselling services

Six counsellors (2.21 FTE) are available for one-on-one appointments to provide students with counselling and pastoral care. Workshops are also held to support students to cope with anxiety and prepare for exams. A Chaplain is also available to provide pastoral care and counselling.

# Employment information

This service is developing within the Polytechnic. Strong links to industry and the workplace have been well fostered with an ongoing focus of development. Industry representatives are brought onto the campus to provide a workplace perspective as part of an interview

panel for practice interviews and to provide industry focus through information evenings and fairs.

# Financial support and advice

Budgeting advice is confidential and freely available for students. Hardship situations are assessed and help may be provided with financial assistance and food parcels.

# Health services

Otago Polytechnic has a Student Health Centre, with doctors and nurses available for students to access as needed. They provide a variety of services to support students to stay well, receive timely advice and gain medical assistance.

# Media

Otago Polytechnic sponsors the online student e-news and supports online communities for students across the Polytechnic.

Communications channels are also enabled through the Student Council and the Otago Polytechnic Students Association.

# Advisory Board

Information is provided to the representatives of both these committees to enable student discussion and input and they are also able to bring issues to these forums.

# Childcare services

Childcare facilities are available to parents while studying through Polykids. This facility provides childcare from birth through to five years old.

# Clubs and societies

Otago Polytechnic students can also access Otago University Students' Association Clubs and Societies. The OUSA Recreation Centre provides amenities including meeting rooms, exercise space and equipment for hire. It organises tournaments, and is the base of student sports, religious and cultural clubs.

# Sports and recreation facilities

Unipol provides a wide range of services at the nearby University Plaza. These services are available to all students, on presentation of their Student ID.



# TEC educational performance definitions and formulas

# Participation definition

The participation indicators are the proportion of EFTS delivered for groups of interest. They are used to monitor the extent to which specific groups of New Zealanders, such as Māori, Pasifika and young people are engaged in tertiary education.

#### Formula -

Total EFTS delivered for a specific group of interest in year N

Total EFTS delivered in year N

# Course completion definition

The successful course completion indicator (measured by the EFTS-weighted successful course completion rate) takes into account the workload of the course when calculating the successful course completion rate. TEC measure the workload factor using EFTS (equivalent full-time student) delivered. This is a unit that reflects the total student time necessary to complete the course.

The indicator is the sum of the EFTS delivered for successfully completed enrolments as a proportion of the EFTS delivered for the total course enrolments ending in a given year.

# Formula =

EFTS delivered for the total number of successfully completed course enrolments ending in year N

enrolments ending in year N

# Qualification completion definition

The qualification completion rate is EFTS-weighted – allowing for comparisons across tertiary education organisations (TEOs), and to take into account the relative size of different qualifications. It is the number of qualifications completed at each TEO (weighted by the 'size' of the qualification) divided by the total number of EFTS delivered for the total course enrolments ending in a given year.

# Formula =

Sum of qualification completions in year N x the EFTS value of the qualification

EFTS delivered for the total number of course enrolments ending in year N

# Student retention definition

The retention rate indicator measures student continuation or completion at a TEO (and is also known as the student continuation or completion rate). This is the proportion of distinct students (not EFTS) enrolled in one year that re-enrol in any course at the same TEO in the following year, or successfully complete their qualification.

#### Formula:

Students re-enrolled in year N+1 or completed in year N or year N+1

Students with some portion of an enrolment in year N

# Student progression definition

Student progression is measured by the completion progression rate. This gives the percentage of students who complete a qualification at one TEO and move on within 12 months to pursue a qualification at a higher level at the same or another TEO within New Zealand.

# Formula =

Number of students enrolled at a higher qualification level within 12 months following the completion

Number of students completing a qualification at each level in year N



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