



OTAGO

POLYTECHNIC

Te Kura Matatini ki Otago

# Our Pathway to Excellence

2015 Annual Report





# Contents

---

2 Governance and leadership

---

4 Report from the chair and chief executive

---

6 Our strategy for success

---

8 Achieving educational excellence

---

27 Being a resilient organisation

---

29 Financial performance summary

---

39 Collaborating with our communities to make a difference, prioritising Kai Tahu

---

45 Making a difference to the environment

---

51 Financial statements

---

59 Notes to the financial statements

---

79 Compulsory student service fees

---

80 Appendix

---

Cover photo of 2015 Bachelor of Design (Fashion) graduates' 'Collections' runway show. The designer is Amelia Baker of <http://millymarie.com> and the model is from AliMcD agency.

Photograph taken by Hayden Parsons.

# Our pathway to excellence



## At Otago Polytechnic, our vision is to be recognised nationally and internationally as New Zealand's leading polytechnic.

With our roots in Dunedin, the city with New Zealand's proudest and richest educational history, we provide inspiring, career-focused education. Our efforts make a dedicated contribution to the educational aims of all New Zealand, as expressed in the Tertiary Education Strategy. We have pathways to ensure all members of our community can participate in education, realise their aspirations to improve options for themselves and their families, and contribute positively to our local and national economies.

Our focus is on preparing our graduates well for the sectors they serve, and that New Zealand needs. In doing so, we go beyond ensuring our graduates are capable practitioners in their chosen fields – we also equip them to make a real difference to their communities, in New Zealand and internationally. Through the experiential-based education we deliver, our graduates are creative and resourceful, while our emphasis on sustainability ensures they understand the wider consequences of their personal and professional decisions.

We also share our skills and knowledge with the community, undertaking research that matters to businesses and communities and in areas of economic potential.

We have received the highest possible endorsement from the New Zealand Qualifications Authority for our educational performance and our ability to assess our own performance. Our student satisfaction ratings, qualification completion rates and employer satisfaction with the graduates we produce, continue to be consistently high – in 2015 these figures were 94 per cent, 90 per cent and 92 per cent respectively. Additionally, 98 per cent of our graduates have moved onto work, further study or both.

This report reviews our progress in 2015, and signals the next steps on our pathway to excellence.

7,000+

FULL- AND PART-TIME STUDENTS

4,333

EQUIVALENT FULL-TIME STUDENTS

674

PERMANENT AND FIXED-TERM STAFF

100+

PROGRAMMES, CERTIFICATES TO POSTGRADUATE

3

CAMPUSES IN DUNEDIN, CENTRAL OTAGO AND AUCKLAND

\$72m

IN REVENUE

92% employer approval





**Chief Executive**  
Phil Ker

**Council**  
Kathy Grant (Chair)  
Gillian Bremner (Deputy Chair)  
John Christie  
Chris Staynes  
Professor Tom Prebble  
Paul Allison  
David Higgins  
Dr. Peter Coolbear  
Mike Horne

**Leadership Team**  
Mike Collins  
Philip Cullen  
Mike Waddell  
Sue Thompson  
Professor Sally Pairman  
Alistair Regan  
Chris Morland  
Jean Tilleyshort  
Matt Carter  
Professor Khyla Russell

# Governance and leadership

**Governance and management at Otago Polytechnic are complementary teams that support one another to promote excellence and accountability.**

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

## Kōmiti Kawanataka

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

It 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 Kai Tahu's education plan. In particular, attention is given to effective communication, developing and monitoring the Polytechnic's Māori Strategic Framework, and ensuring that Kai Tahu (the Kai 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 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.

## Leadership Team

The Leadership Team guides the Polytechnic in pursuit of our strategic goals: leading the development of a high performance culture, setting priorities and monitoring organisational performance. While strategically focused, the team members are all operationally grounded through their leadership of academic and service activities.



LEADERSHIP TEAM 2015

**From left to right:** Alistair Regan, Phil Ker, Mike Waddell, Sally Pairman, Jean Tilleyshort, Philip Cullen, Matt Carter, Chris Morland, Mike Collins, Sue Thompson. **Absent from photo:** Khylla Russell



OTAGO POLYTECHNIC COUNCIL 2015

**Back row (left to right):** Mike Horne, Dr Peter Coolbear, David Higgins, John Christie  
**Front row:** Chris Staynes, Paul Allison, Kathy Grant, Gillian Bremner

# Chair and Chief Executive

We are very pleased to report on the achievements of Otago Polytechnic for 2015. Educationally, this was a very good year for the Polytechnic with successful course completion rates increasing by 2% accompanied by improvements in successful course completions for Māori and Pacific Island learners. For the latter, the improvement was all the more pleasing given our strong commitment to Pacific learner success and significantly increased resources allocated in 2015 to improve that success. Also significant has been the continued high student satisfaction rates as well as improved graduate satisfaction and improvements in the percentage of graduates finding employment.

However, the highlight for the year is without doubt the outcome of our External Evaluation and Review (EER) conducted by NZQA. Once again Otago Polytechnic received the highest possible ratings of highly confident for performance and highly confident for self-assessment. Achieving this result is an all-of-organisation effort and we acknowledge all of our staff who contributed to us achieving this outcome.

2015 also saw the completion of our new student learning commons – The Hub. This fabulous new space is widely used by staff and students alike and represents a turning point in the efforts of the Polytechnic to provide contemporary and fit-for-purpose learning spaces for our students. This is the first of several campus development projects which include plans for a new art and design facility, modern trades workshops and a student accommodation complex to be developed over the next few years.

Somewhat disappointing were our financial results – a real surplus of approximately 3.4% rather than the 5% target we budgeted to achieve. The shortfall was primarily a result of reduced engineering enrolments, in spite of overall enrolments meeting targets. However, revenue diversification initiatives were successful with the advent of a new fee for service training initiative under the Capable

Training brand; and the continued growth of our Auckland International Campus which achieved an increase of over 100 EFTS relative to 2014.

Otago Polytechnic continues to perform well against all of our performance metrics but we are determined to do better. Two new major design projects were launched in 2015. The first, Designing for Learning Success is a bold 3-4 year initiative which will see all of our programmes and courses redesigned to ensure the best possible learning for our students. Future programmes will address more effectively the development of learner capabilities (employability/ transferable skills) as well as adopting experiential learning and teaching strategies which are known to be effective in developing work-ready graduates. The second initiative is Designing for Service Excellence – a complete refocus of all of our internal services to ensure they are fit for the future, learner/customer centric and cost effective.

An important development for the Polytechnic in 2015 was the acquisition of the Aoraki Polytechnic Dunedin operation which was transferred as a going concern to Otago Polytechnic. The Aoraki programmes which we are now offering complement well the Otago Polytechnic programme portfolio. Another important development was the decision to purchase the Bannockburn Road site which forms part of our Central Otago Campus. In 2016 we will be planning to consolidate our Central Otago operations at this site which we intend to develop as a significant learning hub for the region.

2015 saw the retirement of three people who played significant roles for the Polytechnic. Dr Tom Prebble's term as Council member came to an end and we are delighted to have appointed Dr Peter Coolbear the current CEO of Ako Aotearoa. Professor Khyla Russell retired from her position as the Polytechnic's first Kaitohutuhu. Part of her legacy was our decision in 2015 to establish a Māori Centre to provide for Māori-by-Māori services to our Māori learners.

# Statement of Responsibility

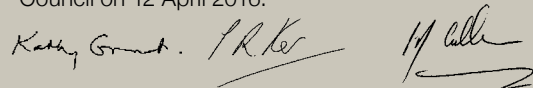
## Annual financial report for the year ended 31 December 2015

We hereby certify that:

1. 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
2. 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

3. 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 2015.

The financial statements were authorised for issue by Council on 12 April 2016.



**K Grant**  
COUNCIL CHAIR

**P Ker**  
CHIEF EXECUTIVE

**P Cullen**  
CHIEF OPERATING  
OFFICER

Huata Holmes also retired from his position as Kaumatua in which he provided much appreciated cultural leadership. We thank Tom, Khyla and Huata for their significant contributions to the Polytechnic.

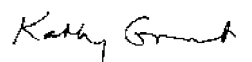
We also want to acknowledge all those who supported Otago Polytechnic through 2015 – Council members, staff and local businesses and community leaders too numerous to name. There is no doubt that that we could not provide the quality of learning experience that we do if it were not for

the contributions of our communities, not only through programme advisory committees but also by providing work placements, internships and project opportunities for our learners.

We are looking forward to another successful year in 2016 as well as to celebrating our 50th year as a Polytechnic.



**Phil Ker**  
CHIEF EXECUTIVE



**Kathy Grant**  
COUNCIL CHAIR





# Our strategy for success





Our aim is to achieve educational excellence, while making a difference to the environment, collaborating with our communities and building organisational resilience. This demands an aligned strategy, interweaving our organisation's **Directions, Needs** and **Actions**.

## Being a resilient organisation

- > Diversify our revenue base
- > Further develop Otago Polytechnic as a safe and healthy place to learn and work
- > Further develop Otago Polytechnic as a great place to work

- > Grow profitable fee-for-service applied research and consultancy revenues
- > Implement actions to address all WES priority 1 concerns
- > Implement health and well-being strategy for staff

## Collaborating with our communities to make a difference, prioritising Kai Tahu

- > Strengthen Otago Polytechnic as a place where Māori can work and learn as Māori
- > Strengthen Otago Polytechnic as a place where Pasifika people can succeed

- > Recruit and develop Māori staff, including for leadership roles
- > Implement Pasifika Islands Strategic Framework
- > Implement Māori Centre for Māori learner support

## Making a difference to the environment

- > Actively manage operations to reduce our carbon and ecological footprints
- > Provide leadership to our communities

- > Reduce:
  - Travel footprint
  - Waste-to-land fill
  - IT footprint
  - Energy consumption
- > Further develop the Living Campus

# Achieving educational excellence

## Kia tutuki te akoraka hiraka

**This goal means:** our learners succeed in their studies; our learners enjoy an outstanding experience; our graduates are capable, future-focused and work-ready for self-employment and/or employment; our graduates can practise sustainably and make a difference to society; our graduates achieve employment and/or self-employment relevant to their studies.

### Highlights

- Hub project for student common space redevelopment completed on time and on budget
- NZQA External Evaluation and Review (EER) gave Otago Polytechnic the highest possible rating of *Highly Confident in educational performance* and *Highly Confident in capability in self-assessment* affirming the previous EER ratings in 2011
- Increased graduate employment rates for 2014 graduates
- All certificate level Pasifika students had individual learning plans in place for 2015
- Commenced implementation of our Designing for Learner Success project to further develop our education delivery model to improve learner success, enhance the learner experience, allow better management of academic staff workloads and increase productivity through improved systems
- The establishment and scope for a centre for Māori learning and support to provide a by-Māori, for-Māori service starting 2016 was approved
- Commenced our Designing for Service Excellence project to ensure future-focused, cost effective and customer-centric service delivery
- Completed a pilot to implement processes for assessing and reporting on learner capability
- Completed pilot to embed team and individual performance planning as a key enabler of self-leading teams
- Added three additional technology displays to the Living Campus
- Improved our overall successful course completions rate.

### Pathway to excellence FOR 2016

- Māori learner success at least equals non-Māori learner success by December 31, 2016
- Pasifika learner success at least equals non-Pasifika learner success by December 31, 2016
- All programmes reach Otago Polytechnic course and qualification completions targets by December 31, 2016
- Complete Māori campus signage and imagery to reflect our inclusive learning environment
- Continue the implementation of our Designing for Learner Success project
- Continue the implementation of our Designing for Service Excellence project.

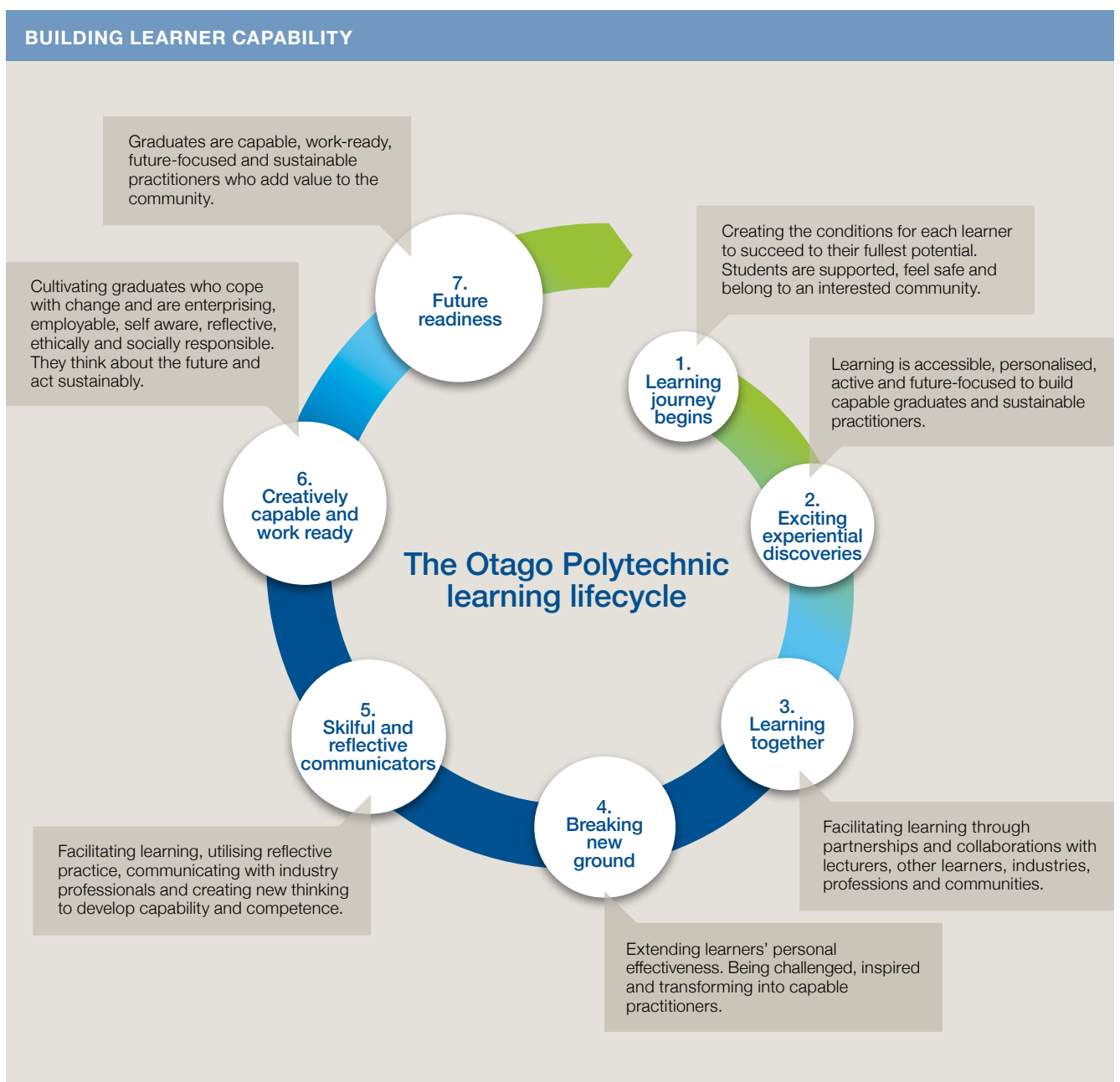
### Aspirations

- Maintain top NZQA rating
- Further improve educational performance with specific focus on Māori and Pasifika learners in the areas of course retention and course and qualification completion
- Further develop the physical and virtual learning environments to support our strategy, and feature more contemporary learning spaces which meet learner needs and which have an inclusive look and feel
- Extend the Living Campus as a learning resource
- Further strengthen our curriculum points of difference by implementing initiatives relating to education for sustainability, learner capability and experiential learning
- Integrate former Aoraki Polytechnic programmes into Otago Polytechnic portfolio
- Build academic staff capability in Learning Design, improve learner outcomes and support low performing programmes to improve through Designing for Learner Success initiative.



# Learning life cycles

Guiding our students through a formative time in their lifelong learning journeys is a special privilege. At Otago Polytechnic, our students engage in an experiential learning process and emerge as capable, work-ready practitioners.







BUILDING LEARNER CAPABILITY

The learning life cycle of:

# Dean Hu'akau

- Ngati Kahungunu and Ngati Tuwharetoa

## Bachelor of Information Technology

I am applying for IT jobs, but my thirst for IT knowledge has not been quenched by the degree course. I want to improve my programming skills and take other IT papers and I have enrolled in the Postgraduate Diploma in IT for 2016. I have achieved my goal of moving from a life at sea to a life on land and I am living my dream of immersing myself in Information Technology.

7. Future readiness

6. Creatively capable and work ready

I have a wide range of IT skills and believe I could perform a variety of jobs in the IT industry. Although I was born in Dunedin, I'm half Māori, Scottish and raised by a Tongan stepfather in South Auckland so I am culturally competent and bring to any IT workplace a cultural sensitivity.

5. Skilful and reflective communicators

Receiving constructive and affirming feedback on a regular basis was a key aspect of the learning environment. The open door policy by the lecturers gave me the opportunity to reflect on and review my progress and determine where my strengths lay, what I could do differently and where I needed to improve. Communication between staff and students was effective and fundamental to my success.

4. Breaking new ground

I was challenged the whole time. I enjoyed taking learning risks which pushed me outside my comfort zone and extended my learning capabilities. I was inspired and transformed into a capable learner and took advantage of every learning opportunity.

1. Learning journey begins

I was a fisherman for 25 years before hurting my back and spending three months lying down recuperating. This was the catalyst to give up my high-paying job at sea and fulfil my lifelong dream to study Information Technology. I'd always been fascinated by technology; I blame it on Space Invaders when I was a kid. Before coming to Otago Polytechnic I didn't really know what Information Technology was, I just knew it was something to do with computers. I started and completed the Certificate in Information Technology as a bridging qualification to the Bachelor of Information Technology. I was awarded an Otago Polytechnic Pasifika Islands full-fee paying scholarship for the duration of my degree studies.

2. Exciting experiential discoveries

Boredom is my enemy and I was never bored at any time during the programme. Even at weekends I was constantly thinking about the course because it was so interesting and that's not usual for me. I was always motivated as I liked what I was learning even when I found it difficult. The degree was practically focused which really suited me. I found mastering the skill of computer programming the hardest and discovered I am not naturally a good programmer but I thought 'I've got to do this' and passed.

3. Learning together

I had the most collaborative group of students anyone could have hoped for, particularly two other students who started with me on the Certificate of Information Technology. The three of us were together for four years sharing our learning, and encouraging and helping each other in a safe, constructive and career-focused environment. The lecturers were also always keen to answer my questions even though I always seemed to be knocking on their doors.





**BUILDING LEARNER CAPABILITY**

The learning life cycle of:

# Jessie James-Pickery

- Ngapuhi Nui Tonu & Ngati Whatua

## Certificate in Creative Studies

Completing the certificate brought quite a change in my life. I now have a quality of stillness and a clear focus for my energy. I have also applied to do the Diploma in Ceramic Arts to learn more about ceramics. My personal goals involve travel at some time in the future and I'm hoping to learn enough about ceramics to enable me to make a kiln and fire clay anywhere on Earth.

**7. Future readiness**

**1. Learning journey begins**

The Certificate in Creative Studies allowed me the freedom to explore various realms of the arts and gave me somewhere to focus my energy. I'd been spending a lot of time in draining environments and moved to Dunedin for a complete blank slate. The tutors were very welcoming, helpful, supportive and affirming. For the first time in a long time I felt safe to explore my inner creativity. The tutors understood my learning and emotional needs and encouraged and extended me.

**6. Creatively capable and work ready**

I have learned about different art movements, what trends catalysed a change in art and ideas of where art may go in the future. I have learned that art is a way to interpret the world around us from one person's perspective at a particular time and that being an artist is a valuable and worthwhile job. Sustainable practice was a key feature of our programme, ensuring I understood I didn't always need to use new materials to create art.



**2. Exciting experiential discoveries**

The programme was very broad, giving me a taste of different art disciplines and allowing me to discover that a true passion of mine is ceramics. The programme was personalised and tailored to cater for different ages, personalities and temperaments. Additional influences on my art were gained through exposure to local Māori culture and Dunedin's Scottish history by a visit to the local marae at Karitane and the Toitu Settlers Museum which enabled me to understand their relevance to the city I now lived in. I was able to experience working artists' studios when a tutor took us to their workspace.

**5. Skilful and reflective communicators**

There was a constant dialogue between tutors and students and regular feedback on assignments was a key aspect of the learning environment. I was required to have my assignments checked one or two weeks before they were due and encouraged to reflect on whether I could go further. The certificate was focused strongly on pushing us outside of our comfort zone.

**4. Breaking new ground**

Creating a work of art with the intention of selling it was something I never felt or thought I could do. I sold some of my ceramics at the Excite 2015 pop-up shop and that was before I'd even finished the certificate. I'm working a lot at home now creating new mouldings for ceramics and porcelain slip casts including making a Wakahuia, which is the Māori name for a container to store treasures.

**3. Learning together**

Working collaboratively and individually on various assignments and an elective for the wearable arts competition at the Puketeraki Marae at Karitane helped build my confidence, and gave me the opportunity to incorporate sustainability into my work. We used rubbish from the sea to create a sculpture featuring an imitation korowai (cloak), and won the section award. I found an open door policy at Otago Polytechnic in all disciplines and, as well, I was allowed to make use of any machinery and tools to create works of art.



BUILDING LEARNER CAPABILITY

The learning life cycle of:

# Lauren Redshaw

## Bachelor of Occupational Therapy (Honours)

After the degree, I got a summer scholarship via Arthritis New Zealand to do a small qualitative study on young adults with arthritis; I then went on to do Honours, with the help of the Todd Foundation Scholarship, which helped me secure my first job in Dunedin. I was later head-hunted for a mental health role, working as the primary Occupational Therapist on the Mental Health Unit in Invercargill where I coordinate and facilitate most of the ward programme. I am a champion for new initiatives emerging in acute mental health and have just completed a postgraduate certificate in the Allied Health New-Entry Specialist Programme. Mental health is my absolute passion and I hope to stay within the District Health Board for a long time and support people's recovery.

7. Future readiness

1. Learning journey begins

Prior to enrolling at Otago Polytechnic, I was working full-time in retail. When I decided it was Occupational Therapy I wanted to study at Otago Polytechnic, I had support from a family friend who is an occupational therapist to apply for the programme and got in! The first few weeks of the programme are hazy to me now, but I do remember there was a lot of orientation - to the Otago Polytechnic campus, to the Occupational Therapy degree, to the first year of our programme and to each other. There were a lot of 'team-building' activities and group work in our classes.

6. Creatively capable and work ready

2. Exciting experiential discoveries

In our third year, we had an entire course related to transitioning to the 'real world' where we spent time preparing for interviews, getting portfolios up to date, writing CVs and reflecting on our learning in becoming new graduate occupational therapists. I also had opportunities to network and get a 'foot in the door' through conferences and research connections.



The quote "doing, being, belonging, becoming" is something that has stayed with me since studying Occupational Therapy. Those words, for me, encompass what it means to be a human being and this is the backbone of my perspective on people, health, wellness, life and living. Now, in a clinical role, that perspective helps to guide the direction I can take with clients (in combination with other Occupational Therapy and health-related frameworks/theories), in regards to how we work together and what we work on.

5. Skilful and reflective communicators

3. Learning together

Over the three years, we spent a lot of time practising and mastering therapeutic communication techniques across a range of scenarios. This has been invaluable to the way that I engage with clients and colleagues in practice now. As for reflection, I am an incredibly reflective person anyway, but being given different and structured models to use in reflection on my practice has also helped me achieve the best outcomes for my practice and growth as a clinician.

4. Breaking new ground

I had a number of breakthroughs while studying and developed a lot of new skills including self-confidence, observation (of environments, people, activities), adaptive communication, academic writing, activity adaption, problem-solving, group work, networking, structured reflection, and appreciation of and understanding about the power of occupation in human lives (doing, being, becoming, belonging).

I worked with a variety of peers over the length of the programme; all of us from a range of backgrounds which was interesting, exciting and challenging. I was also given multiple opportunities to network with professionals and agencies via conferences, research and seminars, as well as on the fieldwork placements. I still have the majority of these networks accessible to me. I also made some quality friendships which I see continuing for a long time.





**BUILDING STAFF CAPABILITY**

The learning life cycle of:

# Tim Lynch

**Bachelor of Culinary Arts;  
Master of Design Enterprise**

I am now employed at Otago Polytechnic as a lecturer on the Bachelor of Culinary Arts programme and as well as teaching I am charged with the responsibility of creating corridors, relationships and avenues for students to create their own enterprises. I am excited to continue to investigate the blending of education, enterprise and product development. I think this is the way education of the future is going.

**7. Future readiness**

**1. Learning journey begins**

I began my career washing up in Dunedin cafés but progressed through the ranks by completing basic cookery courses. I then honed my craft in kitchens in England, France and Dunedin: including working in a “no-limit budget” dream job as a personal chef in the Alps. Then, after going through a divorce, I wanted to do something different that wouldn’t require me to sacrifice long hours, nights and weekends, so I decided to validate my existing knowledge through gaining a Bachelor of Culinary Arts through Capable NZ. After becoming degree-qualified in one year, I decided to pursue the Master of Design Enterprise.

**6. Creatively capable and work ready**

I now have the capability to move into three new fields of work: education, enterprise and consultancy within hospitality. These options give me greater autonomy, work-life balance, self-direction and better working hours. I have learnt how to be productively creative, meaning how to focus my creativity within a process for a useful end result and return on investment.

**2. Exciting experiential discoveries**

Once I started the Master of Design Enterprise, I had the personal discovery of realising that I didn’t have to be dependent on others for income. This led to me starting up my first business, The Boatshed Smokehouse, which helped fund my study and provide a platform for research and contextual data.



**5. Skilful and reflective communicators**

I learnt how to evolve with industry by keeping current and informed. The programme also showed me the value of reflection complemented by taking action. Rather than just navel-gazing we were encouraged to reflect on action and in that way kept moving forward and innovating.

**4. Breaking new ground**

Before embarking on the programme, I had no knowledge of principles of production. Through the programme I was introduced to the concepts of lean and agile business models. This knowledge allowed me to start my own business without investing any money, while making money from day one.

**3. Learning together**

The Master of Design Enterprise gave me the opportunity to do collaborative group work and presentations to class. I worked in a small group of people on one project involving creating a luggage solution. We had conversations via Skype, came up with ideas, evaluated them as a group and reported back to class. I also had the opportunity to collaborate with industry, including the CEO of Foodstuffs, sharing my knowledge and skills. I conducted research into user perceptions of Foodstuffs’ underperforming Pam’s brands and helping them to investigate the “traditional trade-off between innovation and market share”.



## Educational performance

### TEC PRIORITY 3 Boosting achievement of Māori and Pasifika

Our 2014 educational performance saw us maintain our place in the top quartile for the sector using the Tertiary Education Commission's (TEC) educational performance indicators. We were ranked second for qualification completions and third in sector for successful course completions.

Our 2015 education results indicate that we are sustaining our overall high course and qualification completion rates with the majority of targets exceeded. The increase of two per cent in the overall course completion rate is of particular note.

The course completion rate for each category increased when compared to 2014 with the most notable increases being for Pasifika 'Level 3 and above' with a 7.07 per cent increase, and for Pasifika 'Level 4 and above' with a 4.74 per cent increase. This reflects the extra resources targeted towards Pasifika learners in 2015 following on from the development of the Pasifika Strategic Framework.

Additionally, the course completion rates for Māori at 'Level 3 and above' and 'Level 4 and above' also increased. However, despite these increases we still were unable to meet the course completion rate targets for: Māori 'Level 4 and above', Pasifika 'Level 3 and above' and Pasifika 'Level 4 and above'.

Overall, there is a decrease in the Māori qualification completion rates when compared with 2014. However, 2014 Māori qualification completion rates were inflated by the Kai Tahu cohort completing Applied Management qualifications and the significant number of Māori completing Building Control qualifications.

Despite increases in the qualification completion rates for Pasifika, both 'Level 3 and above' and 'Level 4 and above' targets were not met for Pasifika learners at both 'Level 3 and above' and 'Level 4 and above'. These areas continue to remain a challenge for us.

The student progression rate, that is moving on from one qualification to another, at Levels 1-3 is affected by improved employment rates, however, the increase in the rates for Māori and for Pasifika when compared with 2014 reflects the various initiatives to support these learners.

The overall student retention rate is the same as 2014 with a one per cent decrease for Māori and a six per cent decrease for Pasifika.

Disappointingly, targets were not met for under-25-year-old participation at Levels 4 and above. Although this figure was in keeping with the previous two years, it was still 1.66 per cent less than the target of 60 per cent.

Moving forward, we aim to continue to prioritise boosting the achievement of Māori and Pasifika learners, and those under the age of 25.

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

### Student Achievement Component (SAC) funded students only; Provisional results

1. ACHIEVE PARTICIPATION RATES				
Māori %	2015	2014	2013	Target
Levels 3 and above*	13.67	14.42*	12.53*	11
Levels 4 and above	12.56	12.96	11.52	11
<b>Pasifika %</b>				
Levels 3 and above*	4.20	3.81*	3.75*	2.3
Levels 4 and above	3.76	3.35	3.44	2.5
<b>Under 25 %</b>				
Levels 3 and above*	62.92	64.42*	63.88*	60
Levels 4 and above	58.34	58.51	59.09	60

\*These figures include Level 1 and 2 activity which is excluded from 2015 result.

2. ACHIEVE SUCCESSFUL COURSE COMPLETION RATES				
Overall %	2015	2014	2013	Target
Levels 3 and above*	83.95	82*	82*	80
Levels 4 and above	84.55	84	83	80
<b>Māori %</b>				
Levels 3 and above*	77.65	76*	78*	75
Levels 4 and above	78.21	77	78	80
<b>Pasifika %</b>				
Levels 3 and above*	72.07	65*	69*	75
Levels 4 and above	72.74	68	67	80
<b>Under 25 %</b>				
Levels 3 and above*	83.52	82*	82*	80
Levels 4 and above	84.02	83	83	80

\*These figures include Level 1 and 2 activity which is excluded from 2015 result.



3. ACHIEVE QUALIFICATION COMPLETION RATES				
Overall %	2015	2014	2013	Target
Levels 3 and above*	79.43	79*	73*	70
Levels 4 and above	80.52	81	74	75
<b>Māori %</b>				
Levels 3 and above*	72.48	77*	65*	70
Levels 4 and above	73.57	79	66	65
<b>Pasifika %</b>				
Levels 3 and above*	58.55	51*	56*	70
Levels 4 and above	59.67	52	54	70
<b>Under 25 %</b>				
Levels 3 and above*	73.70	64*	65*	70
Levels 4 and above	74.26	65	65	75

\*These figures include Level 1 and 2 activity which is excluded from 2015 result.

4. ACHIEVE STUDENT RETENTION RATE				
Overall %	2015	2014	2013	Target
Levels 3 and above*	75.89	76*	73*	70
<b>Māori %</b>				
Levels 3 and above*	72.77	74*	67*	65
<b>Pasifika %</b>				
Levels 3 and above*	66.27	72*	72*	65

\*These figures include Level 1 and 2 activity which is excluded from 2015 result.

5. ACHIEVE STUDENT PROGRESSION RATE				
Overall %	2015	2014	2013	Target
Levels 1-3, to a higher level	34.58	39	47	50
<b>Māori %</b>				
Levels 1-3, to a higher level	41.67	33	55	45
<b>Pasifika %</b>				
Levels 1-3, to a higher level	40.00	33	60	45

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







## NZQA External Evaluation and Review

The New Zealand Qualifications Authority has again given Otago Polytechnic the highest possible endorsement in its 2015 External Evaluation and Review (EER), rating the institution as Highly Confident in educational performance and Highly Confident in capability in self-assessment.

This is the second time Otago Polytechnic has received the highest possible endorsement from NZQA. In the previous EER review in 2011, NZQA also gave Otago Polytechnic the same double highly confident ratings.

The EER report describes Otago Polytechnic having “a future-focused governance and management team ... making effective evidence-based decisions towards meeting the key goal of ‘achieving educational excellence’”.

“At all levels of the organisation there is a focus on improvement and innovation ... This ongoing focus on educational excellence, informed by robust data, results in an organisation with effective teaching and learning, strong industry links, consistently strong educational performance indicators and good evidence of valued outcomes for graduates” (Report of external evaluation and review Otago Polytechnic, New Zealand Qualifications Authority, 16 December 2015, p.7).

The EER was conducted over two weeks across Otago Polytechnic’s Auckland International Campus and the Dunedin and Cromwell campuses and covered 11 focus areas. Two of these focus areas, sustainability and international student support, were evaluated across the Polytechnic’s campuses and activities. Six focus areas were educational programmes representative of the Polytechnic’s programme portfolio and three were the mandatory focus areas of governance, management and strategy and Māori and Pasifika achievement.

The report highlighted Otago Polytechnic’s formal relationships with iwi, research, and community engagement and activity as well as its strong industry engagement: “Effective connections are maintained at all levels of the organisation. These relationships seek to ensure that needs are matched and graduates meet industry expectations.”

The report also cited graduate surveys which found 91 per cent of graduates in the most recent survey said they would recommend their Otago Polytechnic programme to others.

As we identified in our own self-assessment, there are still areas we need to work on especially around Māori and Pasifika learner success.

## Student satisfaction and engagement (Increasing survey/response rates)

### Increasing student survey engagement

Otago Polytechnic has employed various strategies to make surveys more student-centred in order to increase engagement rates.

Research conducted into how to effectively gather feedback from students has found that using email as a single communication strategy is not effective. Email is not the preferred way for the Gen-Y demographic to communicate.

To get feedback from students Otago Polytechnic has since changed its approach by decreasing the number of questions asked, and using multiple platforms for students to provide feedback including pop-up reminders and apps. The Polytechnic has also worked with teaching staff who have direct contact with students to talk to students about the value of the feedback and how it will be used to improve teaching and learning. This strategy has proven to be effective at boosting response rates.

The response rate we currently achieve exceeds the minimum requirement to be representative of the total population.

Stuart Terry, an organisational researcher at Otago Polytechnic, presented the Polytechnic’s findings on how to engage the student voice in 2015 at the Australasian Association of Institutional Research Forum conference. Out of the 40 presentations that were delivered at the conference, Stuart's won the “best session” award from conference attendees, and garnered interest from larger Australian institutions on replicating our approach in their contexts.

### Satisfaction with Otago Polytechnic

#### (B) Student satisfaction

Achieve student satisfaction rates – all learners:

	2015	2014	2013	Target
Overall	93	94	93	90
With services	94	94	93	90
With teaching	91	92	91	90
With programmes	91	91	91	90
With learning environment	96	97	96	90

#### (C) Graduate satisfaction

Implement new graduate satisfaction survey, with a focus on work readiness

	<b>2015</b> Achieved	<b>2014</b> Achieved	<b>2013</b> Achieved
--	-------------------------	-------------------------	-------------------------



## Graduate destinations

### TEC PRIORITY 1 Delivering skills to industry

	2015*	2014	2013
Graduates are satisfied with the quality of the programme they undertook	94% (target 90%)	92%	93%
Graduates are either working and/or studying	98%	97%	94%
Māori graduates are working and/or studying	100%	98%	96%
Pasifika graduates are working and/or studying	100%	100%	100%
Graduates are working and/or self-employed	83% (target 70%)	81%	73%
Graduates state their qualification helped in their search for work	–	–	81%
Graduates are working in an area relevant to their qualifications	85%	91%	85%
Graduates are in full-time work	68%	63%	65%
Graduates whose post-graduation job is their first full-time job	34%	31%	NA

\*Results refer to the 2015 Graduate Destination Survey of graduates from the class of 2014.

The Graduate Destination Survey was distributed in July 2015, about eight months after students completed their 2014 qualifications. It explored both graduates' satisfaction with their experiences at Otago Polytechnic, and their perceptions of how well the qualifications prepared them for their careers. The survey reports on their activities as at 1 June 2015.

Results show that 83 per cent of graduates were either working or self-employed. The median gross salary for all graduates was \$42,000, up from \$40,000 in 2014. Graduates with a diploma had the highest median salary at \$64,250 compared to \$46,900 in 2014.

Female graduates earned \$8440 less than males on average, with the biggest pay gap existing between genders at diploma level. However, females earned more than males at postgraduate level. Most postgraduate students came from programmes in Occupational Therapy and Midwifery, which have a higher proportion of females than males. The 2014 report identified similar findings.

In terms of work and study, 75 per cent of graduates were working while studying (up five per cent from 2014) and 35 per cent of those graduates were working full-time. 83 per cent of graduates were either working or self-employed and for 34 per cent of students this was their first full-time job (up three per cent on last year's figures). Graduates seeking work reported finding their job by using online advertisements, networking with friends and family and approaching employers directly. 100 per cent of all Māori or Pasifika graduates were either working or studying post-graduation.

Just under half the graduates (47 per cent, compared to 54 per cent in 2014) were employed in Otago, 12 per cent were working in Canterbury and nine per cent working in Auckland.

Finally, only two per cent of graduates were not in either employment or studying, compared to three per cent in 2014. This percentage is well below the unemployment rate for the region and country.

## Further study intentions of graduates

Results show 26 per cent of graduates were studying or had enrolled in further study at the time of this survey, with an additional nine per cent intending to study in either 2015 or 2016. Forty per cent of graduates were undecided about pursuing further study at the time of completing survey. Pasifika graduates were more likely than other graduates to be enrolled for further study. This is consistent with 2014 findings.

Of those students who had enrolled in study, 72 per cent were studying with an Institute of Technology or Polytechnic, compared with 22 per cent studying at a University. The vast majority of those undertaking further study were studying at Otago Polytechnic. This is the same as the 2014 findings.



GRADUATE OUTCOME SURVEY								
	Employed earning wages or a salary		Self-employed		Not working or self-employed		TOTAL	
	n	%	n	%	n	%	n	%
Do not intend to do more study	119	21%	11	2%	11	2%	141	25%
Currently studying full-time or part-time	78	13%	4	1%	50	9%	132	23%
Currently enrolled to commence study	13	2%	0	0%	5	1%	18	3%
Intend to enrol in 2014 or 2015	36	6%	6	1%	12	2%	54	9%
Undecided at this stage	187	32%	24	4%	22	4%	233	40%
<b>TOTAL</b>	<b>433</b>	<b>74%</b>	<b>45</b>	<b>8%</b>	<b>100</b>	<b>18%</b>	<b>578</b>	<b>100%</b>

## Designing for Learner Success (D4LS) initiative

Designing for Learner Success is an organisation-wide initiative that aims to improve overall success and satisfaction rates for our learners, better integrate development of learner capability within programmes and make programme delivery more sustainable long term.

The three-four year initiative commenced in 2015. It provides centralised leadership, support and resourcing to implement our Learning and Teaching Strategic framework.

A cross-organisational team combining staff members from Staff Capability, OP Online, Learning and Teaching and Quality Enhancement are leading teaching staff through a process to progressively redesign, develop, implement and evaluate current certificates, diplomas and degrees and also to design new degree programmes. While addressing the requirements of NZQA's targeted review of qualifications, the initiative also embeds Otago Polytechnic curriculum values and a blended delivery model into programme redesign for each qualification.

In 2015 processes, teams and templates were developed in preparation for this process, and seven programme redevelopments were completed ready for delivery in semester one of 2016.

Plans are now in place to significantly upscale the project, including designing different pathways to meet the needs of different programme teams and provision of a number of opportunities for staff to build their capabilities in key skills for curriculum design and delivery as required. We are targeting 40 programmes to be redeveloped with D4LS support in 2016 and work on these programmes is already underway.

## Student Success

**TEC PRIORITY 2**  
Getting at-risk young people into a career

**TEC PRIORITY 3**  
Boosting achievement of Māori and Pasifika

**TEC PRIORITY 4**  
Boosting adult literacy and numeracy

### Student contacts

In 2015, the Student Success team provided students with 6,437 contact hours of support, a significant increase on the previous year, with an increase of contact hours across all areas. It was pleasing to note the significant increase in Pasifika contacts, given the extra resourcing which was targeted towards Pasifika students in 2015.

Student contacts (hrs)	2015	2014	2013
Careers	956	485	441
Māori/Kaitautoko	1,742	1,114	832
Pasifika	1,634	586	587
International	896	782	344
Disabilities	587	150	*
Learning Advisors	1,522	1,390	1,319

\*Not previously measured





### Learning support

Our Learning Advisors provided a range of academic support, group tutorials and special tutorials in 2015. The total number of contact hours increased slightly from 2014 (and 2013) although the number of international students accessing academic support dropped slightly from 2014. The number of Māori students accessing support increased slightly from 2014.

While most students chose to access support *kanohi ki te kanohi* (face-to-face) during regular opening hours Monday-Friday, Learning Advisors also provided a range of other options for students. This included evening appointments, online support, small groups, in-class sessions and pre-programme study skills workshops. Support was offered to Aoraki Polytechnic students, including a regular weekly drop-in session at their campus; however, there was low uptake (14 students).

### Career guidance

Our Career Success team facilitated 76 School-specific employability workshops throughout the year which covered topics including career decision-making, CV and cover letter development and interview skills.

Eight career events were held during the Otago Careers Festival that targeted a range of age groups, gender and career issues.

Career guides worked alongside secondary schools and external stakeholders to provide support with Tertiary Open Day, Otago Schools Expo, Sexy Summer Jobs, Be Your Own Boss Expo, the Dunedin-Clutha Job Fair and the Transition Expo.

The Career Success Team also piloted a career development portfolio initiative with certificate students at Levels 2 and 3 across Otago Polytechnic to develop work-readiness. Some Level 4 students also had access to this.

In addition, another pilot career development programme working alongside the Ministry of Social Development took place, targeted at ex-graduates on the Jobseeker Benefit looking for work and led to 90 per cent of participants either gaining employment or making a commitment to further study in 2016. The Career Success team has since been approved to run two more programmes for the first semester of 2016.

### Māori and Pasifika students

In 2015 we noted a significant increase in the number of student visits to Poho (our Māori student common room) with 630 visits for breakfast and lunch recorded in the second semester.

Provision of more proactive support services including the appointment mid-year of a new Kaiarahi, contributed toward a significant increase in the number of Māori students accessing our services - from 170 students in 2014 to 513 students in 2015.

Pasifika student contacts increased by nearly 300 per cent from 2014, due in part to an increase in the FTE of the Pasifika Advisor, whose role grew from 0.4 in 2014 to 0.8 in 2015.

A staff development session on understanding the needs of Pasifika students was offered and was well attended in 2015. All first year and certificate level Pasifika students had individual learning support plans in place between the student, Pasifika support and programme staff.

Our Pasifika Room was also well utilised throughout the year, and a total of 27 Pasifika group activities were held during the year.

### Disability support

The number of contacts for the Disability support service over 2015 was 587. Of these people, 121 were active, regular users of the service, with some having had more than 30 contacts each. A significant number of students (30 per cent of total active users of this service) were identified as needing support with dyslexia. In addition, staff development workshops were run on dyslexia and an ongoing support group is now in place.

Disability Advisor, Barbara Fogarty, also presented a paper on working with students with dyslexia at an international conference in January 2016.

Additionally, a high number of students with mental health issues utilised the service and these people often required ongoing support as their issues were complex. Several students had dual diagnoses e.g. intellectual disability and mental health issues.

### Counselling

Our counsellors held 932 hours of appointments in 2015, a small decrease from the previous year when they provided 951. These 932 hours were comprised of sessions for 301 individual students.

Counsellors also worked within Schools to provide workshops on safe relationships and study skills. A monthly supervision group was also provided for the Foundation Studies staff. We also identified the schools who were high users of the service and worked with them to understand the more common presenting issues. This enabled us to deliver a pro-active targeted group programme to the students, to complement the one-on-one service. We look forward to this continuing in 2016.



## Research and Enterprise

### TEC PRIORITY 5 Strengthening research-based organisations

#### Summary

2015 was a productive year for Research and Enterprise activity as we sought to extend our influence into our local communities, support our learners in degree programmes with research-informed content, and earn income from commercial enterprise, research grants and the Government's Performance Based Research Fund (PBRF).

Academic staff continued to develop their research capability and collaborate and engage in knowledge transfer with our local communities. Otago Polytechnic also continued to support commercial companies with design research and development via workSpace, our in-house product development and prototyping facility, which created solutions to problems for a number of local businesses.

In 2015, user-centred design work was conducted through workSpace for a number of commercial and public organisations including Landcare Research, Oritain Global Limited and the Dunedin City Council.

Facilitating student research is also a cornerstone of our teaching and many of the projects undertaken for assessment respond to local business and community's needs.

#### Research Outputs

Performance Indicator(s)	2015	2014	2013
Number of research active staff	160	161	124
Total number of QA outputs	355	355	287
Total number of master's degree completions	17	19	24
PBRF eligible External Research Income	\$892k	\$1,052,726	\$1,245,926

## Research Outputs

Our key performance indicators illustrate that Otago Polytechnic is developing its capability and capacity in research and enterprise.

The statistics above show a continuation of research active staff and research outputs.

Many researchers report that they are preparing for the Performance Based Research (PBRF) Quality Evaluation in 2018 and are focusing on developing higher quality-assured outputs which will be published before 2018.

#### Research income

Research income comes from a number of sources, directly from industry clients to solve problems, from research grants to undertake specific projects and annual funding from the Tertiary Education Commission's PBRF funding mechanism.

We prioritise research and enterprise that impacts on our communities which in turn is reflected in the growth in enterprise work undertaken for industry clients. The income provided by the workSpace studios continues to be the main source of external research income at 92 per cent.

The other main source of income for research comes from the Tertiary Education Commission's Performance Based Research Fund (PBRF). Annual funding is calculated from a six-yearly evaluation of the quality of our active researchers (last evaluated in 2012) and annual returns of external research income and research degree completions. This continued to provide a strong annual income of \$1,146,500 in 2015 compared with \$1,141,870 in 2014.

## Impacts of Research & Enterprise

Otago Polytechnic's strategic vision is to extend our influence into the community with research and enterprise activity that has an impact socially, culturally, environmentally and economically. In previous years we have reported on commercial projects, this year we focused on two cultural projects that have contributed to our community including two exhibitions held at Otago Museum. The first was an art and light exhibition held at Otago Museum's H. D. Skinner Annex in August 2015 which came about as a response to Unesco's International Year of Light and Light-based Technologies "to promote sustainable development and provide solutions to global challenges in energy, education, agriculture and health". The second was an exhibition titled "Who Cared? Otago Nurses in WWI" based on the historical novel *Lives We Leave Behind* by Dunedin author Dr Maxine Alterio, following three nurses serving in France as they cared for wounded soldiers.



### Māori research (staff)

The number of research-active Māori staff dropped slightly from 2014, but is generally in line with the proportion of Māori in the Otago region. At the end of 2015, we developed a Māori Research Plan which is expected to impact on the number of active researchers in the future.

The work of individual researchers continues to contribute to the growth of Māori knowledge at Otago Polytechnic. The retirement of our inaugural Māori Professor, Khyla Russell at the end of 2015 must be acknowledged. Her contribution to the creation of Māori knowledge is significant, particularly in the area of human ethics from a Māori perspective. In 2015 she continued this work through her membership of Te Mata Ira, a research group funded by the Health Research Council to develop cultural guidelines for bio-banking and genomic research with Māori.

Other achievements included the release of the 3rd issue of Scope, *Contemporary Research Issues - Kaupapa Kai Tahu*. Published by Otago Polytechnic this peer-reviewed journal offers a platform for Kai Tahu-orientated research and features researchers from a number of institutions.

	2015	2014	2013
Research-active Māori researchers	9	12	16
Research outputs by Māori researchers	15	21	24
Research outputs on Māori topics by Pākehā researchers	5	3	6

### Research degrees completed

	Outcome 2015	2014	2013
The number of Research Degrees completed meets target of 30 for 2015-2017	17	19	24
The amount of external research income earned (\$000) meets target**	\$892,111 Not achieved	N/A	N/A
<i>Target</i> 2015 - \$1,500 2016 - \$1,650 2017 - \$1,800			

\*\* Not reported on previously

### Delivering skills to industry

#### TEC PRIORITY 1 Delivering skills to industry

In response to the continued demand for engineering technicians throughout New Zealand and the world, the Polytechnic introduced a new pre-engineering option for those interested in a career in the field of engineering in 2014. This open entry Certificate in Foundation Studies (Level 3) focuses on engineering skills, in addition to core writing, numeracy, personal development and computing knowledge, all of which are taught within an engineering context and overseen by people with a professional engineering background. The programme is well pitched to cater to people who may have been out of school for a couple of years and are re-entering an academic environment. Successful completion of the Certificate ensures direct entry into our New Zealand Diploma in Engineering.

So far four cohorts have been through the Certificate (two each year), with most graduates staircasing to the New Zealand Diploma in Engineering programme.

Another programme delivering skills to industry was the introduction of the Diploma in Enrolled Nursing (Level 5), which was conceived as a response to the Southern District Health Board expressing its intention to increase the size of its team of enrolled nurses. The first cohort, a total of 17 students, started the 18-month programme in semester two of 2015 and are now in their second semester of study with 14 students continuing to make good progress.

Our Capable Training programme delivered training to specific enterprises, tailored to meet their needs.

#### Professional symposia advance students' learning

Two academic symposia were held at Otago Polytechnic in 2015: a Tourism Symposium with a focus on sustainability; and a High Performance Sports Culture Symposium held at the Sargood Centre.

The tourism symposium was held in June, and Co-Leader of the Green Party, Metiria Turei, was the keynote speaker, supported by presentations from Chris Baillie from Orokonui Ecosanctuary and Kylie Ruwhiu-Karawana from Cadbury. The event gave students real-life event experience in a global industry, allowing them to collaborate with staff and industry, and gain new knowledge such as alignment between cultural sustainability and commercial sustainability.



Otago Polytechnic's Institute of Sports and Adventure held a symposium focusing on the current culture in high performance sport, drawing upon the focus in the newly implemented Graduate Diploma in Performance and Movement Analysis. The keynote speaker was Professor Ken Hodge from Otago University School of Physical Education, Sport and Exercise Sciences.

## Pathways to higher learning

### TEC PRIORITY 2 Getting at-risk young people into a career

Providing opportunities for at-risk youth and second-chance learners is a continued priority for Otago Polytechnic, and we offer a range of pathways from unemployment and inactivity into tertiary education that has the potential to ensure improved employment outcomes.

#### Farmhand

The Altitude programme (a partnership between Otago Polytechnic, the Malcam Charitable Trust and 4Trades) was disestablished in 2015, and a new initiative called Farmhand, delivered in partnership between Otago Polytechnic and the Malcam Charitable Trust, was established.

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. A successful pilot ran in 2014 with seven youth and following this, it was decided to offer Farmhand in 2015 and 2016.

Youth participating in the programme were also enrolled in the Certificate in Foundation Studies at Otago Polytechnic enabling them to improve their skills in reading, writing and maths as well as graduate with a tertiary qualification.

	2015	2014
Number of enrolled students	9	7
Results: Pass	5	3
Fail	0	0
Did not complete	4	4
Destinations: Further study	1	2
Employment/ Apprenticeship	3	1
Unknown/Other	5	4

Nine students started the 2015 Farmhand with five students graduating with the Certificate in Foundation Studies (Level 3). Two students who graduated from the programme have obtained full-time work doing grounds and maintenance work at the Dunedin Botanic Garden under a contract between the Malcam Trust and the Dunedin City Council.

#### Otago Secondary-Tertiary College

In 2015, the Central Lakes Trades Academy and Dunedin Trades Academy were jointly rebranded as Otago Secondary-Tertiary College, shifting the emphasis away from trades to a wider vocational focus. This is in line with current national educational policy which is using vocational pathways to provide clear study options that are valued by employers and show students what employers expect to see in their learning.

There were 90 TEC funded places offered in 2015. Sixty of these were in Central Otago and 30 in Dunedin. In addition, our partner secondary schools funded another 10 places. Following the success of the Dunedin programmes in 2015, an additional 20 places have been granted for 2016.

		2015	2014*	2013*
Number of enrolled students	Central Dunedin	67 29	62	51
Results: Successful completion	Central Dunedin	56 27	42	47
Did not complete	Central Dunedin	11 2	20	4
Destinations: Further study	Central Dunedin	13 13	31	26
Employment/ Apprenticeship	Central Dunedin	26 3	26	18
Returned to school**	Central Dunedin	23 11		
Unknown/ Other	Central Dunedin	5 2	4	7

\*Figures for 2014 and 2013 are for Central Otago only  
\*\*Not reported on previously




**PROFILE : HOSPITALITY ACCOLADES; IMPROVING USER EXPERIENCE**


*Photo Credit: Nestle New Zealand*

## A recipe for success

**Following on from the success of winning the Supreme Cookery Award in the prestigious National Toque d'Or competition last year, Central Otago's culinary team this year won the Innovation Award, as well as two silver medals for the kitchen and front-of-house sections.**

The Nestle Toque d'Or award challenges students to "think outside the square" in their use of Nestle Professionals sponsored products within their menu.

The team consisting of Marina Valls Alvarez, Vanessa Quin and Jamielee Stewart won a prize of a new \$10,000 Moffat oven full of cookery books, which has already "been put to good use in our kitchen", says Jo Brun, Hospitality Programme Manager at the Central Otago campus.

Central Otago's cookery students also excelled at the Southern Lights Salon Culinere cooking competitions held at the Southern Institute of Technology in Invercargill in May. Students won medals in every class they entered.

Jo Brun says that these successes have been in addition to the increased number of international students studying cookery coming from Brazil, South Africa, Korea, India and China, which has "added to the cultural diversity and appreciation of food and cookery methods".

## Online hub creates one-stop-shop for students

**The issue of sending students to multiple locations to find information online – and requiring them to remember multiple user names and passwords – has now been resolved with the launch of Otago Polytechnic's online student hub.**

An extension of the main corporate website, the student hub provides personalised home pages for each student, where they can update their personal information, access their emails, timetables and online course information, and receive messages targeted to them.

Marketing and Communications Manager Nicola Mutch, who oversaw the project along with a team of stakeholders, says the development finally means the Polytechnic has solutions for many of its communications challenges.

"We wanted to share information with students, from letting them know the results from surveys and feedback through to the fact that the Polytechnic might be closed due to snow. There was really no central location we could be sure students would be accessing to put these messages in front of them.

"Achieving the zenith of "single sign-on" to email, moodle and the student management system, meant that we could integrate our systems and vastly improve the user experience of our students. We worked with students throughout the development, and the feedback we've had so far has been extremely positive. They seem to love it."





PROFILE : CREATIVE SUCCESS; TECHNOLOGY AND INNOVATION



## Art awards galore

**Dunedin School of Art graduates received a variety of accolades this year, both nationally and internationally. Some examples are:**

2013 Bachelor of Visual Arts graduate Holly Zandbergen won the Best Young Artist Award at the UK's prestigious National Open Art Awards held at the Royal College of Art in London. Holly's work "Emergence" won first prize in the under 23 division, netting her prize money of £5000.

Dunedin jeweller, Chelsea Johnson, another graduate of the Bachelor of Visual Arts degree, was selected to exhibit her works at Talente, part of the International Trade Fair for the Skilled Trades at Gallery Handwerk, in Munich.

Zoe Fox, who studied textiles and jewellery design at the Dunedin School of Art in the 1990s, landed a spot in the World of Wearable Arts Awards finals in Wellington for her children's design "Me and Moby" for the category "Imaginary Friends".

## IT students win Spirit of GovHack award

**An Otago Polytechnic Information Technology student innovation team won the nationwide Spirit of GovHack award 2015, for developing a website prototype which aims to make legislative data easier for the public to access.**

GovHack is a 46-hour government data competition which was held over one weekend in centres around New Zealand and Australia.

The team consisting of Chris Burgess, Vincent Rijlaarsdam and Beau Murrah shared in a \$2000 cash prize, and attended an awards ceremony in Sydney which allowed them to showcase the platform to the Australian teams. Already the team's innovation has drawn interest from several commercial groups around New Zealand.

Chris Burgess said the win was "super exciting but really unexpected".

Co-organiser of the Dunedin GovHack competition, Phil Wheeler, said "it was a fantastic result considering this is the first year GovHack has been run in New Zealand and the Otago Polytechnic team were the only representatives from the entire South Island."





PROFILE : COMPETITIVE EDGE; COLLABORATION CREATES REAL-WORLD SOLUTIONS; TEACHING EXCELLENCE



## Climbing to new heights

Three Otago Polytechnic arboriculture students - Julian Kirby, Chelsea Robertson and Aurora Passchier - qualified to compete in the National Tree Climbing Competition in Nelson in October 2015 after impressive finishes in the South Island regional tree climbing competition.

The national competition involved five events, all with time limits and points to score including for speed climb, foot lock, work climb, throwline and aerial rescue.

"In the three years I've been teaching at Otago Polytechnic we've never had three students qualify for the nationals before, and we've also never had three women on the course before, it's a record," says Arboriculture Lecturer Ben Fentiman.

## Illuminating the Skies

Project Helios grew from a meeting of minds and ideas between Dr Ian Griffin, Director of the Otago Museum, and Otago Polytechnic students Vaughn Malkin and Chris Campbell.

While completing the capstone project for their final year of the Bachelor in Information Technology (BIT) Vaughn and Chris developed a system to provide the people of Dunedin (and the world) real-time, local geomagnetic data and an early warning for when the Aurora Australis is visible. Using two magnetometers which both talk to on-site hardware, custom software collects and processes the data which the website then displays in real-time.



## Teaching triumph

Principal Lecturer at the Dunedin School of Art, Clive Humphreys, was presented with an Ako Aotearoa Sustained Excellence in Tertiary Teaching Award in August.

Established in 2001, the prestigious national Awards recognise the nation's most outstanding teachers, with a key focus on rewarding teaching practices that are student-focused and committed to promoting effective learning.

Clive, who has taught at Otago Polytechnic since 1987, was one of 12 educators to be honoured and took home \$20,000 in recognition of his achievement.

"I felt honoured to receive this award," says Mr Humphreys. "It recognises the effective learning culture at the Dunedin School of Art, and the potential for art education to respond to the needs of modern-day learners. It was a privilege to be part of it."

Clive's win comes on the back of 14 other Ako awards presented to Otago Polytechnic lecturers since 2007.







PROFILE : EXPERIENTIAL EDUCATION; EMPOWERING RESOURCEFUL LEARNERS



## Fashion Design Industry partnership with Glassons

**School of Design students got a taste of the realities of the fashion industry this year through a collaboration with Australasian brand Glassons.**

Third-year students had the opportunity to have their work launched through the label, with Glassons representatives collaborating with students and offering advice and critiques, including on how to commercialise their designs.

Glassons marketing director Anna Murray said the collaboration was an opportunity to work directly with staff and students.

“Otago Polytechnic has been a leader for many years in putting a true face to New Zealand fashion and supporting a truly New Zealand voice and style.”

Students Sophie Ball and Kenya Quin were two of the lucky students who benefitted from the collaboration. Kenya earned a one-month internship with Glassons for her collection “Distressed Perception”, which explored the ideas of mental illness within the fashion industry. Sophie Ball’s cartoon-inspired collection “IYamWhat!Yam” gave her the chance to take over Glassons’ 10,000-follower Snapchat account: “I got to introduce myself, my designs, what I’m about.”

## Learner Capability Project

INNOVATION

**As an institution, we are committed to ensuring that our graduates are capable and work ready – that is, personally effective, future-focused and able to practise sustainably.**

In 2014, our draft Capability Framework set out the characteristics and key behavioural indicators that could be used by staff and students to assess learner capability to guide the development of learning activities that build strengths in these areas.

In 2015, the framework, including an online self-assessment tool enabling learners to measure and track their progress and gather a portfolio of evidence of their level of capability, was piloted across seven programmes. Feedback was garnered from students, employers and teaching staff, and as a result of this process some amendments have been made to the framework.

Further pilots are planned for 2016, including a larger project to gain the perspectives of employers so that the framework can be responsive, adaptive and individualised for each qualification. We want to establish employers’ views of the most desired graduate characteristics for each qualification.

In 2016, Otago Polytechnic will work with some of our Schools in order to integrate capability assessment processes across programmes. We aim to finalise the framework and associated processes by the end of 2016 for full implementation in 2017. The learner capability project is closely associated with the Designing for Learner Success initiative.





# Being a resilient organisation

## Kia manahau te whakanōhaka

**This goal means:** we are future-focused and highly adaptable; our operational processes are sustainable; our organisation and management is world class; we invest in appropriate innovation and development; we make a consistent annual operating surplus to fund future investment; we have an outstanding work environment; we collaborate effectively to achieve our objectives.

### Highlights

- We responded to all Priority 1 actions from the 2014 Work Environment Survey
- Commencement of Designing for Service Excellence project to ensure future-focused, cost effective and customer-centric service delivery.
- Further development of Self-Leading Teams including consulting on and piloting team-based individual performance reviews, and introducing a team reward system
- Commenced a two year Complete Health and Safety Risk Assessment and Mitigation programme
- Implemented innovation support systems including development of an innovation guide for staff in partnership with the Southern District Health Board, piloting the use of challenges to encourage idea generation
- Established a new “fee for service” training team.

### Pathway to excellence FOR 2016

- Improve internal service effectiveness through the Designing for Service Excellence process
- Respond effectively to all Priority 1 actions from 2015 Work Environment Survey
- Further develop Self-Leading Teams
- Implement staff health and well-being strategy
- Complete the Health and Safety Risk Assessment and Mitigation programme
- Implement monthly reporting on innovation processes
- Continue to grow industry and community connections
- Further increase “fee for service” and applied research revenue
- Grow Auckland International Campus to at least 400 EFTS.

### Aspirations

- Consistently achieve budget surplus
- Diversify revenue base by growing profitable open learning, fee-for-service, knowledge transfer and international revenues
- Restructure the academic year to provide quality time for development activities
- Improve institute-wide processes to contain and reduce operating costs while continuing to improve the learner experience
- Implement Otago Polytechnic Education Foundation Trust strategy to raise funds for development
- Continue to strengthen Central Otago campus as a semi-autonomous institution
- Implement next stage of Campus Development Plan.



## BEING A RESILIENT ORGANISATION



### Financial Sustainability

Monthly reporting of all financial metrics which contribute to the TEC risk analysis



**Target:** Budgeted surplus \$3,654k for 2015 is achieved

2015	2014	2013
Not achieved: \$3,051k	Not achieved: \$2,752k	Not achieved: \$2,064k



**Target:** Low risk status is achieved for 2015

2015	2014	2013
Achieved	Achieved	Achieved

Otago Polytechnic achieved a sound financial result within the context of a challenging tertiary background of increasing competition for a shrinking learner catchment. Our EFT enrolments grew slightly on the prior year by 1.5 per cent although this was behind our budgeted increase.

Our net operating surplus of \$3.05m was short of our goal of \$3.65m and aided by a one off revenue increase of \$796k due to new accounting rules under the PBE regime. Although student numbers were up slightly on 2014, student fee revenue did not achieve budget targets in both domestic and international sectors. This was partly compensated for by other income which exceeded expectations. Expenses overall were marginally favourable to budget, primarily within operating expenses.

Capital expenditure at \$15.8m was higher than budget by \$3.2m reflecting the purchase of land for a student residential facility earlier than anticipated.

Our financial sustainability remains resilient, and we are confident of future surpluses which will provide sufficient returns for long-term investment. Cash flow is strong going forward.

For 2015 we continued to focus on our metrics, both financial and non-financial, and used these to help drive further improvements.

### Objectives

- > The volume and mix of provision per Investment Plan and budget is achieved
- > Budgeted surplus is achieved
- > Reduced dependence on TEC EFTS funding
- > Collaborative relationships benefit us financially as well as strategically and educationally
- > Performance excellence framework is embedded
- > To have a culture of innovation and continuous improvement
- > Strategic assets are managed and planned for
- > Our supply chain is managed more sustainably
- > Building project decisions are based on "whole of life" criteria and future flexibility is a major consideration.

# Financial Performance Summary

	Actual 2015	Budget 2015	Actual 2014
Net Surplus / (Deficit) (000s)	\$3,051	\$3,654	\$2,752*
Proportion of Government Grants to Total Income (%)	50.5 %	49.4%	52.0%*
Total Cost per EFTS (excluding redundancies)	\$15,810	\$15,241	\$15,430
Total Cost per EFTS (including redundancies)	\$15,882	\$15,290	\$15,502
Average Government Grant per EFTS	\$8,361	\$7,939	\$8,382*
Debt (as a percentage of Total Assets)	0.0%	0.0%	0.0%
Debt per EFTS	\$0	\$0	\$0
Working Capital Ratio	0.5	0.4	0.9*
Student Staff Ratio	18.8	18.9	18.3
Total Assets (000s)	\$116,513	\$107,563	\$109,233*
EFTS	4,333	4,561	4,269
Academic FTE	229.9	240.8	233.9
Total FTE	504.0	497.5	504.1

## SSP - Financial Sustainability

(measures improve over prior year)

✓	Surplus as % of income <b>Actual 2015</b> 4.3% <b>Actual 2014</b> 4.0%*	✓	Teaching costs : Teaching revenue <b>Actual 2015</b> 54.4% <b>Actual 2014</b> 55.1%*
—	Working capital <b>Actual 2015</b> 50.8% <b>Actual 2014</b> 87.1%*	—	Research costs : Research revenue <b>Actual 2015</b> 103.4% <b>Actual 2014</b> 86.1%*
✓	Debt equity ratio <b>Actual 2015</b> 0.0% <b>Actual 2014</b> 0.0%	✓	Total revenue : Total FTEs <b>Actual 2015</b> \$142,597 <b>Actual 2014</b> \$136,730*
—	Cash in/Cash out <b>Actual 2015</b> 115.1% <b>Actual 2014</b> 118.1%	✓	Teaching revenue : Teaching FTEs <b>Actual 2015</b> \$209,089 <b>Actual 2014</b> \$198,534
✓	Total costs : Total revenue <b>Actual 2015</b> 95.8% <b>Actual 2014</b> 96.0%*	—	Research revenue : Research FTEs <b>Actual 2015</b> \$93,664 <b>Actual 2014</b> \$100,254*
✓	Personnel costs : Total revenue <b>Actual 2015</b> 56.6% <b>Actual 2014</b> 58.1%*		

\*Note: 2014 comparatives have been adjusted to account for PBE accounting changes as detailed in the notes to the financial statement, number 2 (a) and 22.



## Internationalisation

### TEC PRIORITY 6 Growing international linkages

Otago Polytechnic is committed to advancing its international presence.

Internationalisation is a key tool for diversifying our campuses, increasing research collaborations and developing overseas partnerships. Engagement with overseas institutions will assist us to develop our knowledge and skills, and to showcase our unique brand of learning. Our connectedness will allow opportunities for exchange of ideas and expertise, and will present our students and staff with opportunities to learn and become culturally competent.

We aspire to have an organisational culture that produces graduates who feel at home in and can work effectively in other cultures, and are fully committed to addressing the needs of our international community.

As part of the above goals and aspirations we have made the following advancements in 2015:

### International community expands

INTERNATIONAL STUDENT NUMBERS BY EFTS			
Campus	2015	2014	2013
Dunedin	196	219	217
Central	31	14	13
Auckland International Campus	376	270	146
<b>Total</b>	<b>603</b>	<b>503</b>	<b>376</b>

Otago Polytechnic has continued to experience strong growth in the numbers of international students, with an increase of 20 per cent from 2014 to a total of 603 EFTS. This is largely the result of growth at our Auckland International Campus, which started in 2012, securing an additional 106 EFTS in 2015, bringing its total to 376 EFTS.

Our 2015 international community was made up of students from 48 different countries.

### MoU with Nanjing Institute of Technology

A delegation from Nanjing Institute of Technology (NJIT) in China visited Otago Polytechnic in May to sign a Memorandum of Understanding for future cooperation in Engineering, Design, Art and other joint projects.

As a result of this relationship, a student and staff engineering project exchange has been planned for early 2016. This will involve staff and students from NJIT undertaking an engineering project in Dunedin, and Otago Polytechnic staff and students participating in a similar programme at NJIT later in the year.

### Bespoke learning programme for Thai health personnel

A large cohort of Thai health professionals from Praboromarajchanok Institute (PBRI) for Health Workforce Development undertook a six week professional development programme delivered by Otago Polytechnic and the University of Otago Foundation Studies.

A total of 30 health professionals including public health managers, senior public health nurses and teachers participated in the programme. The training programme focused on healthcare leadership and management, and was an outcome of the Study Dunedin delegation which visited Thailand in late 2014.

### Hosting our international partners

At our Dunedin Campus, we hosted ten international delegations in 2015 comprised of journalists, education industry officials and official tertiary institutions' delegates from the United States of America, Thailand, China, Vietnam, and the Philippines.

In December, Otago Polytechnic hosted three Chinese delegations further strengthening and consolidating educational ties between Otago Polytechnic and China.

One of the delegations from Shenzhen Polytechnic signed a Memorandum of Understanding with Otago Polytechnic designed to make research, cooperation and student exchanges much easier between the two institutions.

Otago Polytechnic's School of Architecture, Building and Engineering already had a pre-existing relationship with Shenzhen Polytechnic. Otago Polytechnic's Associate Professor Tom Qi developed his prototype electric car at Shenzhen Polytechnic in 2009 before being appointed to Otago Polytechnic in 2012.





### Shanghai relationship

Shanghai's Municipal Education Commission visited Otago Polytechnic as part of their three day trip to Dunedin. The official visit followed the signing of a Strategic Education Partnership between Enterprise Dunedin and the Shanghai Municipal Education Commission in October 2014, to open more doors for innovative collaboration and the sharing of education expertise between Dunedin and Shanghai.

Also in 2015, three Shanghai institutions including Shanghai Institute of Technology (SIT), Shanghai University of International Business and Economics (SUIBE) and Shanghai's Jiao Tong Overseas Education College visited Otago Polytechnic's Auckland or Dunedin campuses to continue discussions around staff and student exchanges, and joint programming.

### Explore More

Otago Polytechnic's Explore More study abroad programme continues to expand. A total of 33 students and 3 staff went on outgoing exchanges in 2015, preparing students for a global work context. Of those, seven students went on exchange semesters abroad to Italy, Germany, Czech Republic, the Netherlands or Denmark, and an additional 24 students participated in short programmes in China, Finland, Hong Kong or Germany. Student mobility has increased this year thanks to new partnerships with Hong Kong Polytechnic University offering a summer school programme and Lappeenranta University of Technology in Finland offering a winter school programme.

In addition, a total of 94 students from overseas visited New Zealand in 2015 for an exchange semester, study abroad semester or short programme exchanges, helping to position Otago Polytechnic as an internationally-recognised source of education expertise. Students came to Otago Polytechnic from Spain, Germany, Czech Republic, the Netherlands, Denmark, Switzerland, Austria, Sweden and the United States. The largest contributing country to study abroad or exchange semesters was Germany.

### Institute of International Education's Generation Study Abroad Initiative

Otago's two main tertiary institutions, the University of Otago and Otago Polytechnic have welcomed the opportunity to join the Institute of International Education's (IIE) Generation Study Abroad initiative to help more Americans gain international experience through study abroad programmes in New Zealand. By becoming IIE Generation Study Abroad partners, the University of Otago and Otago Polytechnic are working in closer cooperation towards specific goals to increase the number of American students studying abroad, as part of the Study Dunedin initiative.

### First exchange lecturer from Vienna

Otago Polytechnic's Dunedin School of Art hosted their first visiting lecturer, Artistic and Scientific Associate Elisabeth Wildling, from the University of Applied Arts (Universität für angewandte Kunst Wien) in Vienna following the signing of the Memorandum of Understanding last year.

Elisabeth Wildling arrived in August and spent five weeks at the Dunedin School of Art pursuing artistic research for upcoming artwork, presenting her work, conducting a workshop in visual media, joining critiques and dialogues and taking part in the Photography and Electronic Arts Programme.

### Auckland International Campus

In 2015, the Auckland International Campus grew by 37 per cent. The fifth intake of students exceeded targets by 60 per cent.

During the year, five new qualifications were introduced to the campus: the Graduate Diploma in Information Technology, the New Zealand Diploma in Business, the Graduate Diploma in Construction Management, the Graduate Diploma in Quantity Surveying and the Master of Professional Practice.

In addition the campus was engaged in the development of the Masters in Applied Management (still under negotiation), and Masters in Design (Fashion Communication). The latter qualification will be offered in 2016.

2015 also saw the appointment of an Industry Advisory Board comprised of five partners, directors and chairperson of companies, including Dr Rajen Prasad from the Special Commonwealth Envoy and Anna Kominic, formerly of the Prime Minister's Office.

The research ethos of the campus is currently being developed. Staff member Inna Piven was accepted to present at six international peer-reviewed conferences, published contributions to two books and acted as a reviewer for a publisher, and contributed her own journal publication in 2015.

The most recent student satisfaction survey showed Auckland International Campus achieved 91 per cent student satisfaction, while the campus achieved a 97 per cent course completions rate.





### Integration of Aoraki Polytechnic's Dunedin Campus

In October 2015, Otago Polytechnic agreed to the transfer of Aoraki Polytechnic's Dunedin campus courses from 2016 onwards, after a consultation process between the two institutions began in September.

All programmes, staff, buildings and administration were transferred to Otago Polytechnic by the start of 2016.

This move now increases the range of study options available at Otago Polytechnic, bringing on board programmes in journalism, film and television, digital photography, early childhood studies, beauty, hairdressing and massage.

### New developments at Central campus

Central Otago is a growing region and all of the qualifications offered at Central are tailored to reflect and support local industries and opportunities.

During 2015, there was large growth in international student numbers with a group from South America coming to Central on scholarships to complete English while undertaking horticulture work experience. Chilean Ministry of Education full scholarships were also approved for the Graduate Diploma in Sustainable Practice and a "Train the Trainer" programme.

New study options were also created including Bicycle Mechanics and Automotive Engineering which have been approved for youth guarantee delivery in 2016. Additionally the first of the New Zealand Certificates and Diplomas revamped through the Design for Learner Success process during 2015 will be available in 2016.

Central campus also continued to generate revenue from horticulture. During 2015 income from the plant nursery, fruit production and Bannockburn Road wine sales exceeded \$130,000.

### Striving for improved business excellence

In support of our journey towards excellence, the Polytechnic adopted the Baldrige framework in 2011 to ensure optimal business excellence across the institute.

In continuing our commitment to this framework three staff members were selected in 2015 to take part in the Baldrige Study Tour and report back to the Leadership Team. Staff members Lesley Smith, Steven Turnbull and Marje Schaddelee flew to the United States and visited the four Baldrige award winners in Austin, Texas; Maclean, Virginia; and Boulder, Colorado, as well as attending the Baldrige conference in Nashville, Tennessee. The organisations they visited were from the fields of finance and health care.

Among the trio's findings from the trip was the notion of "excellence" as a single journey encompassing service, quality, finance and people working in alignment with constant communication and visibility of values and purpose.

Also in 2015, 20 Otago Polytechnic staff set forth on a cultural study tour journey to India to better understand the culture of Indian students who study with us. Individual staff members had the opportunity to study different aspects of Indian culture related to their work including food, clothing, education, architecture, tourism and inequality, as part of their eight city tour of India.

### Educational and employment equity

Otago Polytechnic strives to ensure provision of equal opportunities both in employment for staff and learning for students. This commitment is demonstrated by our practices, employment policies, staff development opportunities and monitoring of workforce profile and outcomes. We are committed to good practice and the requirements of the Education Act. Our equity performance is evidenced in the relevant sections of this report.

### Leadership Development Programme

In September 2015, Otago Polytechnic launched a six-month Leadership Development Mentoring Pilot to help staff develop their leadership skills.

As part of Otago Polytechnic's Leadership Development Programme, the pilot provides opportunities for staff seeking to move into leadership roles. It also helps those who are currently in team or programme leadership positions. Once this pilot concludes early next year, the Polytechnic will evaluate its success and make a decision on future mentoring programmes.

Employees across the institution were invited to apply to take part in the pilot, and 11 applicants were successful. They were paired with mentors within the organisation – individuals who already have the expertise that participants were seeking to develop. Participants in the programme met on a minimum of a monthly basis and learnt leadership practices, which they could apply to their work.



## Empowering a resilient workforce

We firmly believe that devolving leadership and appropriate decision-making accountability to all staff is the key to ensuring continued improvement in learner outcomes and the achievement of our organisational priorities.

Our journey from a management-driven culture to one of self-leading teams continued to progress in 2015. We conducted an extensive consultation process around team-based performance reviews and developed a model which we will seek feedback on in our final stage of consultations in 2016.

Our team-based rewards system was first discussed in 2014, and after progress this year, the first round of team-based rewards will be delivered in 2016.

In addition, more individualised work was undertaken in terms of team culture through engaging staff at Otago Polytechnic in training opportunities in the art of feedback and having courageous conversations to support self-leading team culture. We also provided more individualised support to teams who requested it around team role assessments. These teams also developed team culture statements and communication protocols for dealing with challenges and conflicts constructively. This work will continue in 2016.

## Our work environment

The 2015 Work Environment Survey was the eleventh annual survey of staff satisfaction and engagement at Otago Polytechnic, designed to provide insights into the perceptions of all staff working at the institution.

The 618 Otago Polytechnic staff who were available during the survey period were invited to participate in the survey.

A total of 536 responses were received resulting in a response rate of 87 per cent. Although slightly less than the participation rate of 2014, for surveys of this nature in similar-sized organisations this response rate is considered excellent.

Otago Polytechnic continued with the six-point rating scale adopted in 2014, which provides more detailed results including levels of agreement and disagreement with each statement. The results show we continue to have a positive and engaged workforce with 61 per cent of staff engaged, 36 per cent neutral and just 3 per cent disengaged.

Work Environment Survey	2015	2014	2013
Participation rates	87%	89%	90%
Staff are satisfied at Otago Polytechnic, overall	96%	96%	94%
Staff really care about the success of Otago Polytechnic	99%	99%	99%
Staff are proud to tell others they are part of Otago Polytechnic	97%	98%	96%
Staff say Otago Polytechnic is a great organisation to work in	96%	95%	96%

Total workforce (headcount)	2015
Total permanent staff at end of 2015	521
Permanent new starters in 2014	41
Total permanent staff who ended employment in 2014	42





## Diversity of staff

### TEC PRIORITY 3 Boosting achievement of Māori and Pasifika

We continued to build our ethnic diversity in 2015, however, disappointingly we were unsuccessful in growing our Māori staff numbers this year. This continues to be a high priority. Our proportion of Māori staff remains at similar levels to that of the local population, but does not reflect the ethnic mix of our student base due to continued growth in Māori student numbers.

Staff Ethnicity	2015	2014	2013
Asian	2.9%	2.5%	3.0%
Māori	5.2%	5.2%	5.7%
Middle East/Latin/ America/Africa	0.7%	0.4%	0.3%
Not Stated	0%	6.9%	6.6%
NZ European	69.5%	71.1%	71.9%
Other European	11.1%	9.6%	8.2%
Other	9.1%	3.3%	3.3%
Pasifika	1.5%	1%	1.0%

Our gender mix of staff continues to closely match that of our student population which is two-thirds female and one-third male.

### Roles by gender

Role Type	Female (n)	Female (%)	Male (n)	Male (%)
Leadership Team	3	28%	7	72%
Academic	173	59%	115	41%
General Staff	141	71%	52	29%
Managers	20	71%	10	29%



## Recruitment

Of the 62 staff hired during 2015, 41 people were appointed permanently. Of the 72 positions advertised three positions for more specialised roles were advertised twice.

	Academic	General	Executive	Total
Total number of jobs advertised	39	31	2	72
Total applicants	423	716	24	1163
Total number of people hired	32	29	1	62
Average number of applicants per job	10.8	23	12	45.8

## Permanent staff turnover

The turnover rate among permanent staff was eight per cent in 2015, less than the corresponding national education figure of 13 per cent, and consistent with turnover for both 2014 and 2013. The eight per cent is made up of seven per cent voluntary turnover and one per cent involuntary.

Disappointingly, our turnover rate for Māori staff increased in 2015 with resignations and a retirement that impact when we have low numbers of Māori staff.

	2015	2014	2013
Total turnover	8%	8%	8%
Turnover (head count)	42	40	36

## Salary and promotion reviews

We congratulate Dr Margo Barton from the School of Design and Dr Richard Mitchell from the Food Design Institute who were promoted to Professor in 2015, and Tom Qi from the School of Architecture, Building and Engineering who was promoted to Associate Professor. Sixteen staff members were promoted to Senior Lecturer and seven to Principal lecturer roles in 2015.

Twenty general staff members were promoted to a higher grade level in 2015, compared with 12 in 2014. The gender split of applicants reflected the Polytechnic's overall gender balance, with around 60 per cent of promotions and salary reviews being awarded to female staff.

	2015	2014	2013
General staff	20	15	5
Academic staff	36	33	14
Total applications	56	48	19

## Employment issue resolution

Our employment issues continued to be largely resolved in house with the overall number of issues decreasing since 2013. The use of Ministry of Business, Innovation and Employment (MBIE) services decreased in 2015, however the two mediations were initiated by Otago Polytechnic.

Year	2015	2014	2013
Internal formal resolution	16	21	27
External resolution	2	3	1

## Health and Safety

Otago Polytechnic's focus in 2015 has been to continue to foster a good health and safety culture and encourage staff and students to report all incidents. For a second year in a row, Otago Polytechnic has seen an increase in reporting with a 26 per cent increase in the last year alone. A total of 200 incidents were reported compared to 159 incidents in 2014. The increase in reported incidents is most likely due to a renewed focus on reporting, coupled with the full implementation of the Vault Health and Safety Management Tool.

Otago Polytechnic also prepared for the 2016 legislation changes by communicating the implications of these changes with staff and leaders, and increasing understanding of their responsibilities. Otago Polytechnic's monthly and quarterly reports have also been shared with a number of external organisations as a good-practice governance model.

During the year, WorkSafe New Zealand officially visited the Forth Street Campus, and were pleased with the Duty Holder Compliance review. This also included the forwarding of compliments from industry with regards to the calibre of our students.



**Reported incidents in 2015**

There were 200 reported incidents in 2015 comprised of 82 near misses and 118 harm-related incidents of which 81 were sustained by employees, 101 by students, 16 by visitors and third parties and two by contractors. Wrist/hand injuries were most prevalent with 52 affected, followed by head, arm and leg.

	Number of harm-related incidents		Percentage of harm-related incidents	
	2015	2014	2015	2014
Serious Harm Accident	4	5	3	5
Incident Requiring Medical Treatment	57	39	48	41
Incident Requiring First Aid	52	40	44	42
Non-injury Incident	9	12	5	12

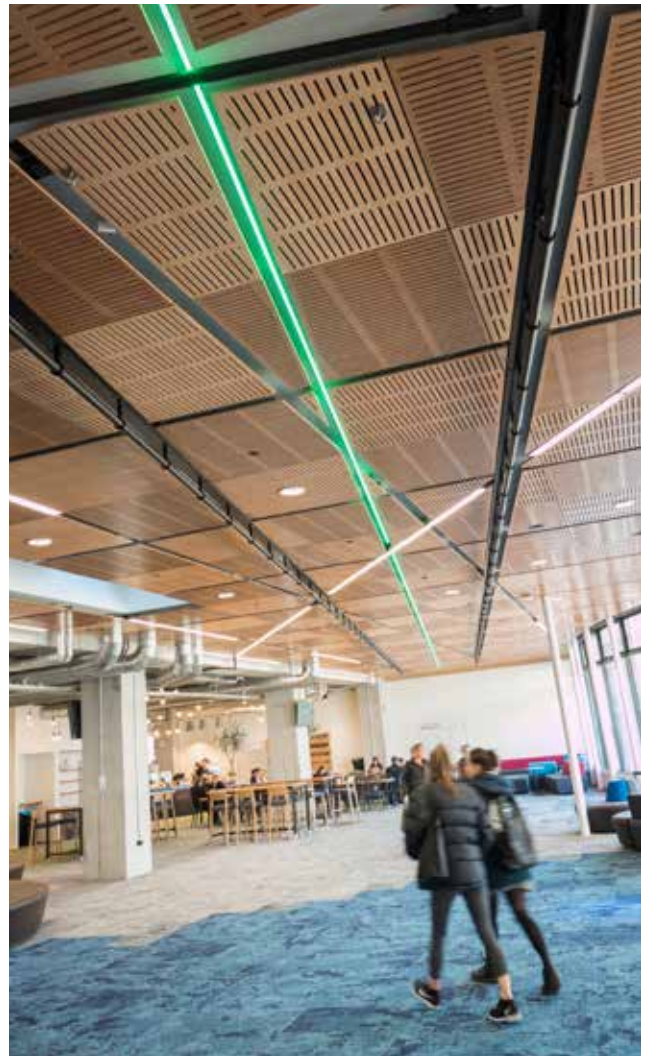
Unfortunately 2015 saw four Serious Harm Accidents (all fractures) reported to Worksafe NZ, compared to five in 2014.

**Risk assessment programme**

Otago Polytechnic conducted health and safety assessments across all campuses, Schools and service areas in 2015 in an attempt to gain a greater understanding of the hazards staff and students are regularly exposed to and how these risks can be managed. From the hazard controls being put in place, we aim to see reductions in our injury rates in future.

**Health and wellbeing strategy**

Preventative action to avoid safety issues and increase health and well-being is important at Otago Polytechnic. In 2015, as in previous years, a series of events were held to encourage healthy lifestyles including our Springin2it Staff Wellness programme which had over 100 participants.





PROFILE: FORWARD-THINKING TECHNOLOGY-BASED LEARNING PLATFORM; EXCELLING ON WORLD STAGE



## Contributing to Collaborative Online Learning Platform

INNOVATION

**A virtual campus drawing upon resources from six leading polytechnics has now become a reality with Otago Polytechnic's contribution to the TANZ e-campus launch.**

Four courses from the Graduate Diploma in Applied Management were offered in 2015. Three more courses will be offered in 2016, allowing the Graduate Diploma of Applied Management to be available as a fully online option; and signalling a significant step forward for education provision in New Zealand.

The TANZ e-campus is a collaboration between Otago Polytechnic, Eastern Institute of Technology, Universal College of Learning, Bay of Plenty Polytechnic, Nelson Marlborough Institute of Technology, and Christchurch Polytechnic Institute of Technology. During the 2015 pilot year, the e-campus enrolled professionals, including 60 Otago Polytechnic staff, giving them the opportunity to learn through assignments based around their work.

Ray O'Brien, OP Online Learning Designer, believes the e-campus project has three highlights: the strength of the collaboration between the six institutions, the authenticity of learning through workplace-based assignments, and the fact that those in full-time work would not have access to this qualification otherwise.

"The pilot has been really successful in establishing the strengths of the platform and testing systems ahead of the formal launch in 2016, and in defining the way that courses offer authentic learning opportunities for people who are already in the workplace," he says, "Otago Polytechnic can be proud of its contribution to this innovative new learning approach."

## An international Fashion fusion of cultures

**Ross Heath and Bridget Robertson were among twenty outstanding fashion students from New Zealand and Vietnam who participated in the first ever New Zealand-Vietnam Fashion Collaboration. The initiative culminated in a fashion show held in Ho Chi Minh City in August by the New Zealand Embassy, celebrating 40 years of friendship between the two countries.**

New Zealand project manager, judge and fashion designer, Tamsin Cooper, says she was "completely blown away by what the students achieved communicating across cultures and at a distance. I hope that this inaugural event is just the beginning of many future collaborations with Vietnam as...it firmly shows our fashion design schools as excelling on the world stage".



Photo Credit: New Zealand Embassy - Vietnam



Photo Credit: New Zealand Embassy - Vietnam





PROFILE: DIVERSIFYING BUSINESS OPERATIONS; INVESTING IN INTERNATIONAL EDUCATION



## Capable Training helps businesses develop their biggest asset

**Otago Polytechnic's Capable Training now offers a range of capability development services to help businesses get the most out of their teams – and gain an edge over the competition.**

Capable Training was launched to support businesses in developing their biggest asset: their people. The service offered professional development workshops in soft skills such as leadership, communication, conflict management, dealing with change, and resilience.

Naell Crosby-Roe, Business Development and Marketing Manager at Capable Training, says, "In order to have market-leading products and services, you need people with the right skills to design, develop and deliver them. Businesses need to invest in their teams if they want to remain competitive."

Capable Training has helped diversify Otago Polytechnic's business and collaboration. Since it launched it has exceeded its revenue target of \$50,000, bringing in \$73,710 as at December 2015. Thirteen workshops were held for South Island businesses including Polson Higgs, Real Journeys, Living Corporation, and the Hermitage Hotel, as well as Dunedin City Council.

Feedback from Capable Training's first year has been very positive. Leigh Stock, General Manager at the Hermitage Hotel in Aoraki Mount Cook, one of the programme's first clients, says, "My team now has a better understanding of their dynamics and I expect our relationships to strengthen as a result."

## The Grow Dunedin Partnership

**Otago Polytechnic is part of an exciting partnership committed to growing, uplifting and enabling Dunedin's international education sector – giving local innovations the opportunity to thrive.**

The Grow Dunedin Partnership is leading Dunedin's Economic Development Strategy – including Project Export Education Uplift (Project Uplift) – to assist and help grow our international education sector. In Dunedin, international education is worth over \$165 million to our regional economy, and the goal is to double this to \$330 million by 2023. The partnership includes the Dunedin City Council, Otago Polytechnic, The University of Otago, The Otago Southland Employers' Association, and The Otago Chamber of Commerce.

Otago Polytechnic has taken a leading role convening Project Uplift, which aims to create a strong and compelling story for Dunedin as an international education study destination and source of expertise. One of the initiatives is the Job Ready Programme, designed to help assist international graduates to be 'Job Ready', so that Dunedin businesses can benefit from their global skills and talent.

Sarah Gauthier, Enterprise Dunedin's Export Education Coordinator is enthusiastic about Otago Polytechnic's active role in Project Uplift so far. "By convening and consistently supporting this project, Otago Polytechnic has shown true leadership for a sector that changes lives and vitally connects New Zealand, and Dunedin to the world," she says.





# Collaborating with our communities

to make a difference, prioritising Kai Tahu

**Kia mahi tahi ki kā iwi whānui, ki a Kai Tahu  
ake hei whakanui i a rātou**

**This goal means:** we engage effectively with industry, community, professions, government, Kai Tahu; we understand the needs of our communities; our communities tell us they have confidence in us; our communities are more capable as a consequence of our actions; our communities benefit from our actions.

## Highlights

- Eighty students from Dunedin and Otago secondary schools attended the Otago Secondary Tertiary-College, furthering partnership and collaboration with Otago Polytechnic
- The establishment and scope for a centre for Māori learning and support to provide a by-Māori, for-Māori service starting 2016 was approved
- Economic Impact Report (2014) cited that the flow-on effects of expenditure by Otago Polytechnic and staff and students supported 2,928 jobs within the Dunedin community
- Kowhai Centre (community counselling centre) expanded its East Otago outreach and services to support children and families
- Gained 'athlete-friendly campus' status and launched scholarships to support Otago Cricket Association and Otago Rugby Football Union players
- Ninth year of Charity House project brought total amount of money raised for Otago charities to \$820,000.

## Pathway to excellence FOR 2016

- Increase Māori staff numbers with a view to having eight per cent of staff who identify as Māori by December 31, 2016
- Increase the number of Māori staff in formal leadership roles with a view to doubling the number of leadership positions from 2013 by December 31, 2016
- All programmes meet Otago Polytechnic expectations about Māori knowledge and perspectives by December 31, 2016.

## Aspirations

- Strengthen Otago Polytechnic as a place where Māori can work and learn as Māori
- Strengthen Otago Polytechnic as a place where Pasifika Island people can succeed
- Implement courses to bridge secondary school students into tertiary study
- Implement courses to up-skill people in work
- Strengthen relationships with local, regional and national industry and business
- Strengthen international relationships to further collaborative research and staff and student exchanges
- Implement the Māori Centre.



## COLLABORATING WITH OUR COMMUNITIES

### (I) Community Confidence

Annual feedback from Kai 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)

**2015** Achieved      **2014** Achieved      **2013** Achieved

Otago Polytechnic economic impact is reported for 2014

**2015** Achieved      **2014** Achieved      **2013** Achieved

## Golf tournament supports Education Foundation

**TEC PRIORITY 5**  
Strengthening research-based organisations

**TEC PRIORITY 6**  
Growing international linkages

The Education Open once again enlisted the support of some of New Zealand's leading golf professionals to hold a golf tournament at the Chisholm Park Golf Club.

Otago Polytechnic held its inaugural Education Open golf tournament in 2014 as a way to generate income for the Polytechnic's Education Foundation, which previously helped fund Otago Polytechnic's facilities, technology and equipment so students could have a world-class study experience. In 2015 the funds from the Education Foundation golf event were used to support overseas student exchange opportunities.

The Education Open is sponsored by a number of Dunedin businesses who are keen to support Otago Polytechnic's Education Foundation. Otago Polytechnic wishes to sincerely thank them for their contribution and involvement.



## Kowhai Centre and Palmerston Counselling Outreach

**TEC PRIORITY 1**  
Delivering skills to industry

The School of Social Services delivered 1,211 hours of free counselling to the community and members of the public in 2015 through its Kowhai Centre initiative, increasing counselling hours by one third over the past 12 months. 616 hours were donated by year two students and 595 were donated by year three students who took on more complex counselling work.

The Kowhai Centre combines service and learning to meet an identified need for counselling in the community. Students are provided with the opportunity to give back to the community, have an experiential learning opportunity, develop competency in working with diversity, and put theory into practice.

The Kowhai Centre's opening hours increased in 2015 to manage client demand, opening for an additional weekday evening as clients find evening sessions more convenient.

The Kowhai Centre also provided mentoring and supervision to programmes within the School of Social Services.

In July 2014 the rural community of Palmerston, East Otago, identified a need for counselling and the Kowhai Centre stepped in to provide a one-day-a-week weekly counselling service. In 2015 this service was expanded with the establishment of two therapeutic counselling groups for children aged 5-7 years old and 8-12 years old, in addition to the one-to-one counselling previously offered. This new initiative helps rural children to learn to manage their emotions in class and in family life, and teaches strategies for working and cooperating together.

It also has provided a different clinical practice experience for students, who would normally only provide counselling to teenagers, couples and adults. This has allowed students to gain experience of children's counselling, family work and group work.

## Cancer Society Ball sponsorship

The 2015 Otago Polytechnic Cancer Society Spring Ball was held in September 2015. Otago Polytechnic was delighted to continue its support as the major sponsor of the event. Our students, through various initiatives, help support those affected by cancer through our Nursing, Occupational Therapy and Social Services programmes.

The event raised in excess of \$40,000 for the regional Cancer Society with the support of sponsorship from local businesses and proceeds from a silent auction held on the night.



## Scholarships for Otago Rugby /Otago Cricket announced

In 2015 Otago Polytechnic announced new partnerships with the Otago Rugby Football Union and Otago Cricket Association, designed to foster sporting and academic achievement for the Otago province.

The philosophy behind the scholarships is to prepare athletes holistically for lifelong careers, on and off the sports field, and to ensure positive role models and ambassadors for the Otago community. This is in line with Otago Polytechnic's status as an "athlete friendly campus" given by High Performance Sport New Zealand to New Zealand tertiary institutions which support New Zealand's high performance athletes. Otago Polytechnic is currently the only polytechnic in the South Island that holds this status.

## Economic Impact Report

Otago Polytechnic released its latest available economic impact report in 2015, revealing its \$257,290,000 contribution to the Dunedin and Central Otago economies.

For Dunedin, the total value added at \$136 million was estimated to comprise around 2.7% of the city's gross domestic product (GDP of \$5.3 billion – this was an increase of 2.2% on 2013).

The report encapsulates the significant economic role the Polytechnic plays through career-focused education, links with local industry and businesses, and sponsorship and support of local charities. The Economic Impact Report 2014 (released in 2015) also cited that the flow-on effects of expenditure by Otago Polytechnic and staff and students supported 2,928 jobs within the Dunedin economy, representing 6.4 per cent of the city's total workforce.

Additionally, the report showed that Otago Polytechnic's cumulative economic impact from 2010 to 2014 added a total value of \$622 million to Otago and national economies. These results enable Otago Polytechnic to make a difference to the local community by increasing community capability and confidence.

## Charity House fundraising total builds

In 2015, Otago Polytechnic's charity house project, again raised funds for Dunedin and Otago charities. The ninth annual charity house auction took place in November 2015, auctioning off a four bedroom home which was constructed on campus by carpentry students under the guidance of two carpentry tutors.

The house sold for \$198,000 to Mosgiel couple, Colene and Allan Williams, who intend to relocate the home to Kurow for use as a holiday home. The \$100,000 profit from this year's

home will be distributed to Otago charities through United Way, and brings the total amount of money donated over the nine years to \$820,000.

This year, over 20 companies donated time, materials, craftsmanship and advertising to the initiative. Their support has been critical to the success of the charitable endeavour, ensuring a larger profit from the sale of the house which, in turn, means more money for donation across Otago. Without the input of these businesses, the amount of funding available for distribution would be reduced by about 50 per cent.



## Increasing Māori educational opportunities

Following on from the success of the 2014 cohort of 14 Kai Tahu iwi and hapu leaders who undertook the Bachelor of Applied Management through Capable NZ, a new cohort of 20 Kai Tahu students started in July 2015.

Students from the initial cohort came from a range of applied management backgrounds including farm management, fisheries, information technology, finance, product management, human resources, social services and event management. Four students graduated with the new major in Māori Organisational Leadership, which was approved by NZQA in 2014.

Capable NZ enables people with significant career experience to undertake qualifications through independent learning pathways incorporating the assessment of prior learning from experience, which then counts towards the chosen qualification. A lifetime of relevant learning can significantly shorten the timeframe for qualifications to be achieved, as seen in the first Kai Tahu cohort who had a 100 per cent qualification completion rate, most graduating after seven months each.



PROFILE : ACKNOWLEDGING CULTURAL EXPERTISE

## Farewelling outstanding Māori leaders

In 2015, we celebrated the outstanding contribution of Professor Khyla Russell on her retirement. Khyla was the Kaitohutohu of Otago Polytechnic from November 2004 to December 2015 and a member of Otago Polytechnic's Leadership Team, with responsibility for overseeing the incorporation into day-to-day operations of the principles of Te Tiriti o Waitangi and the Polytechnic's Memorandum of Understanding with Ka Araiteuru Papatipu runaka.

Khyla facilitated relationship-building between the institute and the wider Māori community and tertiary sector organisations. Additionally she performed an advisory role in any Māori-related research embarked on at the Polytechnic and provided consultancy outside of the organisation.

Khyla's specialist research interests included Māori leadership, and processes for engaging with Māori in research, particularly public health. She sat on national and international research panels including the Health Research Council and New Zealand's Performance-Based Research Fund panel for Māori Knowledge and Development.

The Leadership Team is currently seeking a new Kaitohutohu for the institution who can continue to ensure that Otago Polytechnic not only upholds the principles of Te Tiriti o Waitangi, but also honours the Memorandum of Understanding through implementation of the Māori Strategic Framework.

Otago Polytechnic wishes to acknowledge and thank Khyla for her outstanding contribution to the institution.

The Polytechnic's Kaumatua, Huata Holmes, is also retiring after 11 years supporting the Kaitohutohu Office and the Polytechnic in integrating Māori ceremonial events into its practices. Huata also carved the touchstone for the Hub out of blackhead stone pounamu.

Otago Polytechnic wishes to also sincerely thank Huata for his contribution to Otago Polytechnic.







PROFILE : COLLABORATIVE LEARNING ENVIRONMENT

INNOVATION

# New Campus Redevelopment Embodies Cultural Values

Otago Polytechnic completed its \$12 million learning commons redevelopment in late 2015, presenting a new modern face to the world reflecting the objectives articulated in Otago Polytechnic’s Strategic Asset Management Plan. This overviews Otago Polytechnic’s strategic plans for capital developments.

The project saw the integration of the six-storey teaching block, H Block, with the adjacent teaching block, G Block. The bottom storey, The Hub, has created a welcoming reception point for campus visitors, and multi-functional open-plan facilities in which staff and students can relax, learn, teach and work including a large commons room, student helpdesk and meeting rooms. This has helped to change the nature of our learning spaces to user-focused, open learning environments. This area also houses Eden Café which overlooks the Polytechnic’s courtyard and Living Campus.

Completed in late 2015, this learning commons project was a symbolic turning point for Otago Polytechnic, demonstrating its journey towards excellence. Fit for future purposes, the redevelopment also features cultural reference points for Kai Tahu: the floor and carpet design represent the idea of travel/hiko with the colours representing the river, the marshlands and the surrounding hills. The study/relaxation pods represent wharerau, traditional transient structures within a community, such as those of Kai Tahu on Muttonbird Island and around the South Island. There is also a single coloured beam of light shining from the ceiling down to a spot on the ground, under which a ceremonial kohatu/stone has been buried. This spotlight represents the mauri/life force of the place.

“This is a hub, so to have our Kai Tahu voice here is incredibly important. It re-emphasises the belonging of manawhenua and the significance of partnership,” says Simon Kaan, Otago Polytechnic staff member and Kai Tahu artist, who was involved with the design and building process. “The most important thing was to have the Kai Tahu story included rather than something that looked overtly Māori. It feels great seeing the space being used. It is being really well used and people seem to really enjoy it.”





PROFILE : AMPLIFYING TEEN RESILIENCE THROUGH PARTNERSHIP; TACKLING SOCIAL CHALLENGES

## Bridging the gap for school-leavers

Otago Polytechnic has helped set up 'The Bridging the Gap Project' – a Transitional Education Programme that equips school-leavers with the skills they need to thrive in their life after school.

Turning Point Bridge is a partnership between Otago Polytechnic, Otago high schools and the Otago Community Trust – and it is a first in New Zealand. This programme helps school-leavers become better informed about their choices and the skills they need for the future.

In 2015, Otago Polytechnic provided the two-day Turning Point Bridge course to 15 high schools in Otago. Over 250 students took part in the course that features modules on Personality Profiling, Planning a Career Path, In Demand Industries, and Financial Literacy.

Michael Simmons, Training Facilitator at Otago Polytechnic, explains the main benefit of the programme for school leavers as giving them "a 'toolkit' of information and skills on careers, in demand industries, their personality preferences and important financial information for the next step in life." Feedback so far has been "overwhelmingly positive" with students particularly enjoying the Financial Literacy and Personality Profiling modules.

"Hundreds of students throughout Otago have found this experience extremely rewarding," says Michael, "and it has added tremendous value to schools' career and transitional education programmes."

Photo Credit: Katrina Watt



## Spotlight on flatting violence

**Two Occupational Therapy students, Ruby Beck and Veronica Hearn, partnered with Dunedin Collaboration Against Family Violence (DCAFV) to raise awareness about flatting violence, as part of their Bachelor of Occupational Therapy programme.**

"It's not a new concept but it's something that is newly recognised," says Ruby. "The main cases we've heard about are threatening behaviour with people being singled out and feeling victimised. Unfortunately due to lease arrangements the solution isn't always as simple as moving out."

Ruby and Veronica held a public event at Otago Polytechnic on 10 September 2015 to raise awareness about flatting violence.

DCAFV family violence co-ordinator Rob Thomson says "conflicts involved with flatting are an issue for many people, not just students. It can be emotional abuse but it can in some instances escalate to physical violence as well. It's an issue which does not receive a lot of publicity."



# Making a difference to the environment

## Kia whakanekeneke te taiao

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

### Highlights

- Achieved Fair Trade accreditation – New Zealand's first Polytechnic to do so
- Energy saving software installed on computer equipment
- Leadership Team participated in the *Adding Sustainable Value* programme to ensure sustainability is well embedded in Otago Polytechnic strategy, and next steps identified
- Review of delivery of a sample of our certificates and diplomas showed sustainability is generally well integrated into our programmes
- Audit of waste from cookery facilities, and identification of strategies required to become zero waste
- Developed and published sustainable purchasing and event organisation guidelines for staff
- Held a sustainability showcase of staff and student work
- Hosted the Sustainability in Tertiary Education group to discuss Otago Polytechnic progress and practice across the New Zealand tertiary sector.

### Pathway to excellence FOR 2016

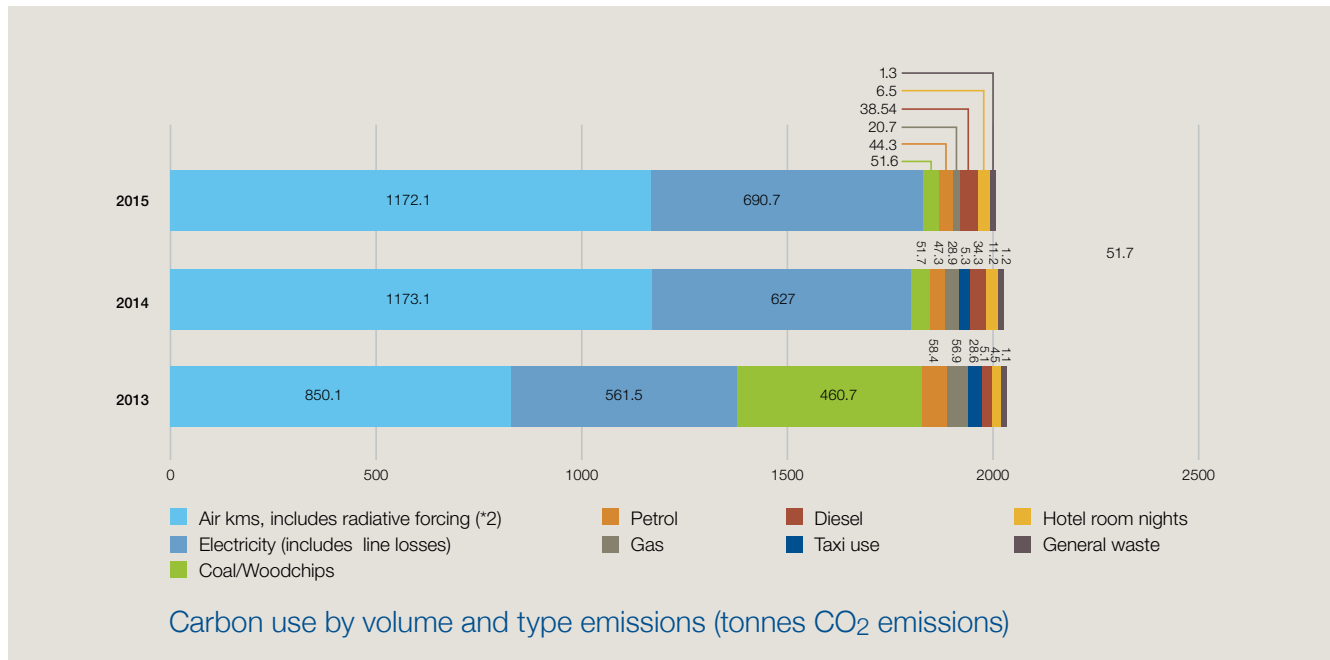
- Develop staff sustainability induction resources
- Improve signage and communication of sustainability initiatives
- Reduce energy usage by improving use and management of heating (recommissioning building management system)
- Work with students to develop ways for them to engage with sustainability on campus
- Ensure new building developments are planned to demonstrate the best in sustainable practice
- Enable cookery facilities and cafes to become zero waste to landfill
- Improve on all 2015 sustainability metrics.

### Aspirations

- Embed sustainable practice in all of our programmes, enabling all of our graduates to practise sustainably
- Actively manage operations to reduce our carbon and ecological footprints
- Provide leadership for sustainability with our suppliers and learners
- Encourage communities and businesses to embed sustainable practices
- Contribute to the development of knowledge in sustainable practice, through staff and student involvement in research and consultancy.



# Sustainability monitoring



Our overall carbon footprint increased by two per cent from 2014 figures, due mainly to an increase in electricity consumption of 10 per cent. This increase was due to an exceptionally cold winter in Dunedin, and the effect of additional electric heating needed during building construction projects. However, the total electricity usage was still less in kilowatts than that of 2013 electricity usage.

Overall waste declined by one per cent, a pleasing result considering general waste increased by 10 per cent, most likely a consequence of construction work including the replacing of furniture and fittings.

Cardboard recycling reduced considerably, reflecting the increased use of multi-use packaging by suppliers. This reduced the proportion of waste recycled to 28 per cent.

Reported air travel kilometres were consistent with 2014 figures, with no change noted.

Paper usage in A4 reams declined significantly on both 2014 and 2013 figures.

Resource	2015	2014	2013
Electricity (kW hours)	3,830,691	3,477,532	3,946,195
Paper (A4 reams)	4,861	6,950	6,733
Water (m3)	69,937	73,889	66,553

## Audit of IT footprint

Following on from the 2014 IT audit, Otago Polytechnic's Information Systems and Support (ISS) team now use software that turns off PCs and monitors to save power – a solution that has now been successfully implemented campus-wide.

Forgetting to switch off computers and monitors is a big drain on energy resources, so in an effort to improve sustainability, ISS purchased software that automatically saves Word documents when it turns off computers and then notifies the user next time they log in. This software has been installed on all the staff desktops, but not laptops. By the start of semester one 2016, all of the student lab computers will also have the software installed. This new initiative has helped optimise power savings.

## Waste management

The Polytechnic produced 1,740 cubic metres of waste in 2015, a disappointing increase from 2014. The amount of waste that was recycled decreased to 28%. The increase in waste to landfill is attributed to flooding of one building, and increased building and staff relocation activity. However, initiatives underway in 2016 are expected to reduce waste production and increase recycling.

In 2015, there was a significant decrease in the amount of ash to landfill from 2014 figures. 32 cubic metres of ash went to landfill in 2014, however this reduced to such a negligible amount in 2015 that it has been rounded down to zero. This decrease is the result of more accurate measurement of the amount of ash produced.

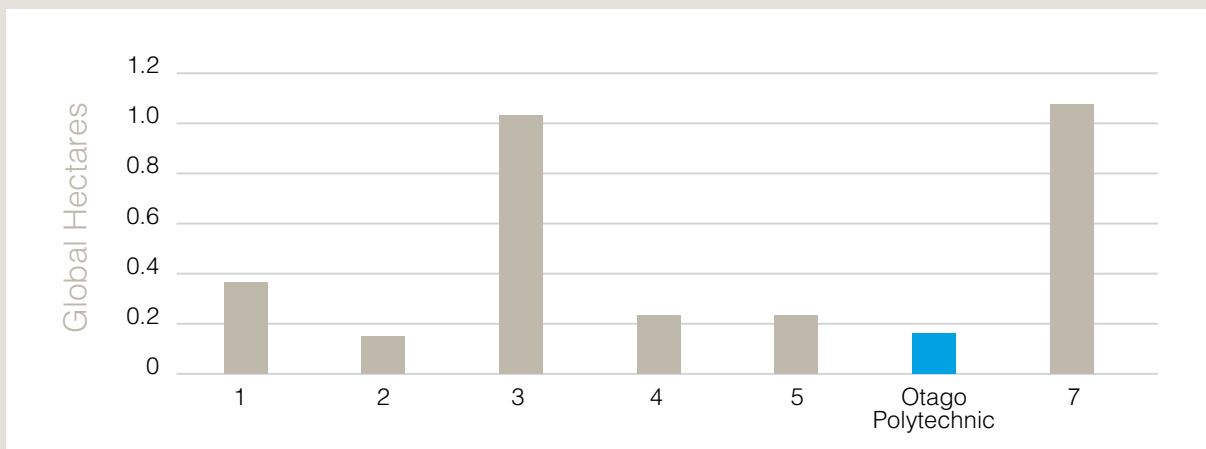




### TEFMA benchmarking

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 seven New Zealand institutions that took part when comparing energy use from all sources – fuel, gas and electricity. Total energy consumed at the Polytechnic was equated to 0.14 global hectares, compared to the New Zealand average of 0.47 and the Australian average of 1.58.



2014 TEFMA carbon footprint comparison of seven New Zealand tertiary institutions

### Waste - comparison over three years





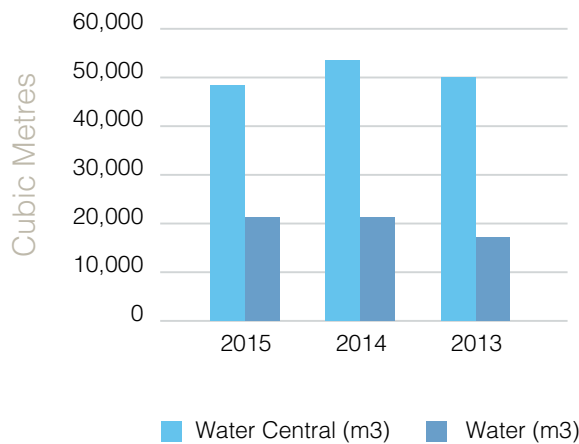
## MAKING A DIFFERENCE TO THE ENVIRONMENT

### Water and gas usage

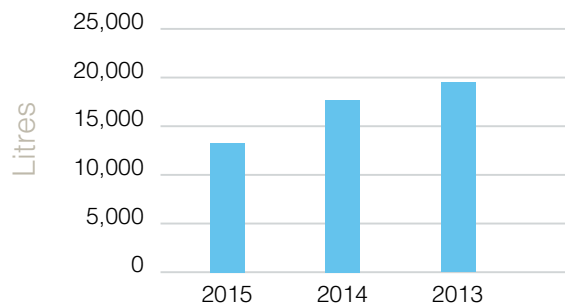
Central Otago campus had a significant reduction in water usage of 4,163 cubic metres, however Otago Polytechnic's overall usage increased by 211 cubic metres in 2015. The building projects and cleaning up after the flooding required unusually high water use, however Central Otago's water savings saw the combined campuses' water usage drop overall.

For the third consecutive year gas usage plummeted dropping from 18,042 litres in 2014 to 12,935 litres in 2015, a reduction of 28 per cent.

### Water Usage in Cubic Metres



### Gas Usage in Litres



### Staff Sustainable Practice qualifications participation

The Certificate in Sustainable Practice (Level 5) and Graduate Diploma in Sustainable Practice continued to offer staff the opportunity to advance their knowledge and awareness around sustainability in 2015. Thirteen students undertook the Certificate in Sustainable Practice in 2015, with nine graduating throughout the year, and the remaining four still completing their qualification. Seven students were working on the three year part-time Graduate Diploma in Sustainable Practice in 2015. The participation levels across both the Certificate and Graduate Diploma are consistent with those from 2014.

Staff completing the above qualifications came from a range of programme areas, schools and service areas within Otago Polytechnic including three staff from Auckland International Campus. This reflects a widespread desire across the wider Polytechnic staff to strengthen their integration of sustainability into their programme or services.

### Sustainability showcase

Otago Polytechnic held a Sustainable Practice Showcase at the Dunedin campus on 1 – 3 December 2015 highlighting internal initiatives to make Otago Polytechnic leaner and more efficient across the three campuses - Dunedin, Auckland and Central Otago.

The showcase featured talks and displays from staff members undertaking the Certificate in Sustainable Practice and Graduate Diploma in Sustainable Practice. These included an audit of the food waste from the Food Design institute, a display on Otago Polytechnic's energy efficiency, research into how to create sustainable displays within the museum sector and maps of community engagement. Also on display was a wind turbine, and an electric car designed by Otago Polytechnic's Professor Tom Qi.

Permaculture activities also took place at the L Block nursery, and a honey-collecting demonstration was held at the beehive.





PROFILE : LEARNING INFORMS SUSTAINABILITY STRATEGY; ETHICS OF FOOD SUSTAINABILITY

## Road to discovery about energy

**Campus Services is working towards a target of reducing Otago Polytechnic's energy consumption by 40 per cent by the end of 2017. Neville Auton, Research and Enterprise's in-house Energy Consultant, gives us an update on the energy meters that were installed in 2015.**

Neville, who also runs his own energy management consultancy company, is pleased with the performance of the energy metering so far. "The energy meters give us the data we need in order to make the necessary changes throughout campus," he explains. "They are part of the Polytechnic's Energy Management System – a computer system that controls building services heating and ventilation systems."

Neville is working alongside Campus Services, who are currently carrying out detailed energy audits utilising meter data to highlight areas of energy inefficiency. For example, the Polytechnic's boilers currently run on weekends, which costs the institution around \$2,000 per weekend. In addition to heating there are many opportunities to reduce electricity use across the campus. Eventually, Neville hopes to have individual space control in each room throughout campus, which would help reduce energy wastage during opening hours, over weekends and holiday periods.

"We're on the road to discovery," says Neville. "We're gaining a comprehensive understanding of our energy picture. You can't make decisions without it."



## Otago Food Economy Project

**Dr Ella Lawton, Sustainable Practice Advisor and Research Co-ordinator for the Centre for Sustainable Practice, has been mapping the Otago food economy from production to consumption to raise awareness about the importance of local food in our export and local food systems, find sustainable ways to improve those systems and understand the social and economic impacts resulting from those changes.**

In a joint project with Rhys Millar and his team from Ahika Consulting Limited in Dunedin, Ella interviewed food producers, distributors and food retailers and found that supporting the local food economy can bring profound social and economic benefits to communities. These include increasing the resilience of a community, providing higher quality fresher foods and bringing people closer together.

Ella worked closely with the Farmers' Markets in Dunedin and Wanaka and identified significant benefits to individuals working outside of the corporate mainstream model. She found more than half of those producing and selling locally did so because they were often able to receive a higher value for their products and it also better aligned with their ethics and values.

Ella says, "People are more proud of the food and products they produce and sell when they are involved in the local food economy."

The project identified ways to better support the Otago local food system such as small-scale mobile abattoirs, a register for local food production, the creation of a local food hub and developing the business case around the benefits to farmers of supplying part of their total production for local consumption.



PROFILE : DECREASING CARBON FOOTPRINT: PIONEERING FAIR TRADE COMMITMENT

## Otago Polytechnic achieves outstanding air emission result

INNOVATION

Since decommissioning its coal burners and replacing them with woodchip burners, Otago Polytechnic has managed to reduce carbon emissions from heating by 73%.

Testing on air emissions in August 2015 found the average particulate count across three readings was just  $9 \pm 1$  milligrams per cubic metre. This is significantly below the limit of 50 milligrams per cubic metre set by the Dunedin City Council.

The new burner/furnace units were initially tested soon after their installation in May 2013 and the results were an average reading of  $15 \pm 1$  milligram per cubic metre. In the two years since the installation of the woodchip burners, engineers have been able to fine tune the units and refine the fuel loadings producing a further reduction of 6 milligrams per cubic metre.

“One of the goals of Otago Polytechnic is to make a difference to the environment, and actively manage operations to reduce our carbon and ecological footprints. We are absolutely thrilled with the result, which demonstrates the impact of our work,” says Jean Tilleyshort, Otago Polytechnic’s Director of Sustainability.



## First Polytechnic to receive Fair Trade status in New Zealand

Otago Polytechnic has become the first Fair Trade Polytechnic in New Zealand. The Institution has been awarded the Fair Trade status in recognition of its commitment to sell only Fair Trade products such as tea, coffee, sugar and chocolate drinks in its cafes and other commercial outlets, and sourcing Fair Trade materials for its Schools where appropriate.

“We are excited to be the first Polytechnic in the country to have Fair Trade status,” says Otago Polytechnic Sustainability Advisor Jen Rodgers. “Our Institution has a robust sustainability strategy and this is just one of our many initiatives which will contribute towards the well-being of our local, national and international communities.”

Dunedin is arguably leading the country in Fair Trade practice with the city formally recognised by the Fair Trade Association as New Zealand’s first Free Trade city in 2009.





# Financial Statements

---

For the year ended 31 December 2015

# Independent Auditor's Report

## To the readers of Otago Polytechnic's financial statements and non-financial performance information for the year ended 31 December 2015

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

The Auditor General is the auditor of Otago Polytechnic (the Polytechnic). 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 the non-financial performance information of the Polytechnic on her behalf.

### Opinion on the financial statements and the non-financial performance information

We have audited:

- > the financial statements of the Polytechnic on pages 54 to 78, that comprise the statement of financial position as at 31 December 2015, 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 non-financial performance information of the Polytechnic on pages 6 to 50.

In our opinion:

- > the financial statements of the Polytechnic:
  - > present fairly, in all material respects:
    - > its financial position as at 31 December 2015; and
    - > its financial performance and cash flows for the year then ended; and
  - > comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards.
- > the non-financial performance information presents fairly, in all material respects, the Polytechnic's performance measured against the proposed outcomes described in the investment plan for the year ended 31 December 2015.

Our audit was completed on 12 April 2016. This is the date at which our opinion is expressed.

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

### Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Polytechnic's financial statements and non-financial performance information 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's internal control.

An audit also involves evaluating:

- > the appropriateness of accounting policies used and whether they have been consistently applied;
- > the reasonableness of the significant accounting estimates and judgements made by the Council;

- > the adequacy of the disclosures in the financial statements and the non-financial performance information; and
- > the overall presentation of the financial statements and the non-financial performance information.

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

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

## Responsibilities of the Council

The Council is responsible for preparing financial statements that comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards and present fairly the Polytechnic's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that presents fairly the Polytechnic's service performance measured against the proposed outcomes described in its investment plan.

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

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

## Responsibilities of the Auditor

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

## Independence

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

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



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

# Financial Statements

## Statement of Financial Performance for the year ended 31 December 2015

		POLYTECHNIC			GROUP		
	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Revenue</b>							
Government Grants	3 (a)	36,228	36,212	35,781	36,228	36,212	35,781
Student Tuition Fees		26,897	28,724	24,558	26,897	28,724	24,558
Other Revenue	3 (b)	7,726	7,644	7,682	8,293	8,007	8,013
Interest Received	3 (c)	366	300	398	367	300	398
<b>Total Revenue</b>		<b>71,217</b>	<b>72,880</b>	<b>68,419</b>	<b>71,785</b>	<b>73,243</b>	<b>68,750</b>
<b>Expenditure</b>							
Employment Expenses	3 (d)	40,336	41,165	39,829	40,692	41,455	40,076
Consumable Expenses	3 (e)	9,945	9,965	8,570	9,957	9,971	8,576
Operating Expenses	3 (e)	7,909	8,477	7,914	7,998	8,518	7,951
Occupancy Expenses	3 (e)	4,151	4,103	4,039	4,159	4,111	4,042
Interest Expense	3 (c)	0	0	0	0	0	0
Depreciation & Amortisation Expense	8 & 9	5,808	5,654	5,517	5,808	5,654	5,517
Loss on Disposal/Impairment of Assets		204	30	14	204	30	14
<b>Total Expenditure</b>		<b>68,353</b>	<b>69,394</b>	<b>65,883</b>	<b>68,818</b>	<b>69,739</b>	<b>66,176</b>
<b>Surplus/(Deficit) from Operations</b>		<b>2,864</b>	<b>3,486</b>	<b>2,536</b>	<b>2,967</b>	<b>3,504</b>	<b>2,574</b>
Share of Associate's surplus/deficit	7	0	0	0	84	150	178
<b>Net Surplus/(Deficit)</b>		<b>2,864</b>	<b>3,486</b>	<b>2,536</b>	<b>3,051</b>	<b>3,654</b>	<b>2,752</b>

Explanations of significant variances against budget are detailed in note 21.

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.



# Financial Statements

## Statement of Other Comprehensive Revenue and Expense for the year ended 31 December 2015

	POLYTECHNIC			GROUP			
	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Net Surplus/(Deficit) for the year		2,864	3,486	2,536	3,051	3,654	2,752
<b>Other Comprehensive Revenue</b>							
Increase/(Decrease) in Asset Revaluation Reserves		46	0	2,176	46	0	2,176
<b>Total Other Comprehensive Revenue</b>		<b>46</b>	<b>0</b>	<b>2,176</b>	<b>46</b>	<b>0</b>	<b>2,176</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>2,910</b>	<b>3,486</b>	<b>4,712</b>	<b>3,097</b>	<b>3,654</b>	<b>4,928</b>

## Statement of Changes in Equity for the year ended 31 December 2015

	POLYTECHNIC			GROUP			
	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Public Equity at the start of the year		95,136	92,732	90,424	96,744	92,605	91,816
<b>Total Comprehensive Revenue and Expense</b>		<b>2,910</b>	<b>3,486</b>	<b>4,712</b>	<b>3,097</b>	<b>3,654</b>	<b>4,928</b>
<b>Public Equity at the end of the year</b>		<b>98,046</b>	<b>96,218</b>	<b>95,136</b>	<b>99,841</b>	<b>96,259</b>	<b>96,744</b>

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.

# Financial Statements

## Statement of Financial Position for the year ended 31 December 2015

		POLYTECHNIC			GROUP		
	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	4	3,229	2,119	7,259	3,241	2,119	7,324
Trade and Other Receivables	5	4,029	2,000	2,885	4,349	2,000	2,857
Prepayments		627	500	349	627	500	349
Inventories	6	162	200	189	162	200	189
<b>Total Current Assets</b>		<b>8,047</b>	<b>4,819</b>	<b>10,682</b>	<b>8,379</b>	<b>4,819</b>	<b>10,719</b>
<b>Non Current Assets</b>							
Other Financial Assets	7	3,988	5,818	4,110	5,590	5,859	5,649
Property, Plant and Equipment	8	96,857	91,560	87,887	96,857	91,560	87,887
Intangible Assets	9	5,687	5,325	4,978	5,687	5,325	4,978
<b>Total Non Current Assets</b>		<b>106,532</b>	<b>102,703</b>	<b>96,975</b>	<b>108,134</b>	<b>102,744</b>	<b>98,514</b>
<b>Total Assets</b>		<b>114,579</b>	<b>107,522</b>	<b>107,657</b>	<b>116,513</b>	<b>107,563</b>	<b>109,233</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Trade and Other Payables	10	13,722	8,500	9,717	13,861	8,500	9,685
Employee Entitlements	11	2,625	2,636	2,621	2,625	2,636	2,621
<b>Total Current Liabilities</b>		<b>16,347</b>	<b>11,136</b>	<b>12,338</b>	<b>16,486</b>	<b>11,136</b>	<b>12,306</b>
<b>Non Current Liabilities</b>							
Employee Entitlements	11	186	168	183	186	168	183
<b>Total Non Current Liabilities</b>		<b>186</b>	<b>168</b>	<b>183</b>	<b>186</b>	<b>168</b>	<b>183</b>
<b>Total Liabilities</b>		<b>16,533</b>	<b>11,304</b>	<b>12,521</b>	<b>16,672</b>	<b>11,304</b>	<b>12,489</b>
<b>NET ASSETS</b>		<b>98,046</b>	<b>96,218</b>	<b>95,136</b>	<b>99,841</b>	<b>96,259</b>	<b>96,744</b>
<b>EQUITY</b>							
Retained Earnings	13	65,996	66,343	63,109	67,791	66,384	64,717
Suspensory Loan	13	0	0	0	0	0	0
Asset Revaluation Reserves	13	31,597	29,375	31,551	31,597	29,375	31,551
Other Reserves	13	453	500	476	453	500	476
<b>Total Equity</b>		<b>98,046</b>	<b>96,218</b>	<b>95,136</b>	<b>99,841</b>	<b>96,259</b>	<b>96,744</b>

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.

# Financial Statements

## Statement of Cash Flows

for the year ended 31 December 2015

	Notes	POLYTECHNIC			GROUP		
		Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Cash was provided from:</b>							
Receipts from Government Grants		35,892	36,212	36,393	35,892	36,212	36,393
Receipts from Student Tuition Fees		27,903	29,499	24,959	28,036	29,499	25,090
Receipts from Other Revenue		7,619	7,653	8,431	7,882	8,007	8,727
Interest Received		366	300	398	367	300	398
		<b>71,780</b>	<b>73,664</b>	<b>70,181</b>	<b>72,177</b>	<b>74,018</b>	<b>70,608</b>
<b>Cash was applied to:</b>							
Payments to Employees		40,329	40,904	39,431	40,685	41,194	39,678
Payments for Consumables		9,916	9,978	8,548	9,917	9,994	8,554
Payments for Operating Expenses		8,362	8,504	7,618	8,445	8,545	7,656
Payments for Occupancy		4,151	4,651	3,995	4,153	4,659	3,998
Interest Expense		0	0	0	0	0	0
Goods & Services Tax (net)		(506)	3	(173)	(498)	3	(93)
		<b>62,252</b>	<b>64,040</b>	<b>59,419</b>	<b>62,702</b>	<b>64,395</b>	<b>59,793</b>
<b>Net Cash Flow from Operating Activities</b>	4	<b>9,528</b>	<b>9,624</b>	<b>10,762</b>	<b>9,475</b>	<b>9,623</b>	<b>10,815</b>

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.

# Financial Statements

## Statement of Cash Flows (continued) for the year ended 31 December 2015

	POLYTECHNIC			GROUP			
	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Cash was provided from:</b>							
Repayment of Advance by Associate		150	150	150	150	150	150
		<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Cash was applied to:</b>							
Purchase of Property, Plant and Equipment		11,911	11,121	7,393	11,911	11,120	7,393
Purchase of Intangible Assets		1,797	1,430	1,093	1,797	1,430	1,093
		<b>13,708</b>	<b>12,551</b>	<b>8,486</b>	<b>13,708</b>	<b>12,550</b>	<b>8,486</b>
<b>Net Cash Flow from Investing Activities</b>		<b>(13,558)</b>	<b>(12,401)</b>	<b>(8,336)</b>	<b>(13,558)</b>	<b>(12,400)</b>	<b>(8,336)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Cash was provided from:</b>							
Loan Finance Received		0	0	0	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash was applied to:</b>							
Loan Finance Repaid		0	0	0	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flow from Financing Activities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash Increase/(Decrease)		(4,030)	(2,777)	2,426	(4,083)	(2,777)	2,479
Opening Cash Balance		7,259	4,896	4,833	7,324	4,896	4,845
<b>Closing Balance</b>		<b>3,229</b>	<b>2,119</b>	<b>7,259</b>	<b>3,241</b>	<b>2,119</b>	<b>7,324</b>
Represented by:							
Bank deposits and current account		3,229	2,119	7,259	3,241	2,119	7,324
		<b>3,229</b>	<b>2,119</b>	<b>7,259</b>	<b>3,241</b>	<b>2,119</b>	<b>7,324</b>

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.



# Notes to the Financial Statements

---

For the year ended 31 December 2015

# Notes to the Financial Statements

for the year ended 31 December 2015

## 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 33% equity share of its associate Dunedin City Tertiary Accommodation Trust is equity accounted. The Polytechnic controls the Otago Polytechnic Education Foundation Trust for financial reporting purposes, because in substance the Polytechnic predetermined the objectives of the Trust at establishment and benefits from the Trust's complementary activities.

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 2015 were authorised for issue in accordance with a resolution of Council on 12 April 2016.

## 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 includes a requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The measurement base applied is historical cost adjusted for revaluations of certain assets.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 22.

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.

Associate entities are consolidated on an equity accounting basis, which shows the share of the surpluses/deficits in the group's statement of financial performance and the share of post-acquisition increases/decreases in net assets in the group's statement of financial performance and the share of post-acquisition increases/decreases in net assets in the group's statement of financial position.

### (d) Changes in accounting policy

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

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

> Nil.

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and are relevant to the Polytechnic and group are:

- > In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Polytechnic and group has applied these standards in preparing the 31 December 2015 financial statements.
- > In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Polytechnic and group will apply these updated standards in preparing its 31 December 2016 financial statements and it expects there will be minimal or no change in applying these updated accounting standards.
- > PBE IPSAS 1 Presentation of Financial Statements has recently been updated to address perceived impediments to preparers exercising their judgements in preparing financial statements. These amendments apply to the Polytechnic and group in preparing the 31 December 2016 financial statements. The Polytechnic and group will be considering these amendments and reconsidering how its financial statements are presented in preparing the 31 December 2016 financial statements. While there are other amendments issued and not yet effective, the Polytechnic and group does not consider these to be relevant and therefore no information has been disclosed about these amendments.

### (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.

# Notes to the Financial Statements

for the year ended 31 December 2015

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.

#### *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.

#### *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.

#### **(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.

#### **(k) Inventories**

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted where applicable, for any loss of service potential. Where inventories are acquired at no cost or for minimal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

#### **(l) 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.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Polytechnic and group commits to purchase or sell the asset. Financial assets are

# Notes to the Financial Statements

for the year ended 31 December 2015

derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Polytechnic and group has transferred substantially all the risks and rewards of ownership.

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

- fair value through surplus or deficit
- loans and receivables
- fair value through other comprehensive revenue.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

#### *Financial assets at fair value through surplus or deficit*

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

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

#### *Loans and receivables (including cash and cash equivalents and other receivables)*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

#### *Financial assets at fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated as fair value through other comprehensive revenue and expense or are not classified in any of the other categories above. They are included in non-current assets unless the Polytechnic intends to realise the investment within 12 months of balance date. The Polytechnic and group designates in this category:

- > investments that it intends to hold long-term but which may be realised before maturity; and
- > shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

#### **(m) Impairment of financial assets**

At each balance date, the Polytechnic and group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

#### *Loans and receivables (including cash and cash equivalents and other receivables)*

Impairment of a loan or a receivable is established when there is objective evidence that the Polytechnic and group will not be able to collect amounts due according to the original terms of the loan or receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, insolvency, receivership, or liquidation, and default in payments are considered to be indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

#### *Financial assets at fair value through other comprehensive revenue and expense*

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

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

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

#### **(n) Property, plant and equipment**

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

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



# Notes to the Financial Statements

for the year ended 31 December 2015

- > 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.

## 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	20-80 years	1.25% - 5% per annum
Plant and equipment	2-30 years	3.33% - 50% per annum
Motor vehicles	5 years	20% per annum
Computer hardware	2-9 years	11% - 50% per annum
Library collection	10 years	10% per annum

## 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 group accounts for such revaluations on a class-of-asset basis.

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.

## (o) 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
Useful lives	3-5 years	5-7 years
Amortisation method used	Straight-line method from the commencement of the course	Straight-line method
Internally generated/ acquired	Internally generated	Separately acquired

# Notes to the Financial Statements

for the year ended 31 December 2015

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.

## (p) 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.

## (q) 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.

### *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 3.6% (2014: 3.7%) and a salary inflation factor of 1.0% (2014: 1.4%) 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.

## (r) Superannuation schemes

### *Defined contribution schemes*

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

### *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.

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 is disclosed in note 15.

## (s) Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing. After initial recognition, loans and borrowings are measured at amortised cost using the effective interest rate method.

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

## (t) 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.

## (u) 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.

# Notes to the Financial Statements

for the year ended 31 December 2015

## (v) 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. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

## (w) 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 2015:

### *Crown-owned land and buildings*

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

### *Distinction between revenue and capital contributions*

Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, 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 13.

### *Suspensory loans with equity conversion features*

The Polytechnic and group has received a suspensory loan from the Crown whereby the loan converts to equity when the conversion conditions of the loan agreement are satisfied.

Because the Polytechnic and group is committed to meeting the equity conversion conditions, it considers the loan is an in-substance equity contribution from the Crown and therefore has recognised the amount drawn down directly in the statement of changes in equity. Further information about the suspensory loan is disclosed in notes 13 and 15.

## (x) Changes in accounting estimates

There have been no changes in accounting estimates during the year.

## (y) 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. REVENUES AND EXPENSES

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>(a) Government grants</b>				
Student Achievement Component	32,456	32,263	32,456	32,263
Equity funding	190	169	190	169
Early Childhood Education Performance Based Research Fund	510	521	510	521
Modern Apprentices	1,162	1,128	1,162	1,128
Trades Academy	196	237	196	237
Youth Guarantee	349	231	349	231
Other government grants	1,281	1,143	1,281	1,143
	84	89	84	89
	<u>36,228</u>	<u>35,781</u>	<u>36,228</u>	<u>35,781</u>
<b>(b) Other Revenue</b>				
Revenue from other operating activities	7,726	7,682	8,293	8,013
	<u>7,726</u>	<u>7,682</u>	<u>8,293</u>	<u>8,013</u>
<b>(c) Finance Revenue/Costs</b>				
Interest earned on bank deposits	366	398	367	398
Total finance revenue	<u>366</u>	<u>398</u>	<u>367</u>	<u>398</u>
Interest paid on bank loan facilities	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>(d) Employment expenses</b>				
Wages and salaries	36,393	35,846	36,641	35,990
Post-employment benefits	948	874	956	879
Other employment expenses	2,995	3,109	3,095	3,207
	<u>40,336</u>	<u>39,829</u>	<u>40,692</u>	<u>40,076</u>
<b>(e) Consumable, Operating and Occupancy expenses</b>				
Audit fees – annual audit	93	90	104	92
Bad debts written-off	122	115	133	115
Donations	102	81	102	81
Minimum lease payments – operating leases	1,588	1,491	1,595	1,494
Administrative and other expenses	20,100	18,746	20,180	18,787
	<u>22,005</u>	<u>20,523</u>	<u>22,114</u>	<u>20,569</u>

# Notes to the Financial Statements

for the year ended 31 December 2015

## 4. CASH AND CASH EQUIVALENTS

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and in hand	108	77	120	142
Short-term deposits	3,121	7,182	3,121	7,182
	3,229	7,259	3,241	7,324

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The carrying values of cash at bank and in hand and short-term deposits with maturities less than three months approximate their fair values.

### Reconciliation of cash for the purpose of the cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following as at 31 December:

Cash at bank and in hand	3,229	7,259	3,241	7,324
	3,229	7,259	3,241	7,324

### Reconciliation from the net surplus/(deficit) to the net cash flows from operations

Net surplus/(deficit) for the year	2,864	2,536	3,051	2,752
<i>Adjustments for:</i>				
Depreciation and amortisation	5,808	5,517	5,808	5,517
Net (gain)/loss on disposal of property, plant and equipment	204	14	204	14
Movement in Trust & Special Funds	(23)	(4)	(23)	(4)
<i>Changes in assets and liabilities</i>				
(Increase)/ decrease in trade and other receivables	(1,233)	862	(1,559)	1,136
(Increase)/ decrease in prepayments	(278)	252	(278)	252
(Increase)/ decrease in inventories	27	(21)	27	(21)
(Increase)/ decrease in financial assets	(203)	198	(268)	(171)
Increase/(decrease) in trade and other payables	2,355	1,009	2,506	940
Increase/(decrease) in employee entitlements	7	399	7	399
Net cash from operating activities	9,528	10,762	9,475	10,815

## 5. TRADE AND OTHER RECEIVABLES

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Student fees receivables	2,014	1,196	2,014	1,196
Other receivables	2,054	1,887	2,379	1,859
Dunedin City Tertiary				
Accommodation Trust advance	150	150	150	150
Provision for doubtful debts	(189)	(348)	(194)	(348)
	4,029	2,885	4,349	2,857

As at 31 December the age of receivables is as follows:

Current	2,096	1,199	2,409	1,169
30-60 days	1,311	1,021	1,311	1,023
60-90 days	333	61	333	61
90 days +	289	604	296	604
	4,029	2,885	4,349	2,857

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	348	242	348	242
Additional provisions made during the year	17	106	23	106
Receivables written-off during the year	(177)	0	(177)	0
At 31 December	188	348	194	348

## 6. INVENTORIES

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Materials and consumables held for distribution	162	189	162	189
	162	189	162	189

The writedown of inventories held for distribution amounted to nil (2014: nil) and there have been no reversals of writedowns. No inventories are pledged as security for liabilities.



# Notes to the Financial Statements

for the year ended 31 December 2015

## 7. OTHER FINANCIAL ASSETS

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Advance to Dunedin City Tertiary Accommodation Trust	550	700	550	700
Investment in associate – Dunedin City Tertiary Accommodation Trust	3,332	3,332	4,968	4,884
Other	106	78	72	65
	3,988	4,110	5,590	5,649

In 2008 Otago Polytechnic associate accounted for its one third share of Dunedin City Tertiary Accommodation Trust for the first time, the change being taken to equity. The change in the investment value represents the Group's share of the Trust's surplus for 2015.

The advance to Dunedin City Tertiary Accommodation Trust is unsecured, non-interest-bearing and repayable on demand when certain conditions are satisfied. The fair value of on-demand loans cannot be less than the amount repayable on demand, therefore the carrying value of loans on demand reflects their fair value.

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

	2015 \$'000	2014 \$'000
<i>Investment in Dunedin City Tertiary Accommodation Trust</i>		
Movements in the carrying amount of the investment in associate:		
Balance at 1 January	4,884	4,706
New investments during the year	0	0
Disposal of investments during the year	0	0
Share of total comprehensive income	84	178
Dividend	0	0
Balance at 31 December	4,968	4,884

Summarised financial information of associate presented on a gross basis:

Assets	9,293	9,555
Liabilities	2,423	2,952
Revenues	2,528	2,704
Surplus/(Deficit)	253	534
Group's interest	33.33%	33.33%
Share of associate's contingent liabilities incurred jointly with other investors	0	0
Contingent liabilities that arise because of several liabilities	0	0

# Notes to the Financial Statements

for the year ended 31 December 2015

## 8. PROPERTY, PLANT AND EQUIPMENT

<b>POLYTECHNIC</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Computer Hardware</b>	<b>Library Collection</b>	<b>Artworks</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 1 January 2015</b>								
Cost or fair value	19,090	58,051	13,185	979	17,875	6,365	91	115,636
Accumulated depreciation and impairment	0	(186)	(7,048)	(650)	(14,723)	(5,142)	0	(27,749)
Net carrying amount	19,090	57,865	6,137	329	3,152	1,223	91	87,887
<b>Year ended 31 December 2015</b>								
Balance at 1 January	19,090	57,865	6,137	329	3,152	1,223	91	87,887
Additions	3,329	7,540	1,410	111	1,105	167	32	13,694
Revaluations	46	0	0	0	0	0	0	46
Disposals (net)	0	0	(27)	0	(5)	0	0	(32)
Depreciation expense	0	(1,856)	(1,052)	(120)	(1,472)	(238)	0	(4,738)
Balance at 31 December	22,465	63,549	6,468	320	2,780	1,152	123	96,857
<b>At 31 December 2015</b>								
Cost or fair value	22,465	65,591	14,664	1,067	18,843	6,532	123	129,285
Accumulated depreciation and impairment	0	(2,042)	(8,196)	(747)	(16,063)	(5,380)	0	(32,428)
Net carrying amount	22,465	63,549	6,468	320	2,780	1,152	123	96,857
<b>At 1 January 2014</b>								
Cost or fair value	18,090	56,331	11,611	849	16,955	6,163	87	110,086
Accumulated depreciation and impairment	0	(3,253)	(6,289)	(589)	(13,342)	(4,900)	0	(28,373)
Net carrying amount	18,090	53,078	5,322	260	3,613	1,263	87	81,713
<b>Year ended 31 December 2014</b>								
Balance at 1 January	18,090	53,078	5,322	260	3,613	1,263	87	81,713
Additions	157	5,243	1,725	169	933	202	4	8,433
Revaluations	843	1,333	0	0	0	0	0	2,176
Disposals (net)	0	0	0	0	0	0	0	0
Depreciation charge for the year	0	(1,789)	(910)	(100)	(1,394)	(242)	0	(4,435)
Balance at 31 December	19,090	57,865	6,137	329	3,152	1,223	91	87,887
<b>At 31 December 2014</b>								
Cost or fair value	19,090	58,051	13,185	979	17,875	6,365	91	115,636
Accumulated depreciation and impairment	0	(186)	(7,048)	(650)	(14,723)	(5,142)	0	(27,749)
Net carrying amount	19,090	57,865	6,137	329	3,152	1,223	91	87,887

# Notes to the Financial Statements

for the year ended 31 December 2015

<b>GROUP</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Computer Hardware \$'000</b>	<b>Library Collection \$'000</b>	<b>Artworks \$'000</b>	<b>Total \$'000</b>
<b>At 1 January 2015</b>								
Cost or fair value	19,090	58,051	13,185	979	17,877	6,365	91	115,638
Accumulated depreciation and impairment	0	(186)	(7,048)	(650)	(14,725)	(5,142)	0	(27,751)
Net carrying amount	19,090	57,865	6,137	329	3,152	1,223	91	87,887
<b>Year ended 31 December 2015</b>								
Balance at 1 January	19,090	57,865	6,137	329	3,152	1,223	91	87,887
Additions	3,329	7,540	1,410	111	1,105	167	32	13,694
Revaluations	46	0	0	0	0	0	0	46
Disposals (net)	0	0	(27)	0	(5)	0	0	(32)
Depreciation expense	0	(1,856)	(1,052)	(120)	(1,472)	(238)	0	(4,738)
Balance at 31 December	22,465	63,549	6,468	320	2,780	1,152	123	96,857
<b>At 31 December 2015</b>								
Cost or fair value	22,465	65,591	14,664	1,067	18,843	6,532	123	129,285
Accumulated depreciation and impairment	0	(2,042)	(8,196)	(747)	(16,063)	(5,380)	0	(32,428)
Net carrying amount	22,465	63,549	6,468	320	2,780	1,152	123	96,857
<b>At 1 January 2014</b>								
Cost or fair value	18,090	56,331	11,611	849	16,957	6,163	87	110,088
Accumulated depreciation and impairment	0	(3,253)	(6,289)	(589)	(13,344)	(4,900)	0	(28,375)
Net carrying amount	18,090	53,078	5,322	260	3,613	1,263	87	81,713
<b>Year ended 31 December 2014</b>								
Balance at 1 January	18,090	53,078	5,322	260	3,613	1,263	87	81,713
Additions	157	5,243	1,725	169	933	202	4	8,433
Revaluations	843	1,333	0	0	0	0	0	2,176
Disposals (net)	0	0	0	0	0	0	0	0
Depreciation charge for the year	0	(1,789)	(910)	(100)	(1,394)	(242)	0	(4,435)
Balance at 31 December	19,090	57,865	6,137	329	3,152	1,223	91	87,887
<b>At 31 December 2014</b>								
Cost or fair value	19,090	58,051	13,185	979	17,877	6,365	91	115,638
Accumulated depreciation and impairment	0	(186)	(7,048)	(650)	(14,725)	(5,142)	0	(27,751)
Net carrying amount	19,090	57,865	6,137	329	3,152	1,223	91	87,887

# Notes to the Financial Statements

for the year ended 31 December 2015

## *Valuation*

The most recent valuations of land and buildings were performed by J Dunckley FPINZ, an independent registered valuer, of Crighton Anderson Property & Infrastructure Ltd with an effective date of 31 December 2015.

## *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 for the foreseeable future and will substantially receive the full benefits of outright ownership.

## *Buildings*

Specialised buildings (e.g. campuses) 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 of 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 \$637k (2014:\$6,063k) while plant and equipment totals \$300k (2014:\$0k).

## **Legal ownership of land and buildings**

Land and buildings with a carrying amount of \$68,601k (2014:\$56,197k) are owned by the Crown.

These were first recognised on 1 January 1995. Although legal title has not been transferred, Otago Polytechnic has assumed all normal risks and rewards of ownership.



# Notes to the Financial Statements

for the year ended 31 December 2015

## 9. INTANGIBLE ASSETS

### POLYTECHNIC

### GROUP

	Course Development costs \$'000	Computer Software \$'000	Total \$'000	Course Development costs \$'000	Computer Software \$'000	Total \$'000
<b>At 1 January 2015</b>						
Cost (gross carrying amount)	5,177	8,965	14,142	5,177	8,965	14,142
Accumulated amortisation	(3,905)	(5,259)	(9,164)	(3,905)	(5,259)	(9,164)
Net carrying amount	1,272	3,706	4,978	1,272	3,706	4,978
<b>Year ended 31 December 2015</b>						
Balance at 1 January	1,272	3,706	4,978	1,272	3,706	4,978
Additions	875	921	1,796	875	921	1,796
Impairments	0	(18)	(18)	0	(18)	(18)
Amortisation expense	(403)	(666)	(1,070)	(403)	(666)	(1,070)
Balance at 31 December	1,744	3,943	5,687	1,744	3,943	5,687
<b>At 31 December 2015</b>						
Cost (gross carrying amount)	5,801	9,165	14,966	5,801	9,165	14,966
Accumulated amortisation	(4,057)	(5,222)	(9,279)	(4,057)	(5,222)	(9,279)
Net carrying amount	1,744	3,943	5,687	1,744	3,943	5,687
<b>At 1 January 2014</b>						
Cost (gross carrying amount)	4,695	8,354	13,049	4,695	8,354	13,049
Accumulated amortisation	(3,496)	(4,587)	(8,083)	(3,496)	(4,587)	(8,083)
Net carrying amount	1,199	3,767	4,966	1,199	3,767	4,966
<b>Year ended 31 December 2014</b>						
Balance at 1 January	1,199	3,767	4,966	1,199	3,767	4,966
Additions	482	611	1,093	482	611	1,093
Impairments	0	0	0	0	0	0
Amortisation expense	(409)	(672)	(1,081)	(409)	(672)	(1,081)
Balance at 31 December	1,272	3,706	4,978	1,272	3,706	4,978
<b>At 31 December 2014</b>						
Cost (gross carrying amount)	5,177	8,965	14,142	5,177	8,965	14,142
Accumulated amortisation	(3,905)	(5,259)	(9,164)	(3,905)	(5,259)	(9,164)
Net carrying amount	1,272	3,706	4,978	1,272	3,706	4,978

# Notes to the Financial Statements

for the year ended 31 December 2015

## 10. TRADE AND OTHER PAYABLES

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	8,074	5,893	8,131	5,912
Income in advance	5,648	3,824	5,730	3,773
Interest payable	0	0	0	0
	13,722	9,717	13,861	9,685

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 student fees for programmes that continue into the following financial year. For terms and conditions relating to related parties refer to note 16.

## 11. EMPLOYEE ENTITLEMENTS

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Employee Entitlements</i>				
Annual and discretionary leave	1,279	1,432	1,279	1,432
Long-service leave	190	183	190	183
Retirement leave	65	95	65	95
Sick leave	86	77	86	77
Other entitlements	1,191	1,017	1,191	1,017
	2,811	2,804	2,811	2,804
Current portion	2,625	2,621	2,625	2,621
Non-current portion	186	183	186	183
	2,811	2,804	2,811	2,804

## 12. LOANS AND BORROWINGS

The Westpac Bank loan is secured with a negative pledge and operates as a multi-option credit line facility.

### Secured loan covenants

The Polytechnic is required to ensure that the following financial covenant ratios for the secured Westpac loan are achieved during the year:

- > Cash operating ratio (cash inflows from operations/cash outflows from operations) not to be less than 1.11
- > Gearing ratio (gross debt/gross debt + equity) not to be greater than 9%.

In the event that these covenants are breached, indicating that the operation or long-term viability of the Polytechnic is at risk, the Secretary for Education will seek satisfactory explanations of the breach from the Polytechnic's Council.

# Notes to the Financial Statements

for the year ended 31 December 2015

## 13. EQUITY

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Retained Earnings</i>				
At 1 January	63,109	58,384	64,717	59,776
Net surplus/(deficit)	2,864	2,536	3,051	2,752
Net change in Trust and Special Funds	23	4	23	4
Conversion of suspensory loan (refer note 15 below)	0	2,185	0	2,185
At 31 December	65,996	63,109	67,791	64,717
<i>Suspensory Loan</i>				
At 1 January	0	2,185	0	2,185
Conversion of suspensory loan (refer note 15 below)	0	(2,185)	0	(2,185)
At 31 December	0	0	0	0
<i>Asset Revaluation Reserve</i>				
At 1 January	31,551	29,375	31,551	29,375
Revaluation gains/(losses)	0	2,176	0	2,176
Reduction in reserve on disposal/transfer	46	0	46	0
At 31 December	31,597	31,551	31,597	31,551
<i>Trust Funds</i>				
At 1 January	392	396	392	396
Receipts to funds	57	75	57	75
Payments from funds	(55)	(79)	(55)	(79)
Transfer to OPEF subsidiary	(24)	0	(24)	0
At 31 December	370	392	370	392
<i>Special Funds</i>				
At 1 January	84	84	84	84
Receipts to funds	3	1	3	1
Payments from funds	(4)	(1)	(4)	(1)
At 31 December	83	84	83	84
Total equity	98,046	95,136	99,841	96,744

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.

## 14. 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 purchases of capital equipment by the Polytechnic's academic departments and from book purchases by its library 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 on Otago Polytechnic borrowings.

If interest rates on borrowings at 31 December 2015 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus by \$0 (2014: \$0) as a result of higher/lower interest expense on floating rate 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, 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. The advance to the Dunedin City Tertiary Accommodation Trust is for strategic purposes and considered to be low risk.

### 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 \$3.38m. 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.

# Notes to the Financial Statements

for the year ended 31 December 2015

## **Maturity analysis of financial assets and liabilities**

	Carrying amount	Current	1-3 months	3-12 months	More than 12 months
<i>Polytechnic 2015</i>					
Cash and cash equivalents	3,229	3,229	0	0	0
Trade and other receivables	4,029	2,096	1,644	289	0
Other financial assets	656	656			
<b>Total financial assets</b>	<b>7,914</b>	<b>5,981</b>	<b>1,644</b>	<b>289</b>	<b>0</b>
Trade and other payables	13,722	13,722	0	0	0
Loans and borrowings (current)	0	0	0	0	0
Loans and borrowings (non-current)	0	0	0	0	0
<b>Total financial liabilities</b>	<b>13,722</b>	<b>13,722</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Group 2015</i>					
Cash and cash equivalents	3,241	3,241	0	0	0
Trade and other receivables	4,349	2,409	1,644	296	0
Other financial assets	622	622			
<b>Total financial assets</b>	<b>8,212</b>	<b>6,272</b>	<b>1,644</b>	<b>296</b>	<b>0</b>
Trade and other payables	13,861	13,861	0	0	0
Loans and borrowings (current)	0	0	0	0	0
Loans and borrowings (non-current)	0	0	0	0	0
<b>Total financial liabilities</b>	<b>13,861</b>	<b>13,861</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Polytechnic 2014</i>					
Cash and cash equivalents	7,259	7,259	0	0	0
Trade and other receivables	2,885	1,199	1,082	604	0
Other financial assets	778	778			
<b>Total financial assets</b>	<b>10,922</b>	<b>9,236</b>	<b>1,082</b>	<b>604</b>	<b>0</b>
Trade and other payables	9,717	9,717	0	0	0
Loans and borrowings (current)	0	0	0	0	0
Loans and borrowings (non-current)	0	0	0	0	0
<b>Total financial liabilities</b>	<b>9,717</b>	<b>9,717</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Group 2014</i>					
Cash and cash equivalents	7,324	7,324	0	0	0
Trade and other receivables	2,857	1,169	1,084	604	0
Other financial assets	765	765			
<b>Total financial assets</b>	<b>10,946</b>	<b>9,258</b>	<b>1,084</b>	<b>604</b>	<b>0</b>
Trade and other payables	9,685	9,685	0	0	0
Loans and borrowings (current)	0	0	0	0	0
Loans and borrowings (non-current)	0	0	0	0	0
<b>Total financial liabilities</b>	<b>9,685</b>	<b>9,685</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Notes to the Financial Statements

for the year ended 31 December 2015

## 15. 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 five years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	POLYTECHNIC		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	1,045	806	1,045	806
After one year but not more than five years	2,884	2,255	2,884	2,255
More than five years	3,355	3,738	3,355	3,738
	7,284	6,799	7,284	6,799

### Capital commitments

At 31 December 2015 the Polytechnic had total commitments of \$24k for the major building upgrades at the Forth Street campus (2014: \$7,375k relating to the major building upgrades at the Forth Street campus).

### Legal claim

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

### Contingent liability

Otago Polytechnic has no contingent liabilities 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.

For the year ended 30th June 2015, the Government Superannuation Fund had an after tax surplus of \$510.6m (2014: \$363.3m surplus). As this is a multi-employer scheme the Polytechnic is unable to calculate its share of the surplus. The Polytechnic also has one employee contributing to the National Provident Fund defined benefit scheme.

## 16. 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 \$6,384 to Otago Polytechnic for hospitality catering. Otago Polytechnic provides accounting, secretarial and trustee services to the Otago Polytechnic Education Foundation Trust at no cost. It was agreed with Otago Polytechnic Education Foundation Trust to transfer initial funding of \$24,163 from Otago Polytechnic into the Otago Polytechnic Education Foundation Trust. Monies owed by Otago Polytechnic in the Otago Polytechnic Education Foundation Trust are held in a current account (balance at 31 Dec 2015 \$31,488).

The Open Education Resource Foundation Limited paid \$8,000 to Otago Polytechnic for administrative services for CCANZ operations. 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 \$5,837 (US\$4,000) annually. Monies owed between the parties are held in a current account (balance at 31 December 2015 \$66,933).

### POLYTECHNIC AND GROUP

	2015 \$'000	2014 \$'000
<i>Key management personnel compensation</i>		
Salaries and other short-term employee benefits	2,042	2,002
Post-employment benefits	78	77
	2,120	2,079

Key management personnel includes 11 members of the Leadership Team and a Director of Open Education Resource Foundation Ltd, totalling 12 FTE (2014: 12 FTE) plus all members of Council. Councillor fees of \$112k (2014: \$113k) are disclosed separately in note 18.

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.



# Notes to the Financial Statements

for the year ended 31 December 2015

## 17. EVENTS AFTER THE BALANCE SHEET DATE

On 5 February 2016, the Council of the Polytechnic approved the purchase of a property at 25 Bannockburn Road for \$520k. The purchase became unconditional and settlement occurred on 4 March 2016. (There were no post balance date events as at 31 December 2014.)

## 18. COUNCILLOR FEES

The following fees were earned by members of the Council during the year:

POLYTECHNIC AND GROUP		
	2015 \$	2014 \$
Paul Allison	10,000	10,000
Gillian Bremner	15,333	10,000
John Christie	10,000	10,000
Peter Coolbear	833	0
Kathy Grant	28,800	28,800
David Higgins	14,400	9,600
Mike Horne	9,600	0
Susie Johnstone	6,000	18,000
Tom Prebble	6,667	10,000
Chris Staynes	10,000	10,000
Rebecca Williams	0	6,700
	<b>111,633</b>	<b>113,100</b>

## 19. CHILDCARE CENTRE

POLYTECHNIC AND GROUP			
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
<b>Revenue</b>			
Ministry grants	510	550	522
Guardians and student income	271	309	298
Total revenue	781	859	820
<b>Expenditure</b>			
Employment costs	734	733	731
Other operating costs	105	115	106
Total expenditure	839	848	837
Surplus/(deficit)	(58)	11	(17)

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.

## POLYTECHNIC AND GROUP

	2015 hours	2014 hours
<b>Statistics</b>		
Under two year olds	14,675	19,662
Over two year olds	16,998	19,782
Free funded three years and over	26,072	20,067

In 2014 the under twos were operating at capacity for part of the year, therefore limiting overall available spaces in over twos due to maximum licenced numbers. A large portion of that 2014 under two cohort moved up in 2015, resulting in increased over twos and free funded 3 years and over numbers. It also created vacancies in the under twos which were unable to be filled.

## 20. 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.

# Notes to the Financial Statements

for the year ended 31 December 2015

## 21. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

### Group statement of financial performance

#### *Student tuition fees*

Student tuition fees were a net \$1,827k lower than planned. Domestic EFTS were some 240 short of original target and with more discounting. International EFTS were slightly ahead of budget but at a lower overall average value per enrolment.

#### *Operating expenses*

Operating expenses are \$519k lower than budgeted despite an over-spend in direct advertising costs, scholarships and bad debt expenses. These were more than offset by lower than planned activity in commercial innovation projects, savings in the Insurance and minor equipment areas, plus travel savings due to lower trans-Tasman activity. Additionally agents fees and other provisions were underspent due to budget classifications only as the costs fell in other categories, offsetting savings for example in the employment and consumable areas where there was lower delivery activity.

### Group statement of financial position

#### *Cash and cash equivalents*

Cash and cash equivalents are \$1,122k higher than budgeted, due to higher than planned opening cash position inherited from 2014 and continued strong levels of income in advance via the Auckland campus international students. This is partially offset by higher than planned actual capital expenditure on property, plant and equipment (ex 2014 payables).

#### *Trade and other receivables*

Trade and other receivables is \$2,350k higher than budgeted with additional net accruals for PBE-related income not envisaged at the time the budget was approved, plus additional commercial activity outstanding at year end compared to previously.

#### *Property, plant and equipment*

Property, plant and equipment is \$5,297k higher than budgeted with the unplanned Hall of Residence land purchase at year end as noted below, combined with the positive land and building revaluation movements at Dec 2014 which were unable to be reflected in the 2015 budget process.

#### *Trade and other payables*

Trade and other payables were \$5,361k higher than budgeted through capital project activity at year end (Hall of Residence land accruals as above), combined with much higher income in advance due to unbudgeted PBE accounting accruals and further increases in enrolments at Auckland International Campus, leading to more cash being received earlier.

### Group statement of cash flows

#### *Net cash flows*

Net operating cash flows were down slightly to budget in line with operating surplus. Net investing cashflows conversely were over budget with a higher value of capital accruals than expected from the prior year being paid out during 2015. Despite this and largely due to the much higher opening balance, the Polytechnic ended up in a better cash position than budgeted at year end.

### PBE Accounting changes

#### *Effects on financial statements*

As detailed in notes 2 and 22, the Polytechnic has applied the new PBE accounting standards for the first time in 2015. The net result of this was a restatement of the 2014 reported surplus, reducing it by some \$485k. The impact on 2015 has been to increase the surplus by some \$796k by the application of different accounting treatment to two of the Polytechnic's major sources of revenue, government funding and student fees. Where a course spans financial years, the funding and fee revenue for the whole course is now required to be accounted for in the year of enrolment once the last withdrawal date has passed. As there has been an increase in the volume of such programmes between 2014 and 2015, the Polytechnic's surplus has benefitted by the above amount as a net change between years. This was unable to be foreseen as the standards were not set when the 2015 budget was originally approved in late 2014.

# Notes to the Financial Statements

for the year ended 31 December 2015

## 22. ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

### Recognition and measurement adjustments

The table below explains the recognition and measurement adjustments to the 31 December 2014 comparative information resulting from the transition to the new PBE accounting standards.

	Explanatory Note	NZ IFRS (PBE) 2014 \$'000	Adjustment \$'000	PBE Accounting Standards 2014 \$'000
<i>Polytechnic</i>				
<b>Statement of Financial Position</b>				
<i>Current Assets</i>				
Trade and other receivables	1,2	1,926	959	2,885
<i>Current Liabilities</i>				
Trade and other payables	1,2	10,195	(478)	9,717
<i>Equity</i>				
Retained earnings	1,2	61,672	1,437	63,109
<b>Statement of Comprehensive Revenue and Expense</b>				
<i>Revenue</i>				
Government grants	1	36,429	(648)	35,781
Tuition fees (from domestic students)	2	24,395	163	24,558
<b>Statement of Changes in Equity</b>				
Balance at 1 January	1,2	88,502	1,922	90,424
Total Comprehensive Revenue and Expense	1,2	5,197	(485)	4,712
Balance at 31 December		93,699	1,437	95,136

	Explanatory Note	NZ IFRS (PBE) 2014 \$'000	Adjustment \$'000	PBE Accounting Standards 2014 \$'000
<i>Group</i>				
<b>Statement of Financial Position</b>				
<i>Current Assets</i>				
Trade and other receivables	1,2	2,018	839	2,857
<i>Current Liabilities</i>				
Trade and other payables	1,2	10,345	(660)	9,685
<i>Equity</i>				
Retained earnings	1,2	63,218	1,499	64,717
<b>Statement of Comprehensive Revenue and Expense</b>				
<i>Revenue</i>				
Government grants	1	36,429	(648)	35,781
Tuition fees (from domestic students)	2	24,395	163	24,558
<b>Statement of Changes in Equity</b>				
Balance at 1 January	1,2	89,832	1,984	91,816
Total Comprehensive Revenue and Expense	1,2	5,413	(485)	4,928
Balance at 31 December		95,245	1,499	96,744

### Explanatory notes:

#### 1. Government Funding

The Polytechnic previously accounted for Student Achievement Component (SAC) government funding on a percentage completion basis. No deferred revenue liability was previously recognised at balance date for programmes and courses that spanned the balance date as the SAC funding was aligned with the EFTS consumed between course start date and balance date. Under the new PBE accounting standards, the Polytechnic considers SAC funding to be non-exchange revenue in line with the related domestic student fees detailed in note 2 below, in that the return of funding condition expires when the course withdrawal date passes. Therefore, SAC funding is recognised as revenue in full when the course withdrawal date passes.

#### 2. Tuition fees - domestic students

The Polytechnic previously accounted for domestic student fees on a percentage completion basis. A deferred revenue liability was therefore previously recognised at balance date for programmes and courses that spanned the balance date. Under the new PBE accounting standards, the Polytechnic considers domestic student fees to be non-exchange revenue and that the return of funding condition expires when the course withdrawal date passes. Therefore, domestic tuition fees are recognised as revenue in full when the course withdrawal date passes.

# Compulsory Student Service Fees

	2015					2014				
	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
<b>Advocacy and Legal Advice</b>	91	5	96	104	(8)	139	16	155	154	1
<b>Careers Information Advice and Guidance</b>	53	13	66	64	2	31	0	31	36	(5)
<b>Counselling and Pastoral Care</b>	524	222	746	631	115	487	159	646	539	107
<b>Employment Information</b>	25	0	25	30	(5)	74	0	74	85	(11)
<b>Financial Support and Advice</b>	31	0	31	29	2	28	0	28	27	1
<b>Health Services</b>	547	86	633	534	99	539	96	635	535	100
<b>Media</b>	104	0	104	52	52	116	0	116	64	52
<b>Childcare Services</b>	0	740	740	796	(56)	0	772	772	787	(15)
<b>Clubs and Societies</b>	8	0	8	8	0	9	0	9	9	0
<b>Sports, Recreational and Cultural Activities</b>	439	0	439	495	(56)	415	0	415	520	(105)
<b>Total</b>	<b>1,822</b>	<b>1,066</b>	<b>2,888</b>	<b>2,743</b>	<b>145</b>	<b>1,838</b>	<b>1,043</b>	<b>2,881</b>	<b>2,756</b>	<b>125</b>

## Compulsory Student Services Levy

Otago Polytechnic has consulted with the students on the student services levy. In 2015 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 2015 was \$656, for Central Otago Students \$576, and for distance students \$266 (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, and they provide legal advice as necessary. 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 CV workshops, interview practice, one-on-one advice and liaison with Career Guides (third year Bachelor of Social Service students with a Career focus for their degree).

### Counselling services

Three counsellors (1.4 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 undertaken by Careers Guidance, and is developing within the Polytechnic. Links to industry and the workplace are being established. Industry representatives will be brought onto the campus to provide a workplace perspective as part of an interview panel for practice interviews and providing industry focus through information evenings and fairs.

## Financial support and advice

Budgeting advice is 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 news, and supports online communities for students across the Polytechnic.

Communications channels are also enabled through the Student Subcommittee of Council and the OPISA students' committee.

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 clubs and recreation facilities offered through the Otago University Students' Association. 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.



# Keeping it green

This document is printed on an environmentally responsible paper, produced using Elemental Chlorine Free (ECF), FSC® certified, Mixed Source pulp from Responsible Sources, and manufactured under the strict ISO14001 Environmental Management System.

**Special thanks to Lisa Hutchison from Crush Creative for her design work, and all Otago Polytechnic staff who contributed to this report.**





Phone **0800 762 786**  
Email **info@op.ac.nz**  
Visit us at **www.op.ac.nz**

 [www.facebook.com/otagopoly](http://www.facebook.com/otagopoly)  
 [www.youtube.com/otagopolytechnic](http://www.youtube.com/otagopolytechnic)  
 [www.twitter.com/otagopolytech](http://www.twitter.com/otagopolytech)

