



**OTAGO**  
POLYTECHNIC  
Te Kura Matatini ki Otago

# 2008 Annual Report

Te Kura Matatini ki Otago

# Annual Report 2008



---

# Contents

---

>	
Role of this Annual Report	<b>2</b>
Otago Polytechnic Council 2008	<b>3</b>
Chairperson's Report	<b>4</b>
Senior Staff 2008	<b>5</b>
Statement of Responsibility	<b>5</b>
Chief Executive's Report	<b>6</b>
Statement of Corporate Social Responsibility	<b>8</b>
Governance	<b>10</b>
Sustainability	<b>13</b>
Audit Report	<b>15</b>
Five Year Financial Performance Summary	<b>18</b>
Definition of Terms and Explanations of Ratios and Rates	<b>18</b>
<hr/>	
Financial Statements	<b>19</b>
Notes to the Financial Statements	<b>22</b>
<hr/>	
Statement of Service Performance	<b>38</b>
Key Performance Objectives	<b>38</b>
Quality Assurance Processes	<b>44</b>
Quality Reinvestment Programme 2008	<b>45</b>
Equivalent Full-Time Students	<b>46</b>
Statement of Resources	<b>47</b>
Equity Report	<b>49</b>
Ministry of Education Special Supplementary Grant: Tertiary Students with Disabilities (TSD)	<b>53</b>

---

---

# Role of this Annual Report



The purpose of this Annual Report is to provide information to assist users in:

- (a) Assessing the entity's financial and service performance, financial position and cash flows;
- (b) Assessing the reporting entity's compliance with legislation, regulations, common law and contractual arrangements, as these relate to the assessment of the entity's financial and service performance, financial position and cash flows; and
- (c) Making decisions about providing resources to, or doing business with, the entity.

Annual financial statements are required by section 154 of the Crown Entities Act 2004. Financial and non-financial information is required to be included for each significant activity.

## Relationship To Other Key Documents

---

Under the Education Act 1989 and subsequent amendments, a tertiary institution must prepare and adopt the following key documents:

- Investing in a Plan
- Annual Report (Section 220)

# Otago Polytechnic Council 2008



## Chair

G Crombie, BCom (Otago), FCAPP  
*Ministerial Appointment*

## Deputy Chair

M Ryan, BA Hons (Otago)  
*Ministerial Appointment*

## Council

M Cloughley, Nat Cert Social Services  
(Otago Polytechnic)  
*Otago Polytechnic Student Association*

M Collins, BInfo Tech (Otago Polytechnic)  
*General Staff*

M Hammond, BN (Otago Polytechnic)  
*New Zealand Council of Trade Unions*

D Hudson, LLB (Otago)  
*New Zealand Employers' Federation*

S Johnstone, BCom (Canterbury),  
FCAPP  
*Ministerial Appointment*

P Ker, BCom (Auckland), MEd (Admin)  
(Massey), FNZIM  
*Chief Executive*

M Macpherson, BSc (Canterbury),  
PGDip Sc (Otago), PhD (Canterbury)  
*Coopted*

J Mitchell, BAg.Sc (Massey)  
*Rural Electoral College*

R Parata, NZ DipBus (Otago Polytechnic)  
*Combined Runaka*

D Parsons, BSc (Victoria), Dip Teaching  
(Christchurch), PGDip Arts (Otago), MEd  
(Otago)  
*Academic Staff*

D Salter, LLB, BA, PGDip Arts (Otago)  
*Ministerial Appointment*

C Staynes, BSc Physics (Otago)  
*Dunedin City Council*

N Taylor, BA Hons, MLit, DipSCW  
(Otago)  
*Combined Runaka*

## Sub Committees

The Council has three standing committees which monitor and assist in the effective discharging of Council's specific responsibilities.

Each standing committee is made up of representatives from Council and other appointed members.

## Audit and Risk Management

M Collins  
G Crombie (Ex Officio)  
P Ker (Ex Officio)  
J Mitchell  
M Ryan  
D Salter (Chair)

## Finance

G Crombie (Ex Officio)  
S Johnstone (Chair)  
P Ker (Ex Officio)  
M Ryan  
C Staynes

## Kōmiti Kāwanataka

M Collins (Staff)  
M Hammond  
H Holmes (Rūnaka)

R Parata (Chair)  
K Russell (Kaitohutohu)  
N Taylor  
J Te Hiwi (Rūnaka)  
L Wilson (Staff)

## Officer of the Council

J Corson, B App Mgt (HRM) (Otago Polytechnic)  
*Secretary*

## Auditors

Ian Lothian  
Audit New Zealand  
for Controller and Auditor-General

Bankers  
Westpac, Dunedin North Branch,  
Dunedin

## Solicitors

Anderson Lloyd, Dunedin

## Postal Address

Private Bag 1910  
Dunedin 9054  
NEW ZEALAND

## Location

Forth Street, Dunedin, New Zealand  
Telephone (03) 477 3014  
Facsimile (03) 477 6032

## Website

<http://www.otagopolytechnic.ac.nz>

# Chairperson's Report



## > Graham Crombie

The end of another financial year always gives us a chance to reflect on what we have achieved as an organisation and where we are heading.

The 2008 year has again been one full of challenges with significant successes and also issues which have required hard work and dedication to overcome.

From a campus point of view I am delighted to see significant progress in both the art extension and the Student Centre redevelopment. These projects are long overdue and will add significantly to the environment that we work in. Also pleasing is the fact that both projects have been managed on time and within budget.

The wider environment is a two edged sword for Otago Polytechnic. Generally when a country faces recessionary times there is a spike in the number of students attending institutions like Otago Polytechnic. While this is good from an operating point of view, we are also functioning in a difficult environment requiring careful management of our resources.

It is very pleasing to me and council to see the amount of interaction we are having with our stakeholders. As they are operating in difficult times their needs are changing and we need to work hard to ensure that the offerings we have for our students deliver value to our stakeholders as soon as possible.

When reflecting on last years report I note references to the work environment survey and the efforts of the institution in working towards a sustainable approach. I am delighted to report this year that again the work environment survey indicated Otago Polytechnic is a great place to work and we are continuing down the track of our sustainable approach to operations.

All of this of course is the result of a huge amount of work by a large number of people. Phil Ker, our Chief Executive, his leadership team and all our staff put in a huge effort and it is appreciated by council, our stakeholders and of course our students. The way this organisation is working to overcome challenges is very positive.

I would also like to thank the efforts of my Council and the tireless work they put into ensuring that we advance our strategies and apply the best governance we can to this organisation.

All this effort, of course, is to ensure that our students are prepared to the highest level and given every opportunity to show their skills. This year I was again proud to oversee our graduations and celebrate the success of our graduates. This is the reason we are in existence and I believe that Otago Polytechnic is serving our graduates well.

Looking forward to 2009 and beyond will not be an easy environment for our organisation to operate in. We will need all the skills and commitment that we have developed over the last few years to operate effectively. With the team we have here at Otago Polytechnic I am very confident that we will achieve our goals.

A handwritten signature in black ink, appearing to read 'Graham Crombie'. The signature is stylized and fluid.

Graham Crombie  
Chair of Council

# Senior Staff 2008

## Statement of Responsibility

Annual Financial Report  
for the Year Ended  
31 December 2008

>

### Chief Executive

P Ker, BCom (Auckland), MEd (Admin)  
(Massey), FNZIM

### Deputy Chief Executive

R Day, BSc (Otago), DipSocSc (Massey),  
PhD (Flinders University of South  
Australia)

### Chief Operating Officer

P Cullen, BA, BCom (Otago), CA

### General Manager - Academic Services

S Thompson, MA (Applied) (Victoria  
University of Wellington), RPN

### General Manager - Marketing, Communications and Customer Relations

### Group Manager – Architecture, Building and Engineering

M Waddell, NZCE (Mech), ATC (F&T)  
(Otago Polytechnic), NZCTA (F&T)  
(Australia), BCom (Otago)

### Kaitohutohu

K Russell, BA (Massey), PGDip Arts,  
PhD (Otago)

### Group Manager – Business and Sport

### Head of School – Otago Institute of Sport and Adventure

C Morland, DipPhEd (Otago), MPhEd  
(Western Australia), Dip Tchg (Sec)

### General Manager - Student Services

C Mahoney, BMus (Auckland), MA  
(Otago), PGDA, GDipSLT (Massey)

### Group Manager – Health and Art

S Pairman, MNZM, D.Mid (University  
of Technology Sydney), MA (Victoria  
University of Wellington), BA (Otago  
University), RM (NZ), RGON (NZ)

### Group Manager - Creative and Applied Technologies

### Head of Department – Design

### General Manager – Otago Institute of Design

A Regan, BA Hons Industrial Design  
(Sheffield), MFA Interaction Design  
(Umeå), Sweden

### Group Manager – Regions

J Tilleyshort, BA (Otago), Dip Teaching  
(Dunedin College of Ed), MBA (Otago)

### General Manager - Human Resources

M Carter, BMS (Hons) (Waikato),  
MHRINZ

### Chief Information Officer Group Manager – Information Communication Technology

M Collins, BInfo Tech (Otago  
Polytechnic)

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 judgments 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 assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of the Council and Management of the 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 2008.

The financial statements were authorised for issue by Council on 30 April 2009.

G Crombie  
Chair Council

P Ker  
Chief Executive

P Cullen  
Chief Operating Officer

# Chief Executive's Report



> Phil Ker

2008 once again saw the pursuit of long term financial sustainability take centre stage in the management of the Polytechnic, against the continuing backdrop of inadequate government funding. Regrettably, the year ended with no sign that the core funding issues would be addressed through TEC's management of the funding available to the sector, and little prospect of our new government tackling the issues given the parlous state of the government books and the rapidly developing recession.

Given this context the Polytechnic's Leadership Team pursued a vigorous programme of productivity improvements and cost reductions throughout the year, resulting in an overall reduction in cost of \$1.4m preparatory to the 2009 budget year. This, of course, came with a high price – job losses for many staff and a redundancy bill of \$1.09m. In spite of this we have managed to record a limited operating deficit for the year and we are in a stronger position for 2009, if not yet on the secure financial footing we would like.

However, it is worth reflecting a little further on the position that the Polytechnic is in relative to the sector at large. Late in 2008 we were fortunate to receive the results of a major financial benchmarking exercise involving all ITPs, and funded by the TEC. This exercise included an analysis of the sector in terms of our core business of teaching and learning – factoring out the one off

revenue streams and cost occurrences, and subcontracted provision. The results are salutary to say the least: a sector on average making losses of 8.1% on core business, with only two institutions managing a surplus, and those surpluses not reaching 1%. This is surely a sign of a sector starved for funding! Otago Polytechnic performs very well compared with the sector: losing a mere 5.6% on core business! Cost comparisons for core business also see Otago Polytechnic positioned favourably relative to the sector at large as are quality indicators for student retention and success. I believe our stakeholders can take confidence from the benchmark data (refer below) that we are performing well in a very difficult context.

It is important that we do not let the ongoing struggle with funding overshadow our many initiatives and achievements during 2008:

- A successful trial for the new quality framework being introduced to the Polytechnic sector
- Significant growth in our recognition of prior learning services, through our Centre for Assessment of Prior Learning (CAPL)
- Significant growth and development in our sustainability initiatives and especially consultancy services through the Centre for Sustainable Practice
- Several important collaborations with other tertiary institutions cemented in place:

- > With CPIT for collaborative development and delivery of the Bachelor of Midwifery and the Bachelor of Applied Management (Specialty)
- > With the University of Otago, to form the Otago Institute of Design
- > With Aoraki Polytechnic, to form the Otago School of Media
- > With Queenstown Resort College, to collaborate in delivery of business and hospitality education and training in Queenstown
- > With Wintec to deliver Otago Polytechnic's Bachelor of Occupational Therapy
- > With Bay of Plenty Polytechnic, to deliver Otago Polytechnic's Bachelor of Design
- The recognition of one of our hospitality lecturers, Adrian Woodhouse, with a national Tertiary Teaching Excellence Award – and second such award in two years
- The successful implementation of the Sustainable Habitat Challenge, a nationwide competition to build or renovate a sustainable home
- Our second successful charity house auction, raising another \$100,000 for Dunedin charities
- Success in winning significant



grants for further development of Design in Otago: \$1.9m to establish the Applied Design Research Centre and \$1.5m for our Evolver project to support new design start up businesses

- Connection of the Polytechnic to the high speed KAREN network, significantly boosting our capacity for internet learning and business applications
- Delivering sustainable business programmes for the Tourism sector in Queenstown and Central Otago through our Centre for Sustainable Practice in partnership with the local government bodies and tourism industry associations.

I would like to conclude my report with a sincere thanks to the many people who have worked so hard towards securing the Polytechnic's future:

- > To Council; for their support and wise governance. We are fortunate to have Council members of such high calibre
- > To Leadership Team for their energy, focus and support. We are well served by a team of exceptionally capable senior managers
- > To staff at large for their dedication, passion and tireless commitment to our students. We are well served by highly

qualified and productive teams of staff in all of our programme and service areas.

- > To our students, for choosing to study with us, for their many successes and for their many contributions through their studies to the Otago community
- > To the many community, industry and business leaders who have contributed their valuable time on our advisory committees and who have advocated for us.

Phil Ker  
Chief Executive

Benchmark Category (Based on 2007 Data)	Otago Polytechnic	ITP Sector Average
Overall operational margin (surplus)	0.1%	1.7%
Core* operational margin	(5.61)%	(8.08)%
	(\$000's)	(\$000's)
Core activity costs	<b>\$39,088</b>	<b>\$41,190</b>
<i>Arising from</i>		
Teaching	\$21,086	\$21,746
Central administration expenditure	\$7,197	\$7,519
Premises costs	\$4,122	\$4,541
Student Support Services	\$4,878	\$4,731
Marketing	\$1,805	\$2,655
Research Margin	(32.4)%	(12.9)%
Costs per \$1,000 core income	\$961	\$1013
Total institutional FTES (Full time staff equivalents)	477.3	488.5
Distribution of EFTS by course type (profile)		
Level 1-3 (%)	19.4%	45.1%
Level 4-6 (%)	44.4%	39.2%
Level 7+ (%)	33.7%	13.7%

**Core** = core is best described as all those costs and revenues remaining once non core are removed. This enables the most accurate comparability and looks at an institution from the basis of its primary activity.  
Non core are: sub contracted activities, distance learning, research, partnerships, student accommodation, farms and bank interest.

# Statement of Corporate Social Responsibility



Otago Polytechnic is an institute of learning determined to provide life-long learning opportunities relevant to our community. In striving to achieve this goal we have not only become an important provider of core and specialised education and research in New Zealand, but also one of the largest employers, service providers and consumers in the Otago region.

We therefore understand that what we teach, how we behave as an organisation and how we extend our influence into the community has an impact socially, environmentally and economically and seek to address our responsibility to our stakeholders both through our actions and within our corporate policies.

In respect of this understanding, Otago Polytechnic has adopted a commitment to 'doing the right thing' as one of our key organisational values. This simple pledge obliges us to consider the social impact of the decisions we make across the board; be it in curriculum development, purchasing, charitable giving, providing student support services or developing community partnerships.

We have developed a framework which ensures that corporate social responsibility targets are set into our planning and review and make it our business to assess our impact on the society and environment in which we operate.

## Progress to Date

### > Students

Otago Polytechnic is committed to producing capable, free-thinking graduates equipped with the practical skills and knowledge to contribute positively to society. To this end we choose to deliver programmes of study in areas relevant to the needs of regional and national industry. We have

developed a style of applied or 'hands-on' personalised learning to ensure active participation and engagement of our students. We invite them to consider the ethics of their chosen field and are currently implementing education for sustainability into our curricula. Our two main campuses in Dunedin and Central Otago are complemented by seven Community Learning Centres providing flexible learning opportunities for members of the community who might otherwise be unable to access education.

Otago Polytechnic has excellent support systems in place to best equip students for success. Otago Polytechnic currently conducts three annual student surveys to assess our performance and identify areas for improvement.

### > Community

Otago Polytechnic strives to engage with our communities to ensure education delivery is relevant. We also seek out opportunities to initiate and support community projects that foster the education and training of students. In 2008 we again built and auctioned a house in partnership with Metro Realty Ltd and local businesses resulting in a \$100,000 donation to charity South Dunedin Rotary Club for distribution with one of the main benefactors being the local Hospice. We have initiated the Sustainable Habitat Challenge, a competition between tertiary institutes designed to develop solutions to the problem of sustainable living. Otago



Polytechnic also offers its facilities free of charge to community groups where appropriate.

**> Sustainability**

A full report on our sustainability initiatives are set out on page 13.

**> Stakeholders**

Otago Polytechnic has taken a leadership and coordination role in the TEC Regional Statement 2007 – 2011, identifying training needs, priorities and gaps in education for the Otago Region. We engage with 32 Permanent External Advisory Committees (PEAC) representing industry and employers nationally and regionally and are seeking to re-align this process to address programme relevance and strategic value. The Polytechnic has established a ground-breaking partnership with Kai Tahu allowing for significant consultation with and commitment to the Maori community including local runaka, representatives of the Mataawaka community and members of the Komiti Kawanataka. Our Maori Strategic Framework will ensure the progression of this commitment.

**> Employees**

Otago Polytechnic has been developing policies in human resource management to ensure staff remain challenged, engaged and supported and are able to maintain a good work-life balance. We offer benefits including long service leave, discretionary leave, course/programme discounts and

flexible working hours and provide services which include Kids on Campus – a holiday programme for children under 12. Staff are offered professional development opportunities including new programmes in sustainability education, and are encouraged to contribute to the organisation’s research culture.

**> Suppliers**

Otago Polytechnic has developed a three-year plan and Strategic Framework for sustainability. We monitor waste and energy consumptions. Our commitment to sustainability also extends to our suppliers and is having a significant impact on our purchasing policy over time.

**> Principles**

We are committed to developing environmentally sustainable buildings where possible including new buildings and retro-fitting of existing structures. This includes:  
Energy efficient lighting, occupational sensors for heating and lighting, dimmable lights, maximum use of natural light, passive mechanical ventilation and recycling of materials where possible.

# Governance



Otago Polytechnic's corporate governance oversees how the organisation is directed and controlled to ensure good ethical behaviour and promote stakeholders' interests in a sustainable way. In particular, it applies to the role of the Council members ('Council') and the need to ensure a framework of effective accountability and transparency.

Council is responsible to stakeholders for charting the direction of the Polytechnic by the setting of strategy, objectives, and key policy areas. It is then responsible for monitoring management's running of the business to ensure implementation is in accordance with the agreed framework.

## Structure of the Council

Otago Polytechnic Council has appointed the Chief Executive, Phil Ker, to be in charge of institutional operations and has delegated certain powers of management to him as provided under Section 196 of the Education Act 1989. The Chief Executive has in turn delegated powers to other senior managers to manage each of Otago Polytechnic's significant activities.

## Role of the Council

Council is required, when performing its functions, to fulfil various duties. These include:

- Determining the overall policy framework within which business is conducted
- Establishing strategies; reviewing and approving major objectives
- Managing risks
- Reviewing and approving capital investments
- Ensuring compliance with statutory requirements
- Providing leadership in the relationship with key stakeholders
- Establishing appropriate governance structures
- Acknowledging the principles of the Treaty of Waitangi
- Ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- Ensuring that systems are in place for the responsible use of resources
- Annually reviewing the Chief Executive's performance.

Each year, the Council adopts a three-year Strategic Plan, a three-year Investment Plan and an operating budget, which are reviewed and approved by Council. Operating and financial statements are prepared monthly and reviewed by Council progressively through the year to monitor the Polytechnic's performance against the budget and three-year plan.

## Council Composition and Activity

Appointment of Council members (excluding the student member) is for a term of up to three consecutive four year terms. A student member holds office for one year.

## Councillors' Education

Council assists members with the financial costs of attending courses and conferences on governance matters. Councillors who attend report back at Council meetings on matters learnt that would improve the governance of the Polytechnic. The Chair authorises expenditure. An induction programme is conducted for all new Councillors including a session with the Chair. All Councillors are responsible for maintaining up-to-date knowledge of the legal and professional duties of Council members. Ongoing professional development is agreed between the Councillors and the Chair as part of the formal annual review process.



**Conflicts of Interest**

Conflicts of interest are actively managed to ensure the Council's business is carried out in an open, frank, and impartial manner to produce the best result for Otago Polytechnic. Council members provide an annual declaration of interests and are required to advise any changes to their declaration of interests as they occur. Otago Polytechnic maintains an 'interest register', which is audited annually. Related party transactions are disclosed in the Notes to the Financial Statements.

**Risk Management**

Council acknowledges its responsibility for the management of risks at Otago Polytechnic and has developed a comprehensive risk management plan. The plan incorporates assessment of risk to the institution's operation and long term viability and appropriate actions to monitor and minimise that risk. Risk management has been incorporated into the normal business processes of Otago Polytechnic. Risk management and internal audit activities are overseen by the Audit and Risk Management Committee who receive reports on internal risk management reviews and also meet with the external auditors to discuss findings from the annual audit.

**Legislative and Regulatory Compliance**

Council acknowledges its responsibility to ensure that the organisation complies with all legislation and has delegated responsibility to the Chief Executive

for the development and maintenance of a compliance register as well as awareness amongst staff of legislative requirements that are particularly relevant to them or their position.

**Council Committees**

The Council has appointed standing committees to guide and assist Council with overseeing certain aspects of corporate governance. The Council and each committee is empowered to seek any information it requires from employees in pursuing its duties and to obtain independent legal or other professional advice.

**Council Meetings**

The table below sets out the Council and committee meetings attended by members during the course of the financial year under review.

Council	Meetings Held While a Member	Meetings Attended
M Cloughley	13	7
M Collins	25	19
G Crombie	32	16
M Hammond	22	19
D Hudson	13	10
S Johnstone	28	22
P Ker	29	23
M Macpherson	13	8
J Mitchell	17	15
R Parata	27	22
D Parsons	13	12
M Ryan	32	25
D Salter	20	18
C Staynes	23	13
N Taylor	24	18

**Executive Committee**

This committee is convened by the Council at its discretion and is comprised of the Chair and Deputy Chair in addition to the Chairs of the standing committees.

**Audit and Risk Management Committee**

The Audit and Risk Management Committee operates within the terms of reference specified by Otago Polytechnic Council. The Committee assists the Council in carrying out its responsibilities under the Education Act 1989, and the Crown Entities Act 2004 with respect to management accounting practices, policies and controls relative to the Polytechnic's financial position. The Committee also reviews and makes appropriate enquiries into internal control systems and mechanisms as

---

well as direct involvement in key strategic decisions that affect the financial position of the Polytechnic and its delegated responsibility to oversee the Annual Report process. Otago Polytechnic has developed a business-wide risk management plan, which considers all critical business issues, strategic and operational risks, risk management processes, compliance with key legislative requirements and the effectiveness of internal financial and operational controls. The Audit and Risk Management Committee meets four times a year, and holds special meetings as required.

### **Finance Committee**

This committee is appointed by Council to consider the financial affairs of the Polytechnic, both long-term and short-term. The Finance Committee works closely with the Chief Executive and management to review all aspects of the financial performance of the Polytechnic. Council receives reports from, and relies upon the advice of Finance Committee, in relation to financial performance and long term sustainability.

### **Kōmiti Kāwanataka**

This committee operates within the Memorandum of Understanding established by the Runanga of Moeraki, Kāti Huirapa ki Puketeraki, Ōtakou, and Hokonui and Otago Polytechnic Council. The purpose of the committee is to provide a meaningful mechanism for Māori participation in governance and decision making in relation to the Polytechnics' responsiveness to the Treaty of Waitangi and Ngāi Tahu's education plan. In particular, attention is given to ensure effective communication, to develop and monitor the Māori Strategic Framework, and to ensure that Kai Tahutaka, as practiced by kā runaka, is the basis for all Māori activities within the Polytechnic.

# Sustainability



Otago Polytechnic has embraced sustainability as an important strategic platform – helping to define who we are and what we are trying to achieve.

Our strategic objectives:

- To integrate education for sustainability in all of our programmes
- To use best practice for sustainability in all of our operations

## Achievements to Date

### > Planning

We have developed a framework which ensures that corporate social responsibility targets are set into our planning and review; and make it our business to assess our impact on the society and environment in which we operate, specifically:

- Strategic framework is in place
- Operational objectives are included in all business plans
- Measurement framework is developed for implementation in 2009

### > Curriculum

All schools are making good progress toward our target of “every graduate a sustainable practitioner”.  
Implementation date: July 2009.

In each and every outcome of our career pathways we have developed a vision for a sustainable practitioner. This vision is the basis of our education for sustainability programme.

The influence of our work can already be seen in several departments where students are exploring concepts of sustainable practice in their projects and assignments.

### > Operations

- Comprehensive recycling systems beyond residential standards implemented at the Dunedin campus
- Four and five star recycled paper introduced for printing
- Implementation of “green” procurement requirements for all purchasing. Contractors required to adopt sustainable practices for service delivery
- Commenced replacement of vehicle fleet with fuel efficient vehicles
- Introduced “Polybikes” for staff use
- Significantly reduced electricity consumption and paper use
- Commenced the development of the “Living Campus” – the transformation of the campus gardens into a community resource for teaching and learning
- Commenced feasibility study to convert coal boiler to wood chips: proposed implementation 2009/2010
- Upgraded video conferencing facilities to help reduce travel for meetings

### > Outreach

- Leadership of the Sustainable Habitat Challenge – a nationwide competition in which teams design, develop and build sustainable housing in the local community
- Held “What’s Best” sustainable product and services expos in Central Otago and Dunedin
- Provided keynote address (Dr Sam Mann) to the UNESCO national forum as part of the UN Decade for Education for Sustainable Development event for tertiary organisations
- Through our Centre for Sustainable Practice, based in Central Otago:
- Ran sustainable business courses attended by over 100 businesses
- Delivered advisory services for sustainable businesses using a range of consultancy expertise in areas such as strategic planning for local government, low water use gardens, integrated pest management, land management, energy auditing and carbon auditing
- Won funding from the Ministry of Tourism to deliver sustainable business programmes into Queenstown and Central Otago districts with a focus on the tourism sector.



## > Recognition

Otago Polytechnic has been acknowledged for its leadership in the field:

- Won the Institute's of Technology and Polytechnic's NZ (ITPNZ) award for "Excellence in Education for a Global Role" for our initiatives in education for sustainability
- From the Mayor of Queenstown Lakes District, Clive Geddes:

*"The Otago Polytechnic has taken a leadership role in advocating and delivering on the need for the province's industry sectors to operate on best practise sustainability standards. The Polytechnic has coordinated a number of projects which aim to shift the business thinking towards a fully sustainable standard with end benefit for the business owner, the industry sector and the province as a whole. This is education delivery at its best"*

- From Dr Morgan Williams, NZ Parliamentary Commissioner for the Environment 1997-2007:

*"Maintaining our quality of life in the decades ahead requires that all graduates have a deeper understanding of our dependence on our natural capital; our waters, atmosphere, soils, forests, seas and other species, than any previous generation. Otago Polytechnic is truly a 21st Century tertiary education leader, embracing sustainability teaching and learning like no other New Zealand institution."*

**Audit Report****To the readers of  
Otago Polytechnic's  
financial statements and performance information  
for the year ended 31 December 2008**

The Auditor-General is the auditor of Otago Polytechnic (the Polytechnic). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Polytechnic, on his behalf, for the year ended 31 December 2008.

**Unqualified Opinion**

- In our opinion:
  - the financial statements of the Polytechnic on pages 19 to 37:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Polytechnic's financial position as at 31 December 2008; and
    - the results of its operations and cash flows for the year ended on that date.
- the performance information of the Polytechnic on pages 38 to 43 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 30 April 2009, and 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 the Auditor, and explain our independence.

**Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Polytechnic as at 31 December 2008. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2008. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### **Independence**

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

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



Ian Lothian  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information**

This audit report relates to the financial statements and performance information of Otago Polytechnic for the year ended 31 December 2008 included on Otago Polytechnic's website. Otago Polytechnic's Council is responsible for the maintenance and integrity of Otago Polytechnic's website. We have not been engaged to report on the integrity of Otago Polytechnic's website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and performance information as well as the related audit report dated 30 April 2009 to confirm the information included in the audited financial statements and performance information presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

---

# Financial Information

---

>

# Five Year Financial Performance Summary

	2008	2007	2006	2005*	2004*
Proportion of Government Grants to Total Income (%)	62.8%	63.5%	61.2%	58.9%	57.9%
Total Cost per EFTS (excluding redundancies)	**\$13,839	\$13,582	\$12,983	\$10,803	\$10,509
Average Government Grant per EFTS	\$9,283	\$8,629	\$7,910	\$6,389	\$6,234
Debt (as a percentage of total assets)	0.0%	6.0%	6.6%	6.2%	8.1%
Debt per EFTS	\$9	\$1,245	\$1,248	\$1,065	\$1,098
Working Capital Ratio	0.3	0.3	0.4	0.3	0.2
Student Staff Ratio	14.7	14.9	14.3	15.3	16.2
Government Grants (000's)	\$31,728	\$31,565	\$29,020	\$25,825	\$25,083
Net Surplus/(Deficit) (000's)	\$(337)	\$59	\$(220)	\$294	\$1,006
<b>Total Assets (000's)</b>	<b>\$84,473</b>	<b>\$75,588</b>	<b>\$69,685</b>	<b>\$69,965</b>	<b>\$54,453</b>
EFTS	3,418	3,658	3,669	4,042	4,023
Academic FTE	233.1	244.8	256.3	264.2	248.1

\* reported under previous NZ GAAP

\*\* total cost per EFTS (including redundancies \$14,931)

## Definition of Terms and Explanations of Ratios and Rates

Government Grants	Includes all Ministry of Education funding
EFTS	Equivalent Full-Time Students
Debt	Includes all liabilities relating to borrowings
Working Capital Ratio	Current Assets expressed as a proportion of Current Liabilities
Student Staff Ratio	Total EFTS divided by total academic staff
Retention Rate	Calculated according to Tertiary Education Commission Single Data Return (SDR) rules. Each individual course enrolment is evaluated and given a code including: <ol style="list-style-type: none"> <li>1. Still to complete</li> <li>2. Completed successfully</li> <li>3. Completed unsuccessfully</li> <li>4. Did not complete</li> </ol>
Completion Pass Rate	= number of courses passed ÷ number of course completions (i.e. where a result was entered)

# Statement of Financial Performance

for the year ended 31 December, 2008

	Notes	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
<b>Revenue</b>				
Government Grants	3 (a)	31,728	30,927	31,565
Student Tuition Fees		13,976	14,910	14,444
Other Income	3 (b)	4,572	3,522	3,704
Interest Received	3 (c)	237	47	28
<b>Total Revenue</b>		<b>50,513</b>	<b>49,406</b>	<b>49,741</b>
<b>Expenditure</b>				
Employment Expenses	3 (d)	31,761	30,112	30,332
Consumable Expenses	3 (e)	5,308	5,640	5,064
Operating Expenses	3 (e)	5,325	4,996	5,536
Occupancy Expenses	3 (e)	3,605	3,509	3,668
Interest Expense	3 (c)	32	95	90
Depreciation & Amortisation Expense	8 & 9	4,981	5,034	4,967
Loss on Disposal/Impairment of assets		20	0	25
<b>Total Expenditure</b>		<b>51,032</b>	<b>49,385</b>	<b>49,682</b>
<b>Surplus/(Deficit) from Operations</b>		<b>(519)</b>	<b>21</b>	<b>59</b>
Share of Associate net revenue		182	0	0
<b>Net Surplus/(Deficit)</b>		<b>(337)</b>	<b>21</b>	<b>59</b>

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

## Statement of Changes in Equity for the year ended 31 December 2008

	Notes	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
Public Equity at the start of the year		68,441	59,058	61,932
Net Surplus/(Deficit) for the year		(337)	21	59
Receipt of Suspensory Loan		5,985	0	0
Receipt of distinctive contribution funding		385	0	0
Transfer of assets (to)/from Crown		259	0	0
Increase/(Decrease) in Asset Revaluation Reserves		4,580	0	6,450
<b>Total Recognised Revenues and Expenses</b>		<b>10,872</b>	<b>21</b>	<b>6,509</b>
<b>Public Equity at the end of the year</b>		<b>79,313</b>	<b>59,079</b>	<b>68,441</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.

# Statement of Financial Position

as at 31 December 2008

	Notes	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	4	381	94	63
Trade and Other Receivables	5	1,528	1,750	1,307
Prepayments		177	200	199
Inventories	6	203	150	175
<b>Total Current Assets</b>		<b>2,289</b>	<b>2,194</b>	<b>1,744</b>
<b>Non Current Assets</b>				
Financial Assets	7	5,292	1,870	5,205
Property, Plant and Equipment	8	75,462	61,178	68,113
Intangible Assets	9	4,069	3,717	3,858
<b>Total Non Current Assets</b>		<b>84,823</b>	<b>66,765</b>	<b>77,176</b>
<b>Total Assets</b>		<b>87,112</b>	<b>68,959</b>	<b>78,920</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and Other Payables	10	5,741	4,500	4,141
Employee Entitlements	11	1,845	1,511	1,611
Loans and Borrowings	12	25	1,047	1,145
<b>Total Current Liabilities</b>		<b>7,611</b>	<b>7,058</b>	<b>6,897</b>
<b>Non Current Liabilities</b>				
Employee Entitlements	11	182	338	171
Loans and Borrowings	12	6	2,484	3,411
<b>Total Non Current Liabilities</b>		<b>188</b>	<b>2,822</b>	<b>3,582</b>
<b>Total Liabilities</b>		<b>7,799</b>	<b>9,880</b>	<b>10,479</b>
<b>NET ASSETS</b>		<b>79,313</b>	<b>59,079</b>	<b>68,441</b>
<b>EQUITY</b>				
Retained Earnings	13	42,364	36,847	42,088
Suspensory Loan		5,985	0	0
Asset Revaluation Reserves	13	30,470	21,852	25,890
Other Reserves	13	494	380	463
<b>Total Equity</b>		<b>79,313</b>	<b>59,079</b>	<b>68,441</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.

# Statement of Cash Flows

for the year ended 31 December 2008

	Notes	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from Government Grants		32,034	30,927	31,872
Receipts from Student Tuition Fees		14,143	14,910	14,344
Receipts from Other Revenue		4,090	3,522	4,319
Interest Received		237	47	28
		<b>50,504</b>	<b>49,406</b>	<b>50,563</b>
<b>Cash was applied to:</b>				
Payments to Employees		31,516	30,082	30,119
Payments for Consumables		5,092	5,636	5,335
Payments for Operating Expenses		5,105	4,993	5,774
Payments for Occupancy		3,362	3,506	3,939
Interest expense		32	95	90
Goods & Services Tax (net)		40	0	(30)
		<b>45,147</b>	<b>44,311</b>	<b>45,227</b>
<b>Net Cash Flow from Operating Activities</b>	4	<b>5,357</b>	<b>5,095</b>	<b>5,336</b>
<b>Cash was provided from:</b>				
Proceeds from Sale of Property, Plant & Equipment		2	0	16
Repayment of Advance by Associate		100	0	0
		102	0	16
<b>Cash was applied to:</b>				
Purchase of Property, Plant & Equipment		5,478	3,252	4,431
Purchase of Intangible Assets		1,508	901	1,251
		6,986	4,153	5,682
<b>Net Cash Flow from Investing Activities</b>		<b>(6,884)</b>	<b>(4,153)</b>	<b>(5,666)</b>
<b>Cash was provided from:</b>				
Loan Finance Received		7,050	24,000	32,000
Suspensory Loan received		5,985	0	0
Distinctive Contribution Funding Received		385	0	0
		13,420	24,000	32,000
<b>Cash was applied to:</b>				
Loan Finance Repaid		11,575	24,916	32,025
		11,575	24,916	32,025
<b>Net Cash Flow from Financing Activities</b>		<b>1,845</b>	<b>(916)</b>	<b>(25)</b>
Cash Increase/(Decrease)		318	25	(355)
Opening Cash Balance		63	69	418
<b>Closing Balance</b>		<b>381</b>	<b>94</b>	<b>63</b>
Represented by:				
Bank deposits and current account		381	94	63
		381	94	63

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

## 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 primary objective of the Polytechnic is to provide education services for community or social benefit, rather than making a financial return. Accordingly the Polytechnic has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Otago Polytechnic for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of Council on 30 April 2009.

## 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.

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets.

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

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

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

### (b) Revenue

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

#### *Government grants*

Government grants are recognised when eligibility to receive them is established. Operational Bulk Grants are recognised over the period in which courses are taught by reference to the stage of completion of the course as at the Statement of Financial Position date. Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course. Where funds have been received but not earned at balance date a Revenue in Advance liability is recognised.

#### *Student tuition fees*

Revenue from student tuition fees is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the statement of financial position date. Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

#### *Other income*

Other Income 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.

### (c) 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.

### (d) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for 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.

**(e) 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.

**(f) Trade and other receivables**

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

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

**(g) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories held for resale – purchase cost on a first-in, first-out (FIFO) basis
- Materials and consumables to be utilised for rendering of services – purchase cost on a FIFO basis

Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale.

**(h) Financial instruments**

Financial instruments are contracts that give rise to financial assets and liabilities or an equity instrument in another enterprise. A financial instrument is recognised when the Polytechnic becomes party to its contractual provisions.

A financial asset is cash, a contractual right to receive cash or another financial instrument from another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument to another enterprise. An equity instrument is any contract that evidences a residual interest in the assets of another enterprise after deducting all of its liabilities.

Categories of investment and financial assets held by the Polytechnic:

- Loans and receivables  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in statement of financial performance when the loans and receivables are derecognised or impaired. These are included in current assets, except

for those with maturities greater than 12 months after balance date, which are classified as non-current.

- Available for sale securities  
Available for sale investments are those non-derivative financial assets, principally equity securities that are designated as available for sale or not otherwise classified as loans and receivables. After initial recognition, available for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in the equity statement is recognised in the statement of financial performance.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments with no active market, fair values are determined using valuation methods. Investments whose fair values can not be reliably measured are accounted for at cost and amortised where necessary.

**(i) Property, plant and equipment**

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

The measurement bases<sup>1</sup> used for determining the gross carrying amount for each class of assets is as follows:

- Land and buildings are measured at fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses
- Other property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value

*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 Polytechnic 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 and are included in the statement of financial performance. 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 Polytechnic 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:

<b>Class of assets</b>	<b>Useful Lives</b>	<b>Rate</b>
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 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. Otago Polytechnic 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 expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

When revalued assets are disposed, the amounts in asset revaluation reserves in respect of those assets are transferred to retained earnings.

#### **(j) 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 are carried at cost less accumulated amortisation and accumulated 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 Polytechnic.

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

##### *Amortisation*

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

	<b>Course Development costs</b>	<b>Computer Software</b>
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

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 statement of financial performance when the asset is derecognised.

#### **(k) 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.

#### **(l) Employee entitlements**

##### *Short-term employee entitlements*

Employee entitlements that Otago Polytechnic expects 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 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.

Otago Polytechnic recognises a liability for sick leave 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 that Otago Polytechnic anticipates 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. 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.

##### *Employer contributions*

Otago Polytechnic only makes employer contributions to defined benefit contribution plans.

#### **(m) 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.

#### **(n) 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.

#### **(o) 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.

#### **(p) Critical accounting estimates and assumptions**

In preparing these financial statements Otago Polytechnic 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.

#### **(q) Changes in accounting estimates**

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

#### **(r) Taxation**

Otago Polytechnic is exempt from the payment of income tax. Accordingly, no charge for income tax applies or has been provided for.

### 3 REVENUES AND EXPENSES

	2008 \$'000	2007 \$'000
<b>(a) Government grants</b>		
Student Achievement Component	19,799	25,203
Public Provider Base Grant	5,987	222
Equity Funding	128	121
Early Childhood Education	335	249
Quality Reinvestment Fund	3,385	3,867
Performance Based Research Fund	588	502
Encouraging and Supporting Innovation Funds	529	889
Business Links	356	349
Distinctive Contribution ITPs	133	0
Other Government Grants	488	163
	<b>31,728</b>	<b>31,565</b>
<b>(b) Other income</b>		
Revenue from other operating activities	4,572	3,704
	<b>4,572</b>	<b>3,704</b>
<b>(c) Finance income/costs</b>		
Interest earned on bank deposits	237	28
<b>Total finance income</b>	<b>237</b>	<b>28</b>
Interest paid on bank loan facilities	32	90
<b>Total finance costs</b>	<b>32</b>	<b>90</b>
<b>(d) Employment expenses</b>		
Wages and salaries	29,831	28,064
Post employment benefits	197	122
Other employment expenses	1,733	2,146
	<b>31,761</b>	<b>30,332</b>
<b>(e) Consumable, Operating and Occupancy expenses</b>		
Audit fees – annual audit	80	95
Audit fees – other services provided by principal auditor	0	10
Bad debts written off	26	15
Donations	100	100
Minimum lease payments – operating leases	969	970
Administrative and other expenses	13,063	13,078
	<b>14,238</b>	<b>14,268</b>

#### 4 CASH AND CASH EQUIVALENTS

	2008 \$'000	2007 \$'000
Cash at bank and in hand	131	63
Short term deposits	250	0
	<b>381</b>	<b>63</b>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

#### 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	381	63
	<b>381</b>	<b>63</b>

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

Net surplus/(deficit) for the year	(337)	59
------------------------------------	-------	----

#### *Adjustments for:*

Depreciation and Amortisation	4,981	4,967
Net (gain) on disposal of property, plant and equipment	18	(3)
Net transfer of assets from Crown	259	0

#### *Changes in assets and liabilities*

(Increase) / decrease in trade and other receivables	(169)	956
(Increase) / decrease in prepayments	22	33
(Increase) / decrease in inventories	(28)	0
(Increase) / decrease in financial assets	(232)	(6)
Increase / (decrease) in trade and other payables	598	(883)
Increase / (decrease) in employee entitlements	245	213

<b>Net cash from operating activities</b>	<b>5,357</b>	<b>5,336</b>
---	--------------	--------------

## 5 TRADE AND OTHER RECEIVABLES

	2008 \$'000	2007 \$'000
Student Fees receivables	695	276
Other receivables	836	1,078
Other related parties	20	0
Provision for doubtful debts	(23)	(47)
	<b>1,528</b>	<b>1,307</b>

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

Current	1,287	1,144
30-60 days	63	24
60-90 days	28	10
90 days +	150	129
	<b>1,528</b>	<b>1,307</b>

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	47	58
Additional provisions made during the year	21	14
Receivables written off during the year	(45)	(25)
<b>At 31 December</b>	<b>23</b>	<b>47</b>

## 6 INVENTORIES

	2008 \$'000	2007 \$'000
Materials and consumables held for distribution	203	175
	<b>203</b>	<b>175</b>

The writedown of inventories held for distribution amounted to nil (2007:nil) and there have been no reversals of writedowns. No inventories are pledged as security for liabilities.

## 7 FINANCIAL ASSETS

	2008 \$'000	2007 \$'000
Advance to Dunedin City Tertiary Accommodation Trust	1,750	1,850
Investment in Associate – Dunedin City Tertiary Accommodation Trust	3,514	3,332
Other	28	23
	<b>5,292</b>	<b>5,205</b>

In 2008 Otago Polytechnic associate accounted for its one third share of Dunedin City Tertiary Accommodation Trust for the first time (comparative values have been restated), the change being taken to equity. The change in the investment value represents Otago Polytechnic's share in the Trust's surplus for 2008.

## 8 PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Computer Hardware \$'000	Library Collection \$'000	Art Works \$'000	Total \$'000
<b>At 1 January 2008</b>								
Cost or fair value	17,520	43,809	6,211	541	15,339	4,818	60	88,298
Accumulated depreciation and impairment	0	(2,988)	(2,687)	(319)	(10,859)	(3,332)	0	(20,185)
<b>Net carrying amount</b>	<b>17,520</b>	<b>40,821</b>	<b>3,524</b>	<b>222</b>	<b>4,480</b>	<b>1,486</b>	<b>60</b>	<b>68,113</b>
<b>Year ended 31 December 2008</b>								
Balance at 1 January	17,520	40,821	3,524	222	4,480	1,486	60	68,113
Additions	0	5,177	812	79	1,582	246	0	7,896
Revaluations	1,240	3,825	0	0	0	0	0	5,065
Disposals	0	(1,885)	(6)	0	(37)	0	0	(1,928)
Depreciation expense	0	(1,388)	(479)	(79)	(1,470)	(268)	0	(3,684)
<b>Balance at 31 December</b>	<b>18,760</b>	<b>46,550</b>	<b>3,851</b>	<b>222</b>	<b>4,555</b>	<b>1,464</b>	<b>60</b>	<b>75,462</b>
At 31 December 2008								
Cost or fair value	18,760	46,676	7,017	620	16,884	5,064	60	95,081
Accumulated depreciation and impairment	0	(126)	(3,166)	(398)	(12,329)	(3,600)	0	(19,619)
<b>Net carrying amount</b>	<b>18,760</b>	<b>46,550</b>	<b>3,851</b>	<b>222</b>	<b>4,555</b>	<b>1,464</b>	<b>60</b>	<b>75,462</b>
<b>At 1 January 2007</b>								
Cost or fair value	11,070	42,469	5,052	447	13,679	4,592	55	77,364
Accumulated depreciation and impairment	0	(1,548)	(2,213)	(256)	(9,215)	(3,068)	0	(16,300)
<b>Net carrying amount</b>	<b>11,070</b>	<b>40,921</b>	<b>2,839</b>	<b>191</b>	<b>4,464</b>	<b>1,524</b>	<b>55</b>	<b>61,064</b>
<b>Year ended 31 December 2007</b>								
Balance at 1 January	11,070	40,921	2,839	191	4,464	1,524	55	61,064
Additions	0	1,340	1,178	94	1,669	226	5	4,511
Revaluations	6,450	0	0	0	0	0	0	6,450
Disposals	0	0	(19)	0	(9)	0	0	(28)
Depreciation charge for the year	0	(1,440)	(474)	(63)	(1,644)	(264)	0	(3,884)
<b>Balance at 31 December</b>	<b>17,520</b>	<b>40,821</b>	<b>3,524</b>	<b>222</b>	<b>4,480</b>	<b>1,486</b>	<b>60</b>	<b>68,113</b>
<b>At 31 December 2007</b>								
Cost or fair value	17,520	43,809	6,211	541	15,339	4,818	60	88,297
Accumulated depreciation and impairment	0	(2,988)	(2,687)	(319)	(10,859)	(3,332)	0	(20,185)
<b>Net carrying amount</b>	<b>17,520</b>	<b>40,821</b>	<b>3,524</b>	<b>222</b>	<b>4,480</b>	<b>1,486</b>	<b>60</b>	<b>68,113</b>

### Revaluations

Land and buildings have been valued by J Dunckley FPINZ, an independent registered valuer, of DTZ New Zealand Ltd. The effective date of the revaluation for land and buildings was 31 December 2008.

Land and buildings with a carrying amount of \$53,606,000 (2007: \$49,810,000) 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.

*Prototype Facility*

Plant and equipment with a cost of \$1,276,000 is included in the net carrying amount of plant and equipment at 31 December, 2008 (2007: \$506,000). The facility is not fully operational and no depreciation charge has been made against the value of these assets.

## 9 INTANGIBLE ASSETS

	Course Development Costs \$'000	Computer Software \$'000	Total \$'000
<b>2008</b>			
<b>At 1 January 2008</b>			
Cost (gross carrying amount)	3,584	4,099	7,683
Accumulated amortisation	(1,588)	(2,237)	(3,825)
<b>Net carrying amount</b>	<b>1,996</b>	<b>1,862</b>	<b>3,858</b>
<b>Year ended 31 December 2008</b>			
Balance at 1 January	1,996	1,862	3,858
Additions	761	762	1,523
Impairments	(15)	0	(15)
Amortisation expense	(707)	(590)	(1,297)
<b>Balance at 31 December</b>	<b>2,035</b>	<b>2,034</b>	<b>4,069</b>
<b>At 31 December 2008</b>			
Cost (gross carrying amount)	4,330	4,861	9,191
Accumulated amortisation	(2,295)	(2,827)	(5,122)
<b>Net carrying amount</b>	<b>2,035</b>	<b>2,034</b>	<b>4,069</b>
<b>2007</b>			
<b>At 1 January 2007</b>			
Cost (gross carrying amount)	2,745	3,687	6,432
Accumulated amortisation	(1,047)	(1,697)	(2,744)
<b>Net carrying amount</b>	<b>1,698</b>	<b>1,990</b>	<b>3,688</b>
<b>Year ended 31 December 2007</b>			
Balance at 1 January	1,698	1,990	3,688
Additions	852	412	1,264
Impairments	(13)	0	(13)
Amortisation expense	(541)	(540)	(1,081)
<b>Balance at 31 December</b>	<b>1,996</b>	<b>1,862</b>	<b>3,858</b>
<b>At 31 December 2007</b>			
Cost (gross carrying amount)	3,584	4,099	7,683
Accumulated amortisation	(1,588)	(2,237)	(3,825)
<b>Net carrying amount</b>	<b>1,996</b>	<b>1,862</b>	<b>3,858</b>

## 10 TRADE AND OTHER PAYABLES

	2008 \$'000	2007 \$'000
Trade payables	4,881	3,576
Income in advance	830	564
Other related parties	30	0
Interest payable	0	1
	<b>5,741</b>	<b>4,141</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms. 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

	2008 \$'000	2007 \$'000
<i>Employee Entitlements</i>		
Annual and discretionary leave	1,364	1,365
Long service leave	215	105
Retirement leave	158	162
Sick Leave	105	95
Other Entitlements	185	55
	<b>2,027</b>	<b>1,782</b>
Current portion	1,845	1,611
Non-current portion	182	171
	<b>2,027</b>	<b>1,782</b>

To calculate the present value of the estimated future cash flows for long service and retirement leave entitlements a discount rate of 4.9% (2007: 6.4%) and a salary inflation factor of 3.4% (2007: 3.2%) were used.

## 12 LOANS AND BORROWINGS

	2008 \$'000	2007 \$'000
<b>Current</b>		
Westpac Bank Loan	0	1,120
EECA Loan	25	25
	25	1,145
<b>Non Current</b>		
Westpac Bank Loan	0	3,380
EECA Loan	6	31
	6	3,411
	<b>31</b>	<b>4,556</b>

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

	Effective interest rate %		2008 \$'000	2007 \$'000
<b>Maturity analysis and effective interest rates</b>	<b>2008</b>	<b>2007</b>		
Less than one year	0.00%	8.45%	25	1,145
Later than one year but not more than five years	0.00%	8.45%	6	3,411
			<b>31</b>	<b>4,556</b>

### 13 EQUITY

	2008 \$'000	2007 \$'000
<i>Retained Earnings</i>		
At 1 January	42,088	41,967
Net Surplus/(Deficit)	(337)	59
Net change in Trust and Special Funds	(31)	63
Receipt of distinctive contribution funding	385	0
Transfer of assets (to)/from Crown	259	0
<b>At 31 December</b>	<b>42,364</b>	<b>42,088</b>
<i>Suspensory Loan</i>		
At 1 January	0	0
Receipt of Suspensory Loan (refer note 15 below)	5,985	0
<b>At 31 December</b>	<b>5,985</b>	<b>0</b>
<i>Asset Revaluation Reserve</i>		
At 1 January	25,890	19,440
Revaluation gains/(losses)	5,065	6,450
Reduction in reserve on disposal/transfer	(485)	0
<b>At 31 December</b>	<b>30,470</b>	<b>25,890</b>
<i>Trust Funds</i>		
At 1 January	380	447
Receipts to funds	217	213
Payments from funds	(186)	(280)
<b>At 31 December</b>	<b>411</b>	<b>380</b>
<i>Special Funds</i>		
At 1 January	83	78
Receipts to funds	5	9
Payments from funds	(5)	(4)
<b>At 31 December</b>	<b>83</b>	<b>83</b>
<b>Total Equity</b>	<b>79,313</b>	<b>68,441</b>

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 2008 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus by \$2,000 (2007: \$6,000) 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. Maturity profiles of borrowings are disclosed in Note 12.

## 15 COMMITMENTS AND CONTINGENCIES

### Operating lease commitments – Polytechnic as lessee

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:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	558	474
After one year but not more than five years	1,212	1,203
More than five years	1,235	1,443
	<b>3,005</b>	<b>3,120</b>

### Capital commitments

At 31 December 2008 the Polytechnic had commitments of \$4,469,000 relating to the Art and Student Centre building projects. (2007: \$306,000 for Prototype Facility equipment).

### Legal claim

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

### Contingent liability

In 2008 Otago Polytechnic received a Suspensory Loan amount of \$5.985m from the Crown for capital projects for property rationalisation. The loan will be converted to equity in six tranches between 2009 and 2013 providing the Polytechnic can demonstrate it has met the required objectives of the loan. Any objectives not met will result in certain amounts remaining as loan liabilities to the Crown. As it is deemed likely that all objectives will be met, the loan has been recognised as equity in 2008.

## 16 RELATED PARTY DISCLOSURE

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

Otago Polytechnic enters into numerous transactions with government departments and other Crown agencies on an arm's length basis and where those parties are only acting in the course of their normal dealings with the Polytechnic. These transactions are not considered to be related party transactions.

During the year, Otago Polytechnic had representation on the board of trustees of the Dunedin City Tertiary Accommodation Trust. Otago Polytechnic receives no remuneration for these services.

The following transactions were carried out with related parties:

- 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.
- during the year, Otago Polytechnic purchased services from Polson Higgs, an accounting firm of which Graham Crombie, the Chairperson of Otago Polytechnic Council is a partner. These consulting services were supplied on normal commercial terms at a cost of \$15,000 (\$9,000 in 2007). There were no outstanding balances at year end (\$0 in 2007).
- during the year Otago Polytechnic purchased services from the Dunedin City Council. Councillor Chris Staynes served as a councillor on both organisations while Rebecca Parata is an employee of the City Council. All transactions between Dunedin City Council and Otago Polytechnic, for example rates and resource consent fees were conducted on an arm's length basis on normal commercial terms at a cost of \$271,000 (\$212,000 in 2007). There was an outstanding balance at year end of \$30,000 (\$0 in 2007).
- during the year Otago Polytechnic purchased services from the Central Otago District Council. Councillor Malcolm MacPherson served as a councillor on both organisations. All transactions between Central Otago District Council and Otago Polytechnic, for example rates and resource consent fees were conducted on an arm's length basis on normal commercial terms at a cost of \$22,000 (\$27,000 in 2007). There were no outstanding balances at year end (\$0 in 2007).
- During the year Otago Polytechnic made contributions to the Tertiary Accord of New Zealand of which Chief Executive, Phil Ker is a Director. These transactions were made at arms length at a cost of \$78,000 and there was an outstanding balance at year end of \$20,000.

For information regarding outstanding balances at year-end, refer to Note 5 and Note 10.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

No amounts were forgiven to related parties.

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Key management personnel compensation</b>		
Salaries and other short term employee benefits	1,844	1,669
Post employment benefits	20	15
	<b>1,864</b>	<b>1,684</b>

Key management personnel includes all members of Council and the 13 members of the Leadership Team. Salaries and other short term employee benefits includes a termination benefit in 2008. Councillor fees are disclosed separately in Note 18.

## 17 EVENTS AFTER THE BALANCE SHEET DATE

There were no post balance date events (none as at 31 December 2007).

## 18 COUNCILLOR FEES

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

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Fliss Butcher	0	2,240
Meegan Cloughley	1,280	0
Mike Collins	7,200	4,925
Graham Crombie	25,350	23,888
Mike Ferrari	0	11,944
Mike Hammond	7,136	3,775
Diana Hudson	2,560	0
Susie Johnstone	7,808	6,780
Malcolm Macpherson	3,232	2,560
Leah McBey	0	255
Jane Mitchell	5,856	3,135
Richard Mitchell	0	3,070
Rebecca Parata	10,720	7,675
Dale Parsons	4,896	3,070
Mark Ryan	14,144	5,885
David Salter	6,528	3,710
Chris Staynes	5,216	640
Nicola Taylor	6,880	6,395
	<b>108,806</b>	<b>89,947</b>

## 19 CHILDCARE CENTRE

	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Ministry grants	335	249	249
Guardians and Student income	148	179	179
<b>Total Revenue</b>	<b>483</b>	<b>428</b>	<b>428</b>
<b>Expenditure</b>			
Employment costs	371	331	331
Other operating costs	26	29	29
<b>Total Expenditure</b>	<b>397</b>	<b>360</b>	<b>360</b>
<b>Surplus (Deficit)</b>	<b>86</b>	<b>68</b>	<b>68</b>

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.

	<b>2008</b>	<b>2007</b>
	<b>hours</b>	<b>Hours</b>
<b>Statistics</b>		
Under two year olds	10,384	8,081
Over two year olds	10,582	21,655
Free funded three years and over	16,742	9,983

## 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 income, 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.

## 21 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

### Statement of Financial Performance

Government grants	Government grant revenue was greater than budgeted by \$801k due to additional funding received from several TEC funds including the Encouraging and Supporting Innovation Fund, and the ITP Distinctive Contribution Fund.
Student tuition fees	Student Tuition Fees were less than budgeted by \$934k with the under-achievement of Domestic EFTS targets in several schools and lower contracted course delivery than planned in one School.
Other income	Other Income was greater than budgeted by \$1,050k as a result of the net transfer of jointly owned buildings to and from the University of Otago as well as an unexpected international donation for Sustainability initiatives.
Share of associate net revenue	The share of associate net revenue \$182k was an unbudgeted item and results from Otago Polytechnic accounting for its share of the operating surplus of its associate Dunedin City Tertiary Accommodation Trust to 31 December, 2008.
Employment expenses	Employment expenses were greater than budgeted by \$1,649k due to an increase in leave liabilities, superannuation subsidies (Kiwisaver) and redundancies late in the year with the closure of several programmes.

### Statement of Financial Position

Property, plant and equipment	Property, plant and equipment is \$14.3m more than budgeted with the land and buildings revaluation changes and the work in progress at year end on the Art and Student Centre buildings (funded by the Suspensory Loan but not approved at time of budget).
Loans and borrowings	Loans and borrowings were \$3.5m less than budgeted. Although there was no MOCL drawn down at year end, the TEC Suspensory Loan (treated as equity) was received in July to facilitate the building projects as above.

### Statement of Cash Flows

Investing activities	Net Cash flows from Investing Activities were \$2.7m unfavourable to budget with greater capital expenditure, on buildings as above, software and course development.
Financing activities	Net Cash flows from Financing Activities were \$2.8m favourable to budget for the same reasons outlined above with the MOCL facility unused for most of the year but replaced by the higher value Suspensory Loan to fund the additional capital expenditure.
Operating activities	Net Cash flows from Operating activities were \$0.3m favourable to budget with additional government grant receipts of \$1.1m exceeding additional payments to employees of \$1.4m less consumable savings of \$0.5m.

# Statement of Service Performance

## Key Performance Objectives

### External Reporting 2008 - 2010

#### 1. Learning

Provide programmes of learning which build capability for employment and self employment, and to improve regional and national productivity.

Indicator	Outcome	
	Actual 2008	Target 2008
E2 Successful course completion rates for Level 4 certificates and Level 5 - 7 diplomas, degrees and graduate diplomas.	73.6%	80.0%
E3 First year qualification-level attrition for Level 4 certificates and Level 5 - 7 diplomas, degrees and graduate diplomas.	8.0%	< 40.0% *
E4 Qualification-level completion rates for all Level 4 certificates and Level 5 - 7 diplomas, degrees and graduate diplomas (over a 5 year period).	50.2% *	47.0% *
I2 Learner completion and success rates meet Otago Polytechnic targets (measured by course).	<b>Completion Rate</b> 90.7% <b>Distance Programmes</b> 83.6% <b>Success Rate</b> 84.7% <b>Distance Programmes</b> 80.2%	<b>Completion Rate</b> 90.0% <b>Distance Programmes</b> 72.0% <b>Success Rate</b> 85.0% <b>Distance Programmes</b> 68.0%
I3 Programmes meet Otago Polytechnic quality and learning standards.	100%	100%
I4 Learner retention rates meet Otago Polytechnic targets. Rates will be calculated for all learners, learners in equity target groups learners under 25, and for learners in programmes at Level 4 and above.	All Learners 90.8% Māori 90.7% Pacifica 87.7% Disabilities 81.0% Under 25 85.7% Learners at Level 4 and above 85.9%	90.0%

\* E4 Figures only available for 2006 to 2008 ie. three of the five year period

Increase the participation and success rates of Māori and Pacific People learners, and learners with disabilities; for all target group learners and target group learners under 25 and in programmes at Level 4 and above.

Indicator	Outcome	
	Actual 2008	Target 2008
I10 Participation targets are met.	Māori 3.9% Pacifica 1.6% Disabilities 7.1% Under 25 41.8%	Māori 6.0% Pacifica 2.6% Disabilities 4.5% Under 25 36.0%
I.11 Course completion.  Course success.	<b>Completions</b> Māori 90.7% Pacifica 97.0% Disabilities 81.0% Under 25 72.8% <b>Success</b> Māori 65.1% Pacifica 62.0% Disabilities 70.3% Under 25 70.6%	<b>Completions</b> Māori 88.8% Pacifica 87.5% Disabilities 96.5% Under 25 81.0% <b>Success</b> Māori 71.2% Pacifica 58.3% Disabilities 69.2% Under 25 78.0%

Maintain the participation and increase the success rates of learners in advanced trade, technical and professional qualification, including post graduate qualifications.

Indicator	Outcome	
	Actual 2008	Target 2008
E1 Proportion of EFTS for Level 4 certificates and Level 5 - 7 diplomas, degrees and graduate diplomas.	76.2%	>75.0%

Increase the participation and success rates of learners under 25 in qualifications at Level 4 and above.

Indicator	Outcome	
	Actual 2008	Target 2008
E6 Proportion of EFTS for Level 4 and above qualifications for students aged under 25.	64.3%	65.0%
E7 Successful course completion rates for Level 4 certificates and Level 5 - 7 diplomas, degrees and graduate diplomas for students aged under 25.	70.5 %	80.0%
E8 Qualification-level completion rates for all Level 4 and above qualifications for students aged under 25. (over a 5 year period).	47.1% *	> 52.0%

\* E8 Figures only available for 2006 to 2008 ie. three of the five year period

Provide programmes, services and pathways for foundation learners.

Indicator	Outcome	
	Actual 2008	Target 2008
E5 Proportion of EFTS enrolled in courses focused on literacy, language and numeracy skills.	15.8%	14.0% of total EFTS
I12 Foundation learner* course completion rates meet Otago Polytechnic targets.	89.0%	90.0%

\*A foundation learner is a learner enrolled in a foundation programme

Internationalisation: Develop and implement an internationalisation strategy to better prepare Otago Polytechnic graduates for a global workforce, which included enriching the learning opportunities for staff and learners, and which created opportunities for overseas learners in New Zealand.

Scope: collaborations, exchanges, benchmarking of qualifications, global competencies, research, international learners, study abroad, international programmes in New Zealand.

Indicator	Outcome	
	Actual 2008	Target 2008
I14 Internationalisation Strategy is developed.	Draft strategy complete	Strategy completed

## 2. Collaboration/Network of Provision

Maintain existing and develop new collaborative arrangements which improve learner access and/or improve the efficiency and effectiveness of programme and services development and delivery.

Scope: collaboration with PTEs, ITPs, universities, Otago secondary schools.

Indicator	Outcome	
	Actual 2008	Target 2008
E11 Significant collaboration with other providers, including ITPs, PTEs and Universities on programme delivery.	Achieved	> 10

Enhance quality systems and processes to promote continuous improvement.

Indicator	Outcome	
	Actual 2008	Target 2008
I38 Best practice management framework consistent with business excellence principles is in place.	Partially achieved	Develop and pilot performance excellence framework
I41 Benchmarking to best practice is established progressively for all operations.	Partially achieved	Identified and established

Continue to develop a culture which values excellence in leadership and management.

Indicator	Outcome	
	Actual 2008	Target 2008
I42 Managers are supported in their leadership and management development.	Achieved	Maintain (all Managers have an Individual Leadership and Management Development Plan)

### 3. Stakeholder and Community Engagement

Deploy resources where possible to add value to our communities, including student projects and work experiences for community benefit.

Indicator	Outcome	
	Actual 2008	Target 2008
I46 Student projects for community benefit are completed annually.	Achieved	Planned projects are implemented. Register of projects established

Engage actively with stakeholders to ensure needs are anticipated and met, and programmes remain relevant.

Indicator	Outcome	
	Actual 2008	Target 2008
E10 Business and community leader engagement in regular PEAC and ad-hoc meetings / forums etc.	35 *	Maintain >60 PEAC meetings annually

\* in 2008 a rationalisation of PEAC's saw a reduction in the number of PEAC's

#### 4. Treaty of Waitangi/Education for Māori

Maintain effective consultation and decision making processes with Kai Tahu.

Indicator	Outcome	
	Actual 2008	Target 2008
E12 Arai – Te Uru runaka are satisfied overall with consultation and decision making processes.	100%	100%

Develop an environment conducive to Māori participation and success.

Indicator	Outcome	
	Actual 2008	Target 2008
I47 Māori learner satisfaction equals or exceeds learner satisfaction generally.	88.2%	90.0%

#### 5. Research

Continue to improve research performance.

Indicator	Outcome	
	Actual 2008	Target 2008
E13 Quantity of research outputs increases annually.	258	228
E14 Value of external research funds increases annually.	\$197,320	\$116,000

## 6. Organisational Sustainability

Improve Otago Polytechnic's performance as a sustainable organisation.

Indicator	Outcome	
	Actual 2008	Target 2008
E15 Build capacity to support indicators which measure performance towards sustainable practices.	Partially achieved	Achieve short term objectives as per Sustainability Development Framework

## 7. Staff

Build the reputation of Otago Polytechnic as a great place to work.

Indicator	Outcome	
	Actual 2008	Target 2008
E16 Staff are satisfied with the overall work environment.	82.0%	87.0%
E17 Staff are proud to work at Otago Polytechnic.	92.4%	90.0%

## 8. Learner Experience

Improve the quality of the overall learner experience.

Indicator	Outcome	
	Actual 2008	Target 2008
I21 Target for overall learner satisfaction is achieved.	92.7%	90.0%

## 9. Continue to develop a vibrant research culture, and to improve research performance

Indicator	Outcome	
	Actual 2008	Target 2008
I57 Number of research active staff increase annually (i.e. staff teaching degree programmes).	100	85

# Quality Assurance Processes

During 2007, Otago Polytechnic underwent a Full Scope Academic Audit. External audits occur every four years for all Institutes of Technology and Polytechnics, and are managed by Institutes of Technology and Polytechnics Quality (ITP Quality). As a result of this external audit, Otago Polytechnic was granted continuation of its Quality Assured status for the next four years until August 2011.

During 2008, Otago Polytechnic was one of the eight participants in the NZQA trial for the new evaluative quality assurance system, Self Assessment and External Evaluation and Review (SAEER). The results of the external review of the self assessment, which was a review of all the academic programmes, were pleasing.

A mid term audit is to be conducted in 2009.

The quality of academic programmes delivered by Otago Polytechnic is assured through a quality management system, which is made up of several interrelated components:

## (i) Academic Board

Academic Board approves all courses, programmes and changes to programmes.

## (ii) Academic Approvals Committee

Academic Approvals Committee is a standing committee of Academic Board and its purpose is to provide detailed scrutiny of curricula/programmes under development. All new or revised programmes from 2007 on demonstrate that sustainable practices are addressed in programme delivery and programme outcomes. The relationship between curricula/programmes and the Treaty of Waitangi, internationalisation and curriculum alignment with secondary schools is explicit.

## (iii) Permanent External Advisory Committee

The key feature of a Permanent External Advisory Committee (PEAC) is that they are made up largely of individuals who are not employed by the Polytechnic. Their role is to represent members of the wider community who have an informed interest in a particular education area within the Polytechnic. They provide advice on the quality, relevance, scope and currency of Polytechnic programmes.

*For example, PEACs should offer advice on:*

- current trends within industry and the community
- job market
- appropriate ways of marketing programmes

*and assist with:*

- public relations opportunities
- providing workplaces for students and graduates
- offering placements for staff undertaking professional development or in-depth refreshment opportunities
- acting as a lobby group.

PEACs value, and thrive on, a range of perspectives. We are interested in the input of current students, recent graduates, experts, specialists and industry leaders. We also seek regional perspectives and input from mana whenua through our PEACs.

Current PEAC members can be found listed on the School website's at [www.otago.polytechnic.ac.nz](http://www.otago.polytechnic.ac.nz)

## (iv) Accreditation Procedures

For certain categories of programme, Otago Polytechnic has been formally accredited by relevant authorities as having appropriate quality management systems in place, and appropriate resources to allow good quality delivery of those programmes.

- Relevant accreditation authorities:  
*New Zealand Qualification Authority (NZQA)* accreditation is held for 13 postgraduate qualifications including five masters' degrees.
- *ITP Quality*, under delegated authority from NZQA, accreditation is held for 11 bachelors' degrees, and six graduate certificates/graduate diplomas.

To date, all applications to any accreditation authority have been successful, and no existing accreditation has been rescinded.

## (v) Student Evaluation and Satisfaction

Each School/Programme has students evaluate programmes routinely. In addition, an institute-wide First Impressions Survey and a Programme Satisfaction Survey are conducted annually.

## (vi) Programme Review

The procedure and documentation of the Annual Programme Evaluation and Review process is standardised, and there is centralised monitoring of the process. The actual reviews are also informed by input from institution wide surveys, student evaluations, internal audit (if applicable) and PEACs.

# Quality Reinvestment Programme 2008

## Deliverables

To give practical effect to Otago Polytechnic's strategic directions, Quality Reinvestment Funding for Stage 3 has been invested and realignment activities consistent with the programmes are as follows:

Objective: Redevelopment of Programmes for Blended Delivery and to meet STEP priorities.	Actual 2008	Target 2008
<b>Indicator:</b> Review programmes previously prioritised in 2006-2007 for redevelopment for blended delivery for strategic alignment with STEP.	Achieved	Completed
<b>Indicator:</b> Review prioritised programmes annually for strategic alignment with TES and STEP.	Achieved	Completed
<b>Indicator:</b> Development teams in place.	Achieved	Completed
<b>Indicator:</b> Project planning and development methodology signed off.	Achieved	Completed
<b>Indicator:</b> Individual project plans are in place.	Achieved	Completed
<b>Indicator:</b> Resources required to support redevelopment are confirmed and deployed.	Achieved	Completed
<b>Indicator:</b> Educational Development Centre's business plan provided for processes and resources to be targeted for additional trainings and coaching to develop and deliver blended delivery programmes.	Achieved	Completed
Objective: Foster Collaborations with other providers	Actual 2008	Target 2008
<b>Indicator:</b> Formalise agreements with identified collaborations.	Achieved	Completed
<b>Indicator:</b> Opportunities for collaborative developmental are identified and prioritised according to organisation's strategic objectives.	Achieved	Completed
<b>Indicator:</b> ITPs, Stakeholders and other strategic partners are canvassed for 'interest' collaboration invited.	Achieved	Completed
<b>Indicator:</b> Agreements formalised with an MOU or joint venture agreement.	Achieved	Completed
Objective: Provide support for Central Otago Campus and Community Learning Centres	Actual 2007	Target 2007
<b>Indicator:</b> Infrastructure and delivery costs are identified for Central Otago campus and regional learning centres.	Achieved	Completed
<b>Indicator:</b> Report detailing service delivery including strategic value and financial viability completed annually.	Achieved	Completed
Objective: Support for Low Volume Programmes	Actual 2008	Target 2008
<b>Indicator:</b> Programme financial viability analysis is completed.	Achieved	Completed
<b>Indicator:</b> Funds assigned to the appropriate costs centre budgets.	Achieved	Completed

# Equivalent Full Time Students

			EFTS Budget			Actual EFTS 2008									
			FCR			FCR									
			TEC	Total	Total	TEC	CTA	ITO	OTH	OVE	SEL	STA	TOP	Total	Total
<b>BUS</b>	SAB	Applied Management	253.0	39.0	292.0	213.1				20.8				20.8	233.9
	HSS	Hospitality	182.2	13.1	195.3	141.2				8.5	0.7	2.3		11.5	152.7
	Q4U	Qualifications 4 U	285.9	0.0	285.9	293.5				1.4				1.4	294.9
	ISA	Institute of Sports and Adventure	202.0	10.0	212.0	192.9				1.0				1.0	193.9
<b>CAT</b>	ABE	Architecture, Building and Engineering	397.1	85.4	482.5	388.3		72.8		26.1	0.7	5.0		104.6	492.9
	ART	Art	247.0	12.0	259.0	223.4				6.3		7.0		13.3	236.7
	CTV	Creative Technologies	6.0	0.0	6.0	7.9				1.0				1.0	8.9
	DES	Design	337.0	0.0	337.0	274.2				6.0		0.5		6.5	280.7
	ICT	Information Technology	130.0	33.0	163.0	154.7				19.8	0.1	5.5		25.4	180.1
<b>HLT</b>	FOL	Foundation Learning	150.0	31.0	181.0	143.3			0.8	11.4			17.1	29.3	172.6
	MID	Midwifery	54.6	3.0	57.6	56.4			0.2	4.0				4.2	60.6
	NUR	Nursing	269.2	17.0	286.2	268.8	4.0			16.3	0.8			21.0	289.9
	OCC	Occupational Therapy	180.0	1.0	181.0	170.0			0.1	2.5				2.6	172.6
	SOS	Social Services	116.8	0.0	116.8	109.9			0.9		0.5			1.4	111.3
<b>REG</b>	COT	Central Otago	231.0	3.0	234.0	231.6				8.0	0.7	3.0		11.8	243.3
	NAT	Natural Resources	40.0	0.0	40.0	37.0				1.0	1.8	0.8		3.6	40.6
	VET	Veterinary Nursing	187.0	1.0	188.0	179.8				2.0				2.0	181.8
<b>OTH</b>	CAP	Centre for Assessment of Prior Learning	20.0	0.0	20.0	47.7				0.1				0.1	47.8
	EDC	Educational Development Centre	15.0	0.0	15.0	20.7				0.4	1.6			2.0	22.7
			<b>3303.8</b>	<b>248.5</b>	<b>3552.3</b>	<b>3154.4</b>	<b>4.0</b>	<b>72.8</b>	<b>2.0</b>	<b>136.6</b>	<b>6.9</b>	<b>24.1</b>	<b>17.1</b>	<b>263.5</b>	<b>3417.9</b>

**TEC**-funded by Tertiary Education Commission, **FCR** - full cost recovery EFTS (includes ITO, OVE, SEL, TOP, SKE, STA, CTA and OTH), **ITO** industry training organisation funded (Skill NZ), **STA** - secondary school students funded through MoE school funding, **OVE** - EFTS funded by full fee paying overseas students, **SEL** - self funded courses, **SKE** - skill enhancement, Notional EFTS. **CTA** - Clinical Training Agency funded, **OTH** - other self funded courses.

## Groups:

**BUS** Business and Sport  
**CVT** Creative Technologies

**HLT** Health and Community  
**REG** Regions

**TES** Technology and Science  
**OTH** Other

# Statement of Resources

for the year ended 31 December, 2008

## Buildings

Otago Polytechnic's main campus, including central administration, is located in Dunedin North adjacent to the University of Otago and Logan Park. The Hospitality School operates from a smaller central Dunedin site at Tennyson Street, and the regional campus operates in Cromwell. Otago Polytechnic transferred its right to the Bill Robertson Library to the University of Otago at 30 November 2008 and at the same time became the full owner in The Student Centre. Otago Polytechnic continues to use the Bill Robertson Library under a Memorandum of Understanding on a user-pays basis. This transfer is reflected in the 2008 figures. Our campuses are progressively incorporating sustainable practices. Net teaching areas used, including leased space and excluding lifts, passageways, toilets etc, are as follows:

	2008	2007
Total Net Floor Area	31,045 m <sup>2</sup>	31,066 m <sup>2</sup>

## Computers

Otago Polytechnic is in the process of moving away from workstations and moving to 'thin' clients and utilising central servers. In addition, we are moving to greater use of wireless and laptop development for students. Numbers are as follows:

	2008	2007
Student Related	783	933
Staff Related	430	583

## Staffing

Staffing figures in terms of full time equivalents for the year ended 31 December are as follows:

	Academic		General	
	2008	2007	2008	2007
Academic Departments	222.8	231.0	84.2	79.9
Chief Executive Office	2.6	1.1	16.2	13.6
Operations	0.0	0.0	30.0	30.1
Academic Services	4.7	7.4	18.5	19.7
Human Resources	0.0	0.0	7.7	7.5
Information Systems and Services	0.0	0.0	26.1	23.3
Marketing, Communications and Customer Relations	0.0	0.6	23.7	25.1
Student and Staff Services	3.2	4.7	16.7	12.7
<b>Total</b>	<b>233.3</b>	<b>244.8</b>	<b>223.4</b>	<b>211.9</b>

## Library

At the beginning of the year the Bill Robertson Library (BRL) moved from the Dynix automated library system and joined the rest of the University library system on Voyager.

The migration involved considerable staff training for the Voyager modules. Library staff from the Polytechnic Cromwell Campus joined BRL staff for Voyager training sessions in Dunedin.

### Library Instruction

Number of tours	44
Number of participants	415
Number of classes	71
Number of participants	1,333
Number of reference enquiries	2,851

### Library Usage

Number of books issued	73,442
Number of annual users of The BRL	233,863

**Note:** *The Bill Robertson Library serves both Otago Polytechnic and University of Otago staff and students. The Polytechnic comprised approximately 75% of the number of users, enquiries and book issues reflected in these statistics.*

# Equity Report

## Equal Employment Opportunities

Each year the Polytechnic collects and analyses statistical information relating to recruitment, employment and retention of staff in order to identify trends and possible future initiatives to improve equal employment opportunities within the institution. Specific activities include:

### Staff Development

The Educational Development Centre (EDC) coordinates educational development services to staff. Obtaining and enhancing teaching and learning skills is provided by enrolment in courses in the Graduate Certificate in Tertiary Learning and Teaching (L7). Courses are also provided from the National Diploma in Adult Education and Training for Polytechnic staff, and staff from many industries. A Treaty Education and Training Unit within EDC delivers the Certificate in Mata ā Ao Māori which includes Treaty of Waitangi education training courses for both students and staff at both an awareness level and as part of other qualifications. This 40 credit certificate was developed to enable community and staff access to education which enhances relationships with the combined rūnaka. A new training team developed by Information Systems and Services provides corporate system training and support to all staff members.

### Health Services

A busy health centre operates out of the Student Centre and provides comprehensive health care for students. The team at Student Health is actively involved in health promotion and prevention work. Flu vaccinations for staff at Otago Polytechnic are available as is emergency care for staff. There were also regular on-campus promotion activities aimed at improving health and lifestyle. An Occupational Health and Safety Advisor works proactively with staff who may seek assistance with health issues.

### Human Resources

Otago Polytechnic continues to be a member of the Equal Employment Opportunities Trust Employers Group.

### Harassment and Bullying Prevention Education

The Harassment and Bullying Prevention Policy is regularly promoted to both staff and students. Harassment and bullying prevention training is compulsory for all staff, and courses were delivered regularly throughout the year. Training is also provided to students.

### Staff Assistance Programme

The confidential staff assistance programme (counselling) continues to be a valuable support mechanism for staff and is supported by policy, procedures and in-house support. Staff supervision as a tool for performance enhancement and for safe working practice particularly in clinical areas, is an encouraged work routine.

### Family Friendly Workplace Procedures

We continue to promote and engage in a range of activities to ensure a family friendly workplace is created and encouraged. These include our Childcare Centre, children's holiday programme and policies/practices around children on campus. During 2008 we introduced a new flexible working arrangements policy enabling staff to work whilst caring for a dependent person. This covers the recent legislative requirement and the Otago Polytechnic policy, which goes further to facilitate consideration of any flexible working request. Where service delivery constraints allow we encourage flexible working hours and we have had positive initial take up of the policy introduced in 2006 where staff can have a reduced salary for a period and then take an extended period of paid leave.

### Sustainable Practices

Over the past few years we have gradually introduced sustainability initiatives, in addition to electronic payslips and leave plan documents we now operate an electronic recruitment process and our standard Human Resources (HR) committee meetings are now paperless. Most Human Resources resources can be accessed online including performance review system and policies.

We promote a range of courses, including Computer Health and Safety, Manual Handling, Safe Driving, and Working at Height to encourage staff to work in a healthy and sustainable way, and to take responsibility for their immediate working environment.

# Staff Recruitment Statistics

Otago Polytechnic's recruitment practices are designed to ensure that the recruitment process is an open exercise free from bias.

## Recruitment Analysis

		2008	2007	2006	2005
Staff Appointed to Advertised Positions		45	67	67	71
<b>Gender</b>	Male	27%	39%	34%	38.3%
	Female	73%	61%	66%	61.7%
<b>Ethnicity</b>	Māori	9.0%	6.0%	1.0%	3.4%
	NZ (non Māori)	69%	64.2%	52.0%	69.0%
	Pacific Island	0.0%	0.0%	0.0%	0.0%
	Overseas	22%	13.4%	22.0%	12.1%
	Not specified	*0.0%	16.4%	24.0%	15.5%

\* New processes ensures that ethnicity information is now recorded for all staff and we are moving to using the statistics NZ ethnicity classifications.

## Equal Educational Opportunities

### REMOVING BARRIERS

We continue to address barriers to student progress. Particular attention is given to ensuring no new barriers are created. The following represents a range of activities which assist with that process.

#### Liaison Services

A liaison team is available to assist students to gain information about the extensive range of programmes available and to advise students who have special requirements. The team has been very active in the community and worked throughout New Zealand assisting school leavers and mature students with their decision making.

#### Learning Centre

In 2008 the Learning Centre provided 933 hours of 1:1 assistance and 319 hours of class and small group teaching. The 1:1 assistance took the form of tutoring in basic numeracy and literacy, developing students' essay writing and grammar skills, ESOL, specific support for a variety of subjects, and teaching study skills, time-management and organisation skills. Most of the group classes focused on study and writing skills and many were conducted in Schools in response to requests from lecturing staff. Some tutorials were taught in the Learning Centre, for example, extra bioscience and maths classes for Foundation Studies and Nursing students.

The Students Tutoring Students scheme was delivered, and was supervised and managed through the Learning Centre. One staff member spent 34 hours in online training and monitoring of peer tutors.

#### Disabilities Service

A Tertiary Education Commission (TEC) Special Supplementary Grant (SSG) for Tertiary Students with Disabilities was received in 2008. A report has been sent to TEC (refer to the SSG report that follows within this Equity report).

#### Counselling

The Counselling service provides professional counselling support to a large number of students while they are studying at Otago Polytechnic. Many struggle with complex issues impacting on their mental, physical and emotional wellbeing, affecting their ability to learn and succeed to their full potential.

The service responds quickly to new presentations. Students are seen by a counsellor very soon after making an appointment. Working on-site as part of the larger institutional setting, the counsellors are able to foster close working relationships with other student support services, including Student Health. This enables an ease in making appropriate referrals between the services. It is valued highly by staff and has a proven track record keeping students in their programmes and courses.

In 2008, the counsellors consisted of 1.8 FTE who provided 1500 sessions to 243 students.

### **Chaplaincy**

Members of the Otago Polytechnic team are available to offer all Otago Polytechnic students and staff friendship, pastoral care and spiritual support. They are available to students and staff experiencing both the joys and difficulties of their lives and a holistic ecumenical approach is offered.

### **Careers Service**

The Careers Service assists current and prospective students to make informed career decisions, be effective in their search for employment and to enhance career/life planning. The service is also available to the wider community and Otago Polytechnic staff. In 2008 the service offered 375 individual consultations.

### **Childcare**

The Polytechnic has an excellent Childcare Centre at Forth Street, which caters for children of both students and staff. Our licensed number of places is 32, 10 children under two and 22 children over two. We offer a programme under the early Childhood Curriculum Te Whariki. Childcare facilities are also available adjacent to our Tennyson Street and Cromwell sites.

### **Student Representation on Governing Committees**

Students are represented on Council, Academic Board and many other committees which relate to student activity. The Otago Polytechnic Students' Association acts as an advocate for individuals or groups of students.

### **Student Rights and Responsibilities**

All students are provided with student regulations information online written in plain English which set out the rights and responsibilities of students and the Polytechnic at institutional level. Full academic policies are available on website [www.otagopolytechnic.ac.nz](http://www.otagopolytechnic.ac.nz).

### **Student Assistance Fund**

The Polytechnic and the Otago Polytechnic Students' Association provide funds which are available for students in need.

## **Improving Educational Opportunities**

Otago Polytechnic is proactive in seeking to provide educational opportunities for groups in the community that are under represented in the student body or are disadvantaged in terms of their ability to attend the institution.

### **Relationship with Ngāi Tahu**

The Memorandum of Understanding (MoU) covers roles, educational processes, tikaka and ways of working together. The Kaitohutohu is a member of the Senior Leadership Team and continues to work with Ngāi Tahu to set up the structures and processes required in the Memorandum of Understanding.

Te Kōmiti Kāwanataka presented their Māori Strategic Framework (MSF) to Council who in turn made their 2008 report on the MSF to the Arai-Te-Uru Rūnaka at the Council meeting at Hokonui. This was held to coincide as nearly as possible with Puaka or the Māori new year. Further to the invitation of the Chair in the previous year, many of the Leadership Team members have to date, taken the opportunity to make a presentation on their Strategic Plan and how it includes those aspects of the MSF within it. During the year Te Komiti farewelled Jim Westwood and as they acknowledged his departure they noted the enormous contribution he had made to Te Komiti as a staff member.

The Leadership changed at te Tapuae o Rēhua with the resignation and departure of Dr Brendon Puketapu and the Board of Studies welcomed Mr John Tait as the new CE in December. John has since paid his first visit to Otago Polytechnic and is well qualified to take this organisation in new directions and to continue with the great inroads that were made during the short time that Darryn Russell was Acting CE.

Otago Polytechnic and Kōmiti Kāwanataka will continue to work together to identify processes that will further assess each Department/School's ability to provide effective learning environments for Māori learners. The December 2008 Māori pre-graduation ceremony demonstrated the success of the Scholarships Otago Polytechnic began offering several years ago three graduates who had been amongst the first recipients of Mana Pounamu Scholarships, and two who had been similar recipients of the Rūnaka Scholarship, now have completed either undergraduate degrees or post graduate degrees.

Otago Polytechnic's MoU has committed to reporting on Māori participation, retention and academic success rates.

### **Support for Māori Students**

Otago Polytechnic strives to ensure a high level of course completion and achievement for Māori learners by the provision of competent student support. This includes a Kaiarahai role, learning/support plans put in place for students requesting support and celebrating Māori success with a Māori pre-graduation ceremony. Of students enrolled at Otago Polytechnic in 2008, 3.8% identified as Māori, reporting a Satisfaction rating of 88.2%.

- 90.70% Māori course completion rate
- 65.18% Māori pass rate

No reira, mai i te Ao Kohatu atu ki aiānei koina he mihi mahana.

### **English for Speakers of Other Languages**

Provision of English as an alternative language was reviewed in 2008 in light of the Foundation Learning Quality Assurance document, resulting in English courses being developed for a new Certificate in Foundation Studies programme.

This programme will assist students to gain English competence for diploma and degree-level study, provide them the opportunity to take courses in other programmes, and teach them English skills related to the workplace.

The relationship with the Kanazawa Institute of Technology has been maintained, with an intake of engineering students having arrived in March for the programme Certificate in English and Engineering. Other long-established relationships with overseas institutions have seen groups of students enrolled at Otago Polytechnic to improve their English communication skills from Yasuda Women's University, Edogawa Girls' High School, Edogawa University and the Japanese Women's University High School.

### **Centre for Assessment of Prior Learning (CAPL)/ Recognition of Prior Learning**

The Centre for Assessment of Prior Learning provides opportunities for gaining a broad range of qualifications on the basis of demonstrable current competency. Through 2008 a significant increase has occurred in interest shown by a number of large organisations seeking to engage CAPL services throughout the country. Through our APL process, candidates are offered facilitation services which take them through a deep reflection on their understandings and prepares them for assessment. In the past 12 months CAPL candidates graduated in 33 different qualifications including degrees.

### **Support for Pacific Island Students**

The Otago Polytechnic Pacific Island Liaison Officer had another productive year supporting Pacific Island students across a range of programmes.

Twelve scholarships were awarded in 2008 through the scholarship scheme which Otago Polytechnic hosts for Pacific Island students. This scholarship scheme is supported through funds raised from community organisations, namely the Community Trust of Otago and the Dunedin Pacific Island Advisory Council. Funds are subsidised dollar for dollar by the Pacific Islands Polynesian Education Foundation. In addition, two further scholarships were granted by Otago Polytechnic for 2008.

### **Student Residential Accommodation**

Accommodation in Dunedin is available through preferential entry for Polytechnic students into City College Hall of Residence and Salmond College. Polytechnic students may also access university Halls of Residence subject to availability and there is an extensive private rental market. An International Home-Stay Coordinator assists with providing short and long term home-stay solutions for international students.

# Ministry of Education Special Supplementary Grant: Tertiary Students with Disabilities (TSD)

## Support Services to Students

### **To improve the retention of Tertiary Students with Disabilities in their chosen course of study**

- 682 students disclosed a disability on enrolment. Students received a “Welcome to Otago Polytechnic” letter within two weeks of enrolment. The letter offered an individual appointment to discuss support options. A brochure with a summary of services was included.
- 135 students accessed services
- The overall retention rate for TSD's who identified was 81.0%
- The Polytechnic wide retention rate was 90.8%.

### **To increase the participation rate of students who identify as having a disability in Otago Polytechnic programmes**

- Information in the prospectus along with other students services information
- represented at Open Days, Careers Expo and Cromwell Student Services days
- Mail-out to secondary Schools
- Letters and contact made with community user groups.

### **To Staff the Disability Service with an 0.5 FTE Academic Student Advisor and 1.0 FTE Administrator Student Advisor**

- 135 students were interviewed and supports ascertained
- 6 Māori students and one Pacific Island student accessed the Disability Service
- 78 female students and 57 male students identified with a disability
- To improve completion rate of TSD's by offering and providing specialised support and resources on an individual need or small group basis
- 2,955 hours of class room support was provided
- Support was provided through the use of an interpreter, laptops with Zoom text software were loaned to students, and various class materials were provided in enlarged font
- The overall pass rate was 66% with students accessing 1,154 courses/papers
- 21 students received certificates, two diplomas and seven degrees.

# Student Statistics 2008

		Total	European/			Pacific			
		Students	Female	Male	Pakeha	Māori	Asian	Islander	Other
<b>Business and Sport</b>	Applied Business	677	489	188	487	22	45	12	111
	Hospitality	1,403	898	505	919	73	89	9	313
	Qualifications 4 U	2,579	1,678	901	1,940	105	98	68	368
	Otago Institute of Sport and Adventure	289	97	192	194	22	3	17	53
<b>Creative and Applied Technologies</b>	Architecture, Building and Engineering	1,110	73	1,037	820	36	54	14	186
	Art	331	254	77	269	13	08	4	37
	Creative Technologies	11	7	4	8	0	2	0	1
	Design	416	325	91	313	18	12	5	68
	Information Technology	279	37	242	202	10	25	7	35
<b>Health and Community</b>	Foundation Learning	1,206	426	780	763	54	167	18	204
	Midwifery	121	121	0	81	2	2	2	34
	Nursing	520	443	77	361	12	38	8	101
	Occupational Therapy	268	251	17	220	2	8	1	37
	Social Services	182	144	38	131	11	0	2	37
<b>Regions</b>	Central Otago	564	115	449	471	20	1	3	69
	Natural Resources	431	115	316	363	22	5	4	37
	Veterinary Nursing	349	341	8	290	12	4	1	42
<b>Other</b>	Educational Development Centre	342	233	109	254	9	7	4	68
<b>TOTAL</b>		<b>9,605</b>	<b>5,516</b>	<b>4,089</b>	<b>7,001</b>	<b>376</b>	<b>563</b>	<b>158</b>	<b>1,507</b>

Includes 'not known'

**Note:** Because some students are enrolled in more than one department/school, totals on this page may be greater elsewhere in this annual report



**OTAGO**  
**POLYTECHNIC**  
Te Kura Matatini ki Otago

**NEW ZEALAND**

Forth Street, Private Bag 1910  
Dunedin 9054, New Zealand  
Telephone + 64 3 477 3014  
Facsimile + 64 3 471 6870  
Freephone 0800 762 786

[www.otagopolytechnic.ac.nz](http://www.otagopolytechnic.ac.nz)