



Te Wānanga o Aotearoa



Te Pūrongo 2015
Annual Report

Dr Pakāriki Harrison, QSO
Toki Poutangata, 1956, Pounamu,
Sperm whale jaw bone, Blue Duck feathers
Used to open Ōtāwhao Marae 1985
Collection of Te Wānanga o Aotearoa

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Rukutia te toi nuku
Rukutia te toi rangi
Rukutia te toi o ngā
kōrero o te wānanga
Kia mau whiwhia,
kia mau rawea
Whakamaua kia tina
Haumi e, hui e tāiki e.

Kupu
whakataki

The toki poutangata featured on the front cover was created by master carver Dr Pakāriki Harrison and was used in the ceremonial opening of Ōtāwhao Marae in 1985, which was the beginning of Te Wānanga o Aotearoa. This adze represents the transformation of raw materials into a taonga that symbolises the taura journey with us at Te Wānanga o Aotearoa and culminates in taura success.



Rārangī ūpoko

8	Values › Ko Ngā Uara
10	Chairperson’s Report › Tā Te Heamana
14	Council › Te Mana Whakahaere
16	Chief Executive’s Report › Tā Te Taiurungi
20	Executive Directors › Ngā Tumu
24	Cultural Outcomes › Ngā Putanga Ahurea
30	Community Outcomes › Ngā Putanga Hapori
36	Commercial Outcomes › Ngā Putanga Arumoni
40	Measuring our performance › Te ine whakaritenga
60	Financial Report › Te tahua
116	Remembrance › Hei whakamaumaharatanga
118	Locations › Ngā rohe me ngā whare

Ko Ngā Uara Values



Te Aroha

Having regard for one another and those for whom we are responsible and to whom we are accountable to



Te Whakapono

The basis of our beliefs and the confidence that what we are doing is right



Ngā Ture

The knowledge that our actions are morally and ethically right and that we are acting in an honourable manner



Kotahitanga

Unity amongst iwi and other ethnicities; standing as one

Vision

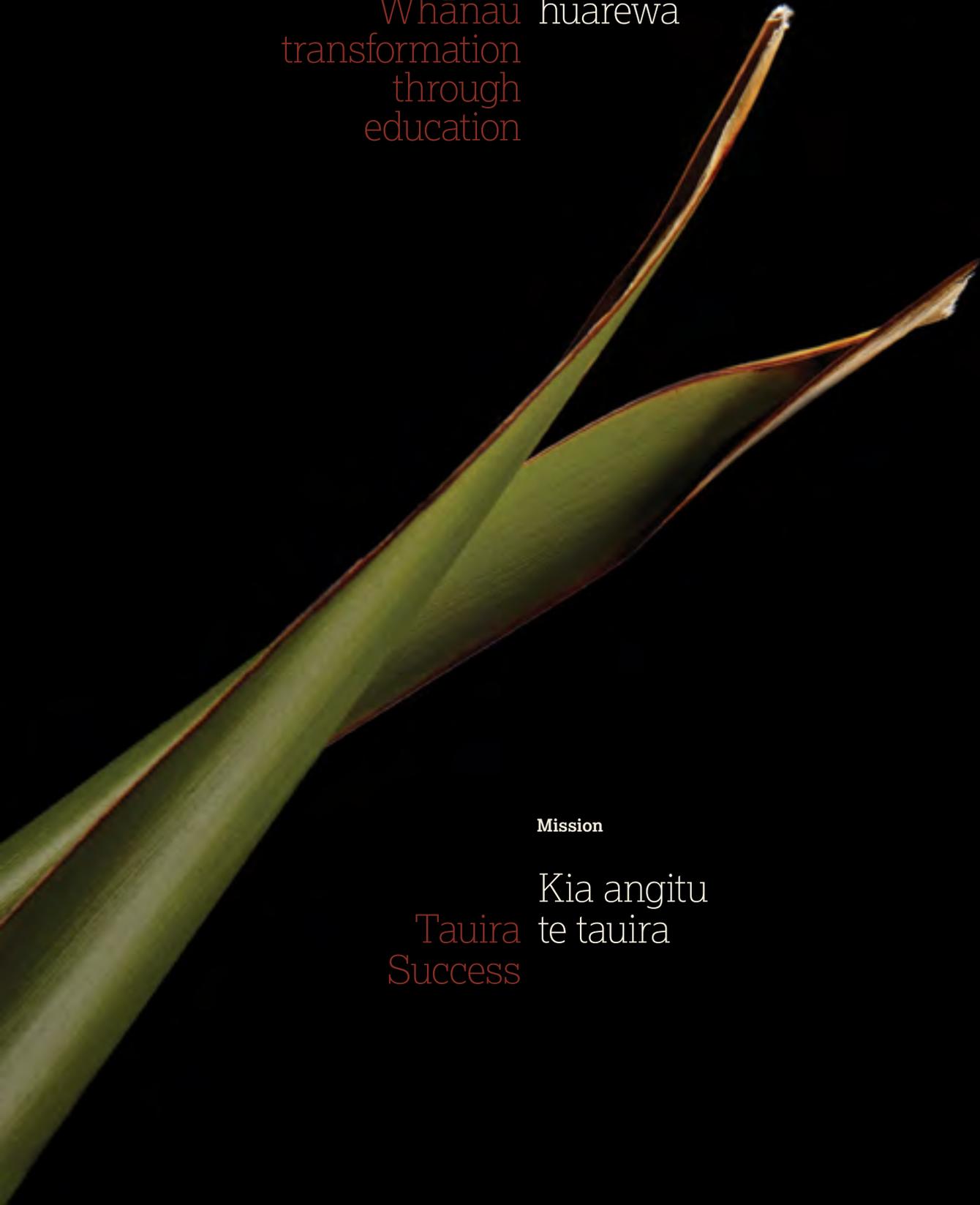
He takapau
mātauranga,
he whānau
huarewa

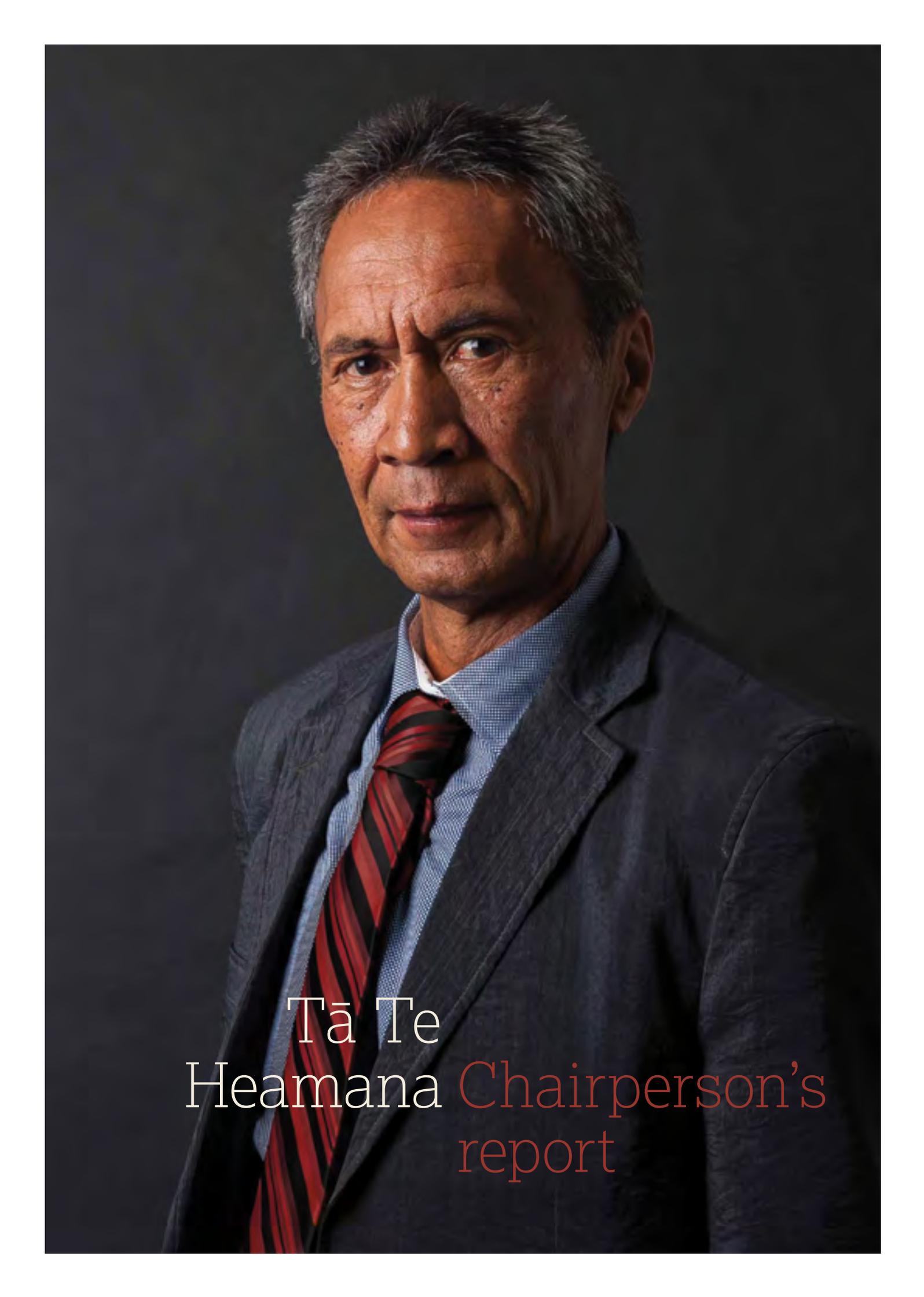
Whānau
transformation
through
education

Mission

Kia angitu
te tauira

Tauira
Success



A portrait of an older man with grey hair, wearing a dark suit jacket, a light blue shirt, and a red and black striped tie. He is looking slightly to the left of the camera with a serious expression. The background is dark and out of focus.

Tā Te
Heamana Chairperson's
report

It is a privilege and honour to present the 2015 annual report, a year of continued organisational refinement and improvement coupled with solid performance and results.

Kia tukuna ko aua takutaku whakawhetai ki te runga rawa e tauwhiro nei i a tātou i ngā wā katoa. Māhora ana ngā whakamānawa ki a Kīngi Tūheitia e noho mai rā i te ahurewa tapu i whakarerea e ōna mātua tūpuna, Paimārire. Koutou ngā mate o te wā, rewa atu rā koutou ki te rangi, tahuri atu rā koutou ki te pō, koutou kua whetūrangitia haere atu, okioki atu, whakaoti atu.

E kore ngā rau ringa i rangatira ai te wānanga e warewaretia, nā konei a mihi ka rere ki ngā ringa o Te Mana Whakahaere kua raupā i te puku mahi, kua rehe i te whakapau kaha ki te kaupapa o Te Wānanga o Aotearoa, koutou kua whakawātea mai i ngā tūru hei nōhanga mō ngā mema hou tēnā koutou. Kia whakatauria ngā kanohi hou o Te Mana Whakahaere e ū tonu ai te waka ki uta, nau piki mai, nau kake mai.

Nōku te whiwhi ki te whakaputa i Te Pūrongo ā-tau nei me ngā taipitopito ō roto hei wherawhera mā koutou. Ko ngā mahukitanga hei taunaki i te ngoi kua whakapetongia e ngā kaimahi katoa i eke ai te Wānanga ki te tihi o momoho i tēnei tau, te tau 2015.

It is a privilege and honour to present the 2015 annual report, a year of continued organisational refinement and improvement coupled with solid performance and results.

Te Wānanga o Aotearoa has transitioned through a number of important phases in the more than 30 years it has provided essential education and training to learners throughout New Zealand.

This evolution has included periods marked by significant growth, through to consolidation, review and refinement. This is a process that parallels the dynamic and evolving nature of the tertiary education landscape that we as an organisation are passionate about and committed to serve.

As a result of changes implemented by Te Mana Whakahaere leadership and kaimahi, Te Wānanga o Aotearoa has delivered a financial surplus and strong and consistent academic results for the past nine years. The Group surplus was \$5.1m in 2015, exceeding our budget by \$1.58m.

I would like to take this time to acknowledge the leadership and vision of the many Te Mana Whakahaere members who have been involved in guiding Te Wānanga o Aotearoa to the point where it is today.

No activity better demonstrated the leadership and vision of the council through 2015 than the implementation of a process begun years earlier to review and refine the governance model.

This was in preparation for the Government-led changes for both the university and wānanga sectors; a review that would ultimately lead to the end of a number of members' tenures on the council.

The new model which was implemented in July this year consists of nine members appointed using the Te Mana Whakahaere Skill Matrix. The matrix consists of four pou (kaupapa, holding to account, compliance, governance experience) and ensures that Te Mana Whakahaere members have a broad range of skills and experience to contribute to the organisation.

As a result of the implementation of these changes 2015 marked the final terms for out-going members Sir Toby Curtis, Manaoterangi Forbes, Dr Manuka Henare, Peter Joseph, Tukoroirangi Morgan, Marie Panapa, Colleen Tuuta, Karu Fred Potini and Karl Wixon.

I would like to thank personally each former council member and the many others who have been involved in the comprehensive process of refinement and review over recent years that has led to significant changes to the organisation, including the appointment of CEO Dr Jim Mather (Oct 2013), the implementation of an organisational realignment – Te Raumairanga (2014), and a new governance structure.

One of the final functions for the former council was to select and approve the appointment of the non-government members and the next phase of leadership to the new council.

As a result of this process it was a pleasure to welcome Gisborne District Councillor Josh Wharehinga, professional director Bryan Hemi, lawyer Katie Bhreatnach, Raukawa Settlement Trust chair and commercial director Vanessa Eparaima, and accountant Robert Gabel as new members to Te Mana Whakahaere.

The new members are joined by ministerial appointments Dr Kathie Irwin, Rea Wikaira and myself, as well as Dr Jim Mather who bring institutional knowledge across to the new council as former members of the previous membership.

In 2015 Te Wānanga o Aotearoa marked its 30th year of removing barriers to education and training for the learners of Aotearoa. We have evolved from humble beginnings to become a modern progressive indigenous education organisation with a very strong foundation, that is committed to industry best processes and practices.

We are well-positioned and have a solid foundation to achieve the bright potential before us in the next 30 years.

As an organisation we have flourished, while retaining an ethos of innovation and dynamism to meet the diverse education and training needs of the communities we serve, and continuing to align with an evolving tertiary education landscape.

The years ahead will require greater collaboration with entities that share our values and focus, and who will add value to our taura and to the communities we serve. We will remain focused on diversifying our offerings to ensure we continue to meet the employment and higher learning priorities that are core to our provision.

As mentioned, we are in a strong financial position as a result of consistent positive results. These funds will sustain investment in programme development and in enhancing our offerings to the learners of Aotearoa. The funds will support opportunities to purchase and invest in value add partnerships, which provide solutions to the learners of our communities, and those wanting to up-skill and train to meet the needs of an evolving employment market.

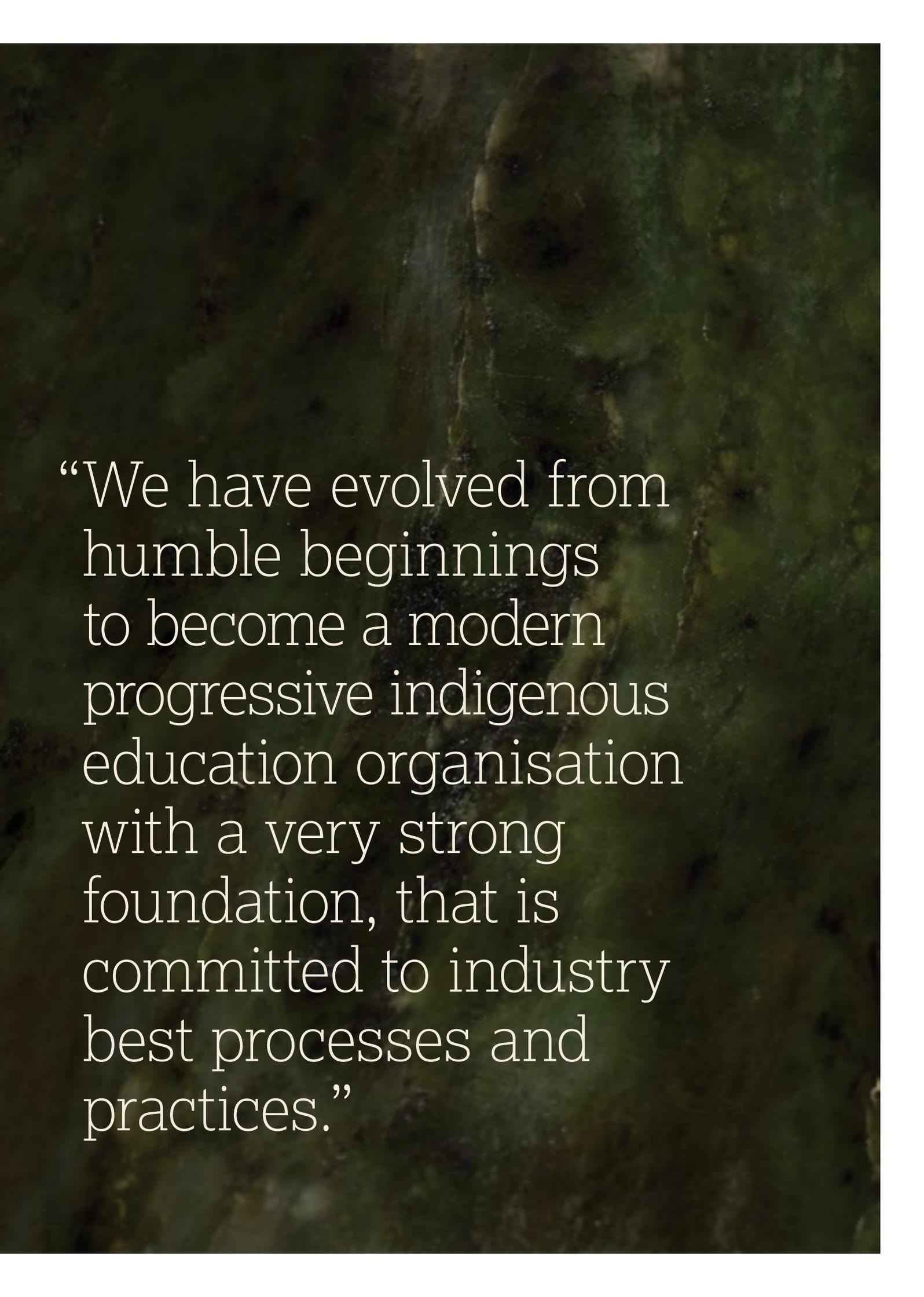
Te Wānanga o Aotearoa stands today as a reinvigorated organisation, with a strong future before it. We have fresh new leadership and governance, supported by the wisdom and knowledge accumulated over our many decades in operation.

I would like to acknowledge the leadership of Dr Jim Mather, supported by his executive team, who have taken positive steps in leading the organisational change and transformation in the next phase of the organisation's development.

Finally, I would like to thank our kaimahi who are not only the face of Te Wānanga o Aotearoa to the many communities we serve and share, but are also the heart and the soul of the organisation, and the key to achieving our goals.

We have been ably served by our kaimahi as we have engaged in a process of refinement and improvement, and it is this commitment and dedication to our taura that will ensure we achieve our immense potential as an organisation as we progress through the next 30 years as a leader in tertiary education in Aotearoa.

Richard Batley



“We have evolved from humble beginnings to become a modern progressive indigenous education organisation with a very strong foundation, that is committed to industry best processes and practices.”

Te Mana Whakahaere Council



Richard Batley

Tiamana (Chairman)
Mema Whakatūria
Ministerial Appointment
BMS, CA
Ngāti Tama, Ngāti Maniapoto,
Waikato, Raukawa

Vanessa Eparaima

Tiamana Tuarua (Deputy Chair)
Mema
Member
MNZM
Raukawa, Ngāti Tūwharetoa

Robert Gabel

Mema
Member
BA, BCom, CA
Ngāti Kahu, Te Rarawa, Te Paatu

Katie Bhreatnach

Mema
Member
LLB (Hons), BA (Hons), LLM

The membership of Te Mana Whakahaere is determined by the Constitution and the Education Act 1989. The members of Te Mana Whakahaere come from a broad range of backgrounds and are selected for the knowledge and value they bring to the strategic direction and governance of Te Wānanga o Aotearoa.



Bryan Hemi

*Mema
Member*

BE (Civil), MBA
Ngāti Kahungunu, Ngāti
Koata, Samoan

Dr Kathie Irwin

*Mema Whakatūria
Ministerial Appointment*

Poupou Karanga Certificate,
DipTchg, DipTchEd, BEd
(Hons), MEd, PhD
Rakaipaaka, Ngāti
Kahungunu, Ngāti Porou

Dr Jim Mather

*Mema
Member*

BBus, MBA, PhD, ACA
Ngāti Awa, Ngāi Tūhoe

Josh Wharehinga

*Mema
Member*

BSocSci, Grad Dip Supervision,
DipAdultEd
Ngāti Porou, Te Arawa,
Rongowhakaata, Te
Atianga ā Māhaki

Rea Wikaira

*Mema Whakatūria
Ministerial Appointment*

ONZM JP, DipBMS
Tainui, Maniapoto, Ngāpuhi

A professional portrait of Tā Te Taiurungi, a middle-aged man with grey hair and a goatee, wearing a dark pinstriped suit, white shirt, and grey tie. He is wearing a green pounamu pendant on a black cord. The background is dark and out of focus.

Tā Te
Taiurungi Chief
Executive's
report

It is my great pleasure to present Te Pūrongo for 2015, our 30th year of operation, a year of considerable change for Te Wānanga o Aotearoa.

Ngā mana, ngā reo, ngā karangatanga maha tēnā koutou katoa.

Tēnei tonu te taunaki i te putanga o Te Pūrongo mō te tau 2015. Ko Te Raumairanga tēnā e whakatere tonu ana i te waka ki ngā tai o tūmanako ki ngā au o moemoeā. I tuarangeranga i ētahi wā, i marino i ētahi, heoi, i te wherawheratanga o te pūrongo ka kitea te ūnga o te waka ki ngā one o angitū.

Nā konei a mihi ka rere ki ngā kaihapai o ngā hoe o te Kotahitanga, o te Whakapono, o te Ture me te Aroha, i whai hua tonu ai tēnei tau.

Mai i ngā ringa o mua, tae noa ki ngā kaupupuru o nāianei, mai i ngā taumata me ngā tōpito katoa o te Wānanga, tae rawa ake ki ngā taura, mō koutou rā te waka, e kawea ai ki te tihi o momoho, ki tā koutou i wawatatia ai, tēnei ka mihi.

Kia ora tātou katoa,

It is my great pleasure to present Te Pūrongo for 2015, our 30th year of operation, a year of considerable change for Te Wānanga o Aotearoa.

As an organisation we transitioned to a new structure, new systems and new ways of working together.

Although it was challenging, I am proud of how our kaimahi got on board with the changes and I believe

that the improvements to our capacity and capability have placed us in a more sustainable position where we can now focus on achievement of our new mission and vision.

The completion of our organisational transformation programme 'Te Raumairanga', and the achievement of strategic objectives for educational excellence, leadership, brand, communication and innovation was a particular highlight for me.

Other highlights included leading the organisation to a ninth consecutive operating surplus (\$5.1m in 2015), and the progress we have made to diversify our income streams.

The implementation of the new takiwā structure merged several different regions into three managerial districts: Te Ihu, Te Waenga and Te Kei. This new alignment streamlined our existing operation, reducing unnecessary replication while ensuring the delivery of our education services is consistent and standardised.

We continued to prioritise our relationships with iwi, employers and other education providers, and made good progress on a curriculum overhaul that will result in improvements to pathways for our taura.

The results of the taura survey, which involved over 3,500 participants, showed the continued value that our taura place on the unique educational experience we offer.

Our innovative health and wellness programme, Tau Ora, won the supreme award at the New Zealand Workplace Health and Safety Awards and further emphasises our commitment to the well-being of our kaimahi.

It was great to see kaimahi coming together in the spirit of kotahitanga to participate in Mata Wānanga our biennial kapa haka competition. We look forward to further refining that unique event to include other activities to allow even more kaimahi to be involved in 2017 and beyond.

The launch of Te Paepaeroa leadership framework saw the creation of a work environment where we are empowering our leaders with high levels of trust and accountability. The aim is to achieve a distributed leadership model where leaders at all levels are expected to provide effective, decisive and values-based leadership.

We opened a state of the art new campus in Tauranga, signalling our ongoing commitment to

meeting the needs of the communities in that region and the expectations of our taura.

In addition to these highlights, our year should also be viewed in the context of the ever changing tertiary environment.

Ongoing policy changes, uncertainty over the new investment plan system and declining EFTS pose challenges for all tertiary education organisations. As the largest provider of foundation education and Youth Guarantee, Te Wānanga o Aotearoa is no exception.

Adjusting to changes to the eligibility criteria for Level 1 and 2 provision continued to affect our educational performance.

Although we came very close to achieving our overall target of 20,057 EFTS, shifts in our mix of provision and delays in the TRoQ (Targeted Review of Qualifications) process resulted in a 1.75% drop in EFTS for Level 3 and above.

Despite these challenges, we will continue to collaborate with the Government to ensure they not only value the economic outcomes

of tertiary education, but also the positive impact of the community and cultural outcomes that we deliver through the many graduates that complete their studies with Te Wānanga o Aotearoa each year.

It was against this backdrop that we capped off the year of change by repositioning our founding vision and mission.

They are now based on our taura expectations and aspirations, emphasising that their success is going to drive the organisation in the future. As a result of this, our new mission statement is: “Taura success”.

Our revised vision statement is “Whānau transformation through education” which reflects our long-held aspirational focus on the collective success of our taura, their whānau and their communities.

Te Wānanga o Aotearoa believes guiding taura to become strong in their identity and robustly-equipped culturally will result in graduates who are enabled to make greater contributions to their marae, hapū, iwi and communities.

In closing, I would like to acknowledge all the kaimahi and leadership at Te Wānanga o Aotearoa, who are dedicated and passionate about serving our taura. I also wish to specifically acknowledge Te Taituarā (Deputy Chief Executive), John Whaanga, and Ngā Tumu (Executive Directors) for their relentless commitment to the mission of our organisation, alongside that of our Chairman, Richard Batley, and all members of our council, Te Mana Whakahaere.

I look forward to the year ahead and shaping the next segment of our journey to ensure taura success is at the core of everything we do.

**Ngā manaakitanga,
Dr Jim Mather**



“Te Wānanga o Aotearoa believes guiding tauira to become strong in their identity and robustly-equipped culturally will result in graduates who are enabled to make greater contributions to their marae, hapū, iwi and communities.”

Ngā Tumu Executive Directors



Dr Jim Mather

*Te Taiurungi
Chief Executive*

BBus, MBA, PhD, ACA
Ngāti Awa, Ngāti Tūhoe

John Whaanga

*Te Taituarā
Deputy Chief Executive*

MEd, BA
Ngāti Rakaipaaka, Ngāti
Kahungunu, Ngāti Rongomaiwahine

Garry Johnston

*Tumuhangarau
Executive Director
Information Technology*
BCom, PGDipMgt, AEA

Keri Milne-Ihimaera

*Tumuratonga
Executive Director Taura Services*
DipTchg, Higher Diploma Teaching, BA
Ngāti Tahu, Ngāti Mamoe

Leesah Murray

*Tumutaumatua
Executive Director Quality
& Corporate Services*
BIEM
Ngāti Maniapoto, Ngāti Tūwharetoa



Hone Paul

Tumukahuroa
Executive Director Marketing
BBus, GradDipBus
Ngāti Manawa, Te Arawa

Brent Sincock

Tumuwhanake
Executive Director People
Ngāti Tahu

Nepia Winiata

Tumuaramātauranga
Executive Director Education
Delivery Services
Ngāti Raukawa

Pakake Winiata

Tumuakoranga
Executive Director
Programmes & Development
BMA (Hons), MMM, Te
Panekiretanga o Te Reo
Ngāti Raukawa, Ngāti Awa,
Ngāti Whakaue

During 2015, Bronwyn Koroheke completed her tenure as Tumutahua.

“He kino pounamu nō Onamata”. The whakataukī translates as a precious jade stone from yesteryear. The proverb captures the essence of pounamu to Māori.



For Te Wānanga o Aotearoa pounamu represents our Māori language and culture. It also signifies our passion and drive to advance mātauranga Māori and empower graduates that are secure and confident in their Māoritanga.



Ngā Putanga Ahurea Cultural Outcomes

Te Wānanga o Aotearoa continues to strengthen its position as a leading indigenous organisation in New Zealand. Te Wānanga o Aotearoa has focused on achieving outcomes in three key areas that can be grouped as ahurea (cultural), arumoni (commercial) and hāpori (community). These three areas are all interrelated as they are based on a set of values reflecting te ao Māori.

Advancing mātauranga Māori

Ahurea represents the ideal of advancing mātauranga Māori to provide the foundation for Māori to succeed as Māori in Aotearoa New Zealand and as global citizens in the Twenty-first Century. For Te Wānanga o Aotearoa, advancing mātauranga Māori includes both the dissemination of knowledge and the generation of contemporary knowledge of our language, culture and heritage within te ao Māori worldview. Mātauranga Māori provides the lens to realise the potential inherent in traditional and contemporary knowledge bases to transform the lives of Māori and all New Zealanders.

Te Wānanga o Aotearoa has continued to set standards for excellence in the delivery of education and development services that explicitly further mātauranga Māori.

In 2015, 73% of taura reported their knowledge of mātauranga Māori had increased. A total of 5,139 taura are now learning te reo Māori at Te Wānanga o Aotearoa.

New indigenous master's degree

2015 marked the inaugural graduation of taura from the first master's programme at Te Wānanga o Aotearoa, He Waka Hīringa. It attracts taura from a number of cultures across the globe.

Lead kaiako Dr Manulani Meyer says the programme focuses on bringing out the passion of the taura so that knowledge studied can be expressed in society, through the kaupapa of each taura. Their exegesis is a summation of what they have learnt that is then expanded through practice. Dr Meyer says the taura on He Waka Hīringa become knowledge keepers.

A total of 22 taura have now graduated from He Waka Hīringa with a further 48 now completing the programme.

Excellence in te reo Māori

In 2015, Te Wānanga o Aotearoa welcomed its 11th intake of taura to Te Panekiretanga o Te Reo.

The high standard for Te Panekiretanga demands a rigorous selection process as the institute of excellence in the Māori language programme is not for the faint hearted; taura are invited to participate, and attend six wānanga focusing on reo and another six on tikanga.

Dunedin couple and Te Panekiretanga graduates, Komene Cassidy and Paulette Tamati-Elliffe are a great testament to the quality and success of the programme, and the difference it makes in the community.

They work tirelessly to retain and revitalise te reo Māori in Dunedin and were recently presented with a Te Taura Whiri i te Reo Māori (Māori Language Commission) award. They won the annual Ngā Tohu Reo Māori award for Te Tira Aumangea, recognising the promotion and regeneration of the language.

The pair organise events to promote te reo Māori including a one day reo rūmaki programme for children who attend mainstream schools.

In 2015, 73% of tauira reported their knowledge of mātauranga Māori had increased. A total of 5,139 tauira are now learning te reo Māori at Te Wānanga o Aotearoa.

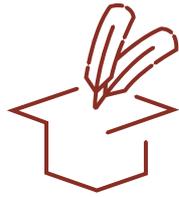
Komene (Ngāpuhi, Ngā Takoto) and Paulette (Kāi Te Pahi, Kāi Te Ruahikihiki (Otākou)) say they have strategised ways to keep te reo Māori as the priority in the eyes of their community, establishing Ngā Manu Kōrero in Dunedin and events during Te Wiki o te Reo Māori and wānanga with a focus on te reo Māori, local history and stories using Kai Tahu reo.

Komene says “We didn’t have a strong te reo Māori upbringing, but it was something we always wanted; it is something we are trying to create with our communities.

The pair’s efforts extend further into the community, achieving social good. Komene and Paulette assist local GPs with their Māori clients, and with children, working alongside those who know little about their taha Māori or who come from impoverished or gang-related backgrounds.



Dr Shireen Maged



The strategy has set an ambitious goal to have 70% of degree level academic staff and 50% of certificate and diploma kaiako research active within two years.

From research to rangahau

In 2015, there was a renewed focus on academic research and a set strategic action to improve research capability. Te Wānanga o Aotearoa was achieving good results in pockets across its academic kaimahi, but it was considered that there was an opportunity for a greater strategic focus to increase the number of research active kaimahi.

In accordance with its values and mission as an indigenous education and development provider, Te Wānanga o Aotearoa has shifted its description and definition of 'research' to 'rangahau' to ensure a cultural paradigm encompasses all activities in the fields of research undertaken by kaiako.

In April 2015, a new team was established to prioritise a focus on a rangahau strategy. Seven appointments were made to establish a team of six rangahau advisors and a flagship analyst position. The team is headed up by Pouārahi Research Lead, Dr Shireen Maged.

The first action for the rangahau team was to collaborate to develop and complete a long term strategy to strengthen and then embed rangahau throughout the organisation.

Dr Maged says a key objective for the strategy is to take a long term approach to rangahau to analyse where the organisation is now and track how it will get to its strategic goals to improve the quantity and quality of research. It will set out to improve research capability through changing mindsets, culture and practice regarding rangahau to raise the level of kaiako actively engaged in research, particularly those teaching on degree level programmes.

The rangahau strategy will be officially launched in early 2016 and will mark a significant shift from the use of the term 'research' to 'rangahau'.

Dr Maged says the new conceptual approach will ensure that rangahau is culturally rich, culturally relevant, and challenges the dominant western eurocentric perspective of how knowledge is constructed.

Rangahau will be context rich and practice based. Te Wānanga o Aotearoa aims to reclaim the space defining the construction of knowledge from a language and culture base, as the language carries the values of the culture, and rangahau as a practice will reflect this. In turn, this enables Te Wānanga o Aotearoa to fulfill its strategic direction as an indigenous organisation contributing to education and development locally, nationally and internationally.

The strategy has set an ambitious goal to have 70% of degree level academic kaimahi and 50% of certificate and diploma kaiako research active within two years.

The final strand of the rangahau strategy will be the development of two flagship rangahau projects, to be both externally and internally funded. The first of these will focus on te reo Māori.



Te Wānanga o Aotearoa has launched a Reo Ora strategy that aims to see 50% of all kaimahi proficient in the Māori language by 2030.

Significant efforts to revitalise te reo Māori

Te Wānanga o Aotearoa has launched a Reo Ora strategy that aims to see 50% of all kaimahi proficient in the Māori language by 2030.

Pou Reo Paraone Gloyne says currently a third of the kaimahi at Te Wānanga o Aotearoa campuses have the capacity to kōrero Māori.

At our Te Kaiokohekohe site in Kaiokohe, all 10 kaimahi are fluent te reo speakers.

Kaiako Matua Hoeta Maxwell says the use of te reo Māori extends beyond pōwhiri, karakia and waiata to a point where it is a natural and normal daily practice.

Te Wānanga o Aotearoa is also running kura reo programmes for its kaimahi.

In 2015, the kura reo programme catered to two distinct groups—70 kaiako from Te Ara Reo Māori and Te Pūtaketanga o te Reo programmes from throughout the motu and 30 selected staff from Te Puna Mātauranga. In October, a four-day full immersion kura reo was held at our Māngere campus.

Flax (or harakeke) is interwoven in our whakataukī and is encapsulated in the words of Meri Ngaroto, “He aha te mea nui o te ao? He tangata, he tangata, he tangata!”, which means “What is the most important thing in the world? It is people, it is people, it is people!”

Te Wānanga o Aotearoa values its kaimahi and taura and is committed to upskilling our people to serve the diverse communities they live in.





Ngā Putanga Hapori Community Outcomes

Social well-being

Hapori reflects a desire to improve social well-being to develop more equitable societies for all New Zealanders. Te Wānanga o Aotearoa contributes to this outcome through providing access to opportunities and support for all to succeed. Te Wānanga o Aotearoa believes that this can be achieved through serving diverse communities which often experience inequity across all areas of their lives and ensuring that barriers to education are reduced. Social well-being can also be realised by ensuring our taura have skills that are relevant to them and for the communities in which they live.

Te Wānanga o Aotearoa continues to develop a wide range of relationships with communities throughout Aotearoa.

Through a range of strategic partnerships and memoranda of understanding with government agencies, businesses, secondary schools and other education and training providers, Te Wānanga o Aotearoa has been instrumental in delivering education and vocational outcomes for a significant number of young people, people wishing to upskill and those returning to education and work.

Addressing the needs and aspirations of rangatahi, and in particular rangatahi Māori, is at the very foundation of Te Wānanga o Aotearoa. Te Wānanga o Aotearoa has its genesis in supporting young people disengaged and disenfranchised from mainstream schooling. It was developed to find innovative approaches in vocational training through converging traditional Māori skills and contemporary trades in the foundation levels.

Te Wānanga o Aotearoa also remains the largest and only national foundation programme provider in the country with over 120 delivery sites in towns and cities across Aotearoa.

Te Wānanga o Aotearoa continues to increase its presence and success in a number of initiatives and programmes that support rangatahi at the secondary/tertiary interface.

From seeing more rangatahi enrolling in SAC funded programmes to specific cross agency interventions for 16-19 year olds through Youth Services and NCEA mentoring, Te Wānanga o Aotearoa provides many meaningful pathways for rangatahi to support taura success and whānau transformation through education.

Te Wānanga o Aotearoa continues to effectively engage rangatahi aged 16-19 in foundation programmes at Levels 1-4. In the last four years, an increasing number of rangatahi have enrolled and achieved a Level 2 qualification. In 2014-15, the majority of enrolments have been into NCEA Vocational Pathway Programmes.

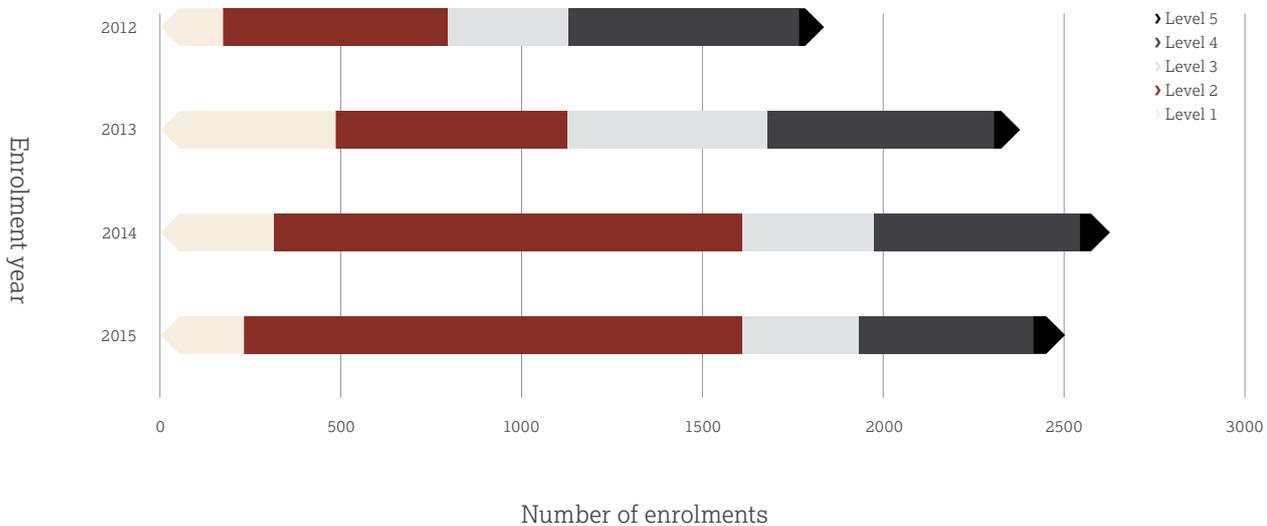
Of the 5,008 rangatahi enrolments in 2015, 2,526 were under the age of 20. Seventy-three percent identified as Māori and 17% as Pasifika.

Te Wānanga o Aotearoa provides services for rangatahi across three areas.

At a tertiary level, schools, community groups, service providers and government agencies refer rangatahi aged 16-19 to wānanga programmes, including:

- › Youth Guarantee fees-free EFTS in programmes at 15 sites across the country, many of which are NCEA Vocational Pathway programmes (570 taura)
- › 16–19 year olds enrolled in SAC and contestable 1&2 and Level 1–3 programmes (621 taura)
- › 16–19 year olds enrolled in SAC 4+ programmes (1,500 taura).

Rangatahi (16-19 years) Enrolments by Level



At secondary school level, Te Wānanga o Aotearoa provides programmes ranging from alternative education through to mentoring services and foundation programmes.

These include:

- › Alternative education programmes for 13–15 year olds from two secondary schools and a consortium in Te Awamutu and Rāhui Pōkeka
- › A programme funded by the Secondary Tertiary Alignment Resource (STAR), where 1,000 students are engaged each year across a network of 150 schools throughout Aotearoa
- › Secondary Tertiary Programme (STP) fees-free pilot in North Waikato and South Auckland
- › Taura mentoring through the National Mentoring Service in Hawkes Bay, Manawatu/Whanganui, Taranaki and Christchurch
- › A lead role in the Waikato/Bay of Plenty Youth Guarantee Career Summits aimed at Year 10+ taura.

Partnerships

Te Wānanga o Aotearoa continues to provide a range of services and initiatives to rangatahi categorised as 'out of system'. This group includes 16–19 year olds who are outside the formal education system at either a secondary or tertiary level.

Te Wānanga o Aotearoa provides these services through formal contracts for service or as a support partner.

These include:

- › Youth Services provision for 820 young people through the Ministry of Social Development in Hamilton, Te Awamutu, Cambridge, Raglan, Matamata and Morrinsville
- › A support partnership with the Ministry of Education 'Count Me In' initiative where Te Wānanga o Aotearoa participates in network, facilitator training and promotional events.

Secondary tertiary partnerships

Te Wānanga o Aotearoa has entered into a collaborative relationship with education and training providers Wintec and Taratahi to deliver a Secondary Tertiary Partnership (STP) programme in Hamilton. The programme targets rangatahi at risk of disengaging with education and introduces a different approach to teaching and learning involving taura from 10 secondary schools in Hamilton and Pukekohe. Secondary school taura participate each week in two courses: whakairo (carving) and health and fitness.

Eighty percent of Te Wānanga o Aotearoa teaching graduates from the Gisborne/Te Tai Rāwhiti region have found work.



Vocational pathways

Te Wānanga o Aotearoa partnered with a number of education and training partners to host a series of Vocational Pathways Youth Summits in Hamilton, Rotorua and Thames/Paeroa, involving a total of 18 secondary schools. These summits were delivered as part of the Youth Guarantee Network for Year 10 taura looking at six pathways to achieve NCEA Level 2 by providing a more coherent framework for foundational vocational education. Taura develop their own individual education plans and are better informed and able to make better choices to meet their goals.

The summit enabled taura to match jobs with standards required for entry, as well as gaining some 'hands on' experience with training providers such as Taratahi Agricultural Training and the New Zealand School of Tourism.

Mentoring

The mentoring provided by Te Wānanga o Aotearoa as part of the National Mentoring Service is achieving a success rate of 75% across all NCEA programmes. The service is aimed at Māori and Pasifika in Years 11, 12 and 13 who are unlikely to pass NCEA on their own, providing them with academic and pastoral support where it is needed.

The mentors tailor their service to taura needs, local resources and circumstances and work alongside whānau, schools and communities to support taura NCEA achievement.

The principal of one participating school, Taradale High School, says without Te Wānanga o Aotearoa mentors, the 80% plus success rate at his school would have been more in the vicinity of 25%.

Aligning secondary and tertiary education priorities

An agreement with a Gisborne school is enabling Te Wānanga o Aotearoa Bachelor of Education (Primary Teaching) taura to adapt their programme to meet the specific needs of taura at the school.

The four-year memorandum of understanding with Kaiti School enables Te Wānanga o Aotearoa taura on placement at the school to align education priorities for mutual benefit.

The agreement has been described as progressive and breaking new ground in aligning the curriculum and outcomes of secondary and tertiary education providers.

The MoU has led to graduates being employed at Kaiti School and other Gisborne schools who have found that graduates' bicultural world view holds them in good stead in a community where around 50% of the population is of Māori descent. Eighty percent of Te Wānanga o Aotearoa teaching graduates from the Gisborne/Te Tai Rāwhiti region have found work.



Literacy programmes for prison inmates

Te Wānanga o Aotearoa has partnered with the Department of Corrections to deliver the Intensive Literacy and Numeracy Service in 16 New Zealand prisons.

The agreement, Te Waharoa, focuses on reducing Māori reoffending rates via a specialised tikanga Māori programme for 3,600 learners. The programme involves 40 improvement workshops with an average of 100 hours learning time for each taura.

Te Wānanga o Aotearoa is committed to assisting those whose needs have not been met by the mainstream education system.

The partnership with the Department of Corrections aims to assist prisoners to gain literacy skills to assist in their rehabilitation and enable more inmates to gain and maintain sustainable employment and progress into higher-level qualifications.

New campus in Tauranga

Te Wānanga o Aotearoa has opened a new site in Tauranga offering a highly accessible and technologically advanced experience for taura.

The new site is paving the way for taura to transition into higher education opportunities.

The 2,000 square metre campus features modern staff rooms, five teaching rooms, computer suites, a library, a workshop, a small gymnasium, a cafe and a room for traditional Māori weaving.

Te Wānanga o Aotearoa in Tauranga has also been establishing stronger relationships with other education institutions in the rohe including Te Whare Wānanga o Awanuiārangi, to open up pathways for taura seeking further education opportunities.

Furthering key partnerships

In 2015, Te Wānanga o Aotearoa re-signed a memorandum of understanding with New Zealand Police. The agreement supports the Level 4 Taumata Raukura - Certificate in Career Preparation (Police).

The course provides a stepping stone and support network for young people, particularly from Māori, Pasifika or other ethnic backgrounds as they apply for a career with the police.

The partnership aims to assist the police to develop a more diverse workforce and gain knowledge of Māori language and customs.

Since the course began, over 70 past taura have gone on to become constables serving communities around Aotearoa.

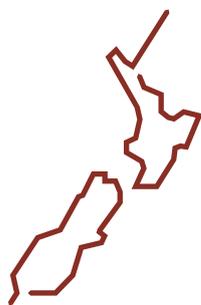


“He rei ngā niho he parāoa te kauae.” This whakataukī literally means “You must have a jawbone of paraoa to hold sharp teeth” We translate this to mean that, in the commercial world you must have the wisdom to do business.

Te Wānanga o Aotearoa strives to produce graduates with the commercial nous that will make a positive contribution to the nation’s economy and are sought after by industry.



Ngā Putanga Arumoni Commercial Outcomes



\$254

million in GDP



1,464

full-time equivalent staff
approximately employed

Arumoni recognises the interconnectedness between mātauranga Māori, the strength of communities and economic well-being. It is this holistic approach that ensures that we move past a purely economic view to a Māori development approach that enables transformation within a mātauranga Māori context.

To achieve its vision for whānau transformation and the success of taurira, Te Wānanga o Aotearoa is focused on achieving successful commercial outcomes for itself as an educational enterprise and for the destinations of its graduates and the careers of its kaiako.

In 2015, Te Wānanga o Aotearoa was listed in the Deloitte top ten Māori businesses.

Te Wānanga o Aotearoa was 10th on the list, alongside other recognised successful Māori businesses including enterprises owned and operated by Ngāi Tahu, Waikato-Tainui, Ngāti Whātua ki Ōrākei and Aotearoa Fisheries.

An economic impact report prepared by BERL estimates the total economic contribution of Te Wānanga o Aotearoa to the New Zealand economy in 2015 was \$359 million in output, \$254 million in GDP and the employment of approximately 2,213 full-time equivalent kaimahi.



Innovation

Te Wānanga o Aotearoa is focused on maintaining and enhancing its financial position by diversifying its revenue streams. An investment committee has been established to look at opportunities such as potential acquisitions and other investments.

Our Innovation Development Group (IDG) is actively pursuing alternative revenue streams for Te Wānanga o Aotearoa to reduce our organisation's dependence on TEC funding.

The IDG has confirmed revenue worth \$10.2 million over the next three years, leveraging our national coverage as a Māori educational enterprise to acquire a number of substantial contracts.

IDG is also involved with corporate development training which brings Te Wānanga o Aotearoa branding into some of the most influential boardrooms in New Zealand.

Te Wānanga o Aotearoa continues to prioritise its relationships with iwi, industry and other education providers.

We are collaborating more closely with other tertiary education institutes to provide clear pathways for our taura seeking higher or complementary study options and vice versa.

Language school developments

Dynaspeak, an English language school developed by Te Wānanga o Aotearoa, is beginning to achieve commercial returns, whilst delivering public good ESOL services.

Dynaspeak has operated since 2004 and continues to grow its success in the provision of English language programmes for migrant communities and international students.

School director Patrick Ibbertson says Dynaspeak Ltd. was formed as a company in 2011 bringing together two operations: English language programmes run by the Open Wānanga (a subsidiary of Te Wānanga o Aotearoa at the time) and an international English programme run by Dynaspeak English Ltd. (then a Private Training Establishment.)

2015 was a busy year for the business with 62% growth in international taura enrolments. DynaSpeak introduced new programmes and curriculum, completed new training programmes focused on improving professional standards for all its academic kaimahi, and developed a range of innovative learning materials.

As a Cambridge English Examinations Centre, Dynaspeak was authorised in 2015 to offer the Occupational English Test (OET) as a further development. The OET is a “fit-for-purpose” English language test designed to certify that candidates have the correct level of English to participate in the health workforce.

Also in 2015, Dynaspeak was invited to host English language study groups from Hanyang University, one of Korea's elite tertiary institutions.

“It gave me the courage to do a website and online shop and it pushed me to go to the next level.”

Adi McMaster, MartyGirl

Impacting small business

Te Wānanga o Aotearoa programmes for small business are proving to be very successful, with an extensive reach into regional centres, small towns and cities throughout the country.

In the Wairarapa, a graduate of the Certificate of Small Business Management won recognition nationally in the small business David Awards.

Adi McMaster runs MartyGirl, a business specialising in skincare products.

She won the Solo Meo category that recognises people who run their business single-handedly.

Adi says completing the small business management programme completely changed the way she does business.

“It gave me the courage to do a website and online shop and it pushed me to go to the next level.”

MartyGirl products are now in demand around New Zealand and in China. Adi now also runs beauty therapy workshops in schools.

Adi McMaster says the small business programme was challenging, particularly the IT and tax components, but she would highly recommend it to other budding entrepreneurs.

“My class mates and I enjoyed the course so much we have started a Women in Wairarapa business class that now has 110 members.”

In Cambridge, kaiako Rosalie Lunson won the 2015 Waipa District Council Special Award for Outstanding Services to Business.

Rosalie runs the Certificate of Small Business Management and Certificate in Applied Business Growth programmes in the Cambridge area.

Rosalie says more than 97% of New Zealand businesses are small to medium enterprises and many often fail because they do not have enough knowledge about what is needed to make a business succeed.

She says the small business programmes of Te Wānanga o Aotearoa are brilliant because they give taura the necessary business acumen and increased confidence.

The benefits of the small business programme even extend to those who already have successful businesses and business qualifications.

Belinda Wang, based in Auckland, has a marketing degree and runs a recruitment company called Sean Recruitment.

She says the small business management programme and Certificate in Applied Business Growth helped her to expand her business.

“The courses were very helpful for my business, especially the marketing management module and financial and people management module. I have recommended Te Wānanga o Aotearoa to friends keen to open cafes, shops and restaurants because I believe it will help them with their business plans.”

“I have recommended Te Wānanga o Aotearoa to friends keen to open cafes, shops and restaurants because I believe it will help them with their business plans.”

Belinda Wang

Te Wānanga o Aotearoa also works to support secondary school rangatahi (youth) in their business aspirations.

It sponsors the Young Enterprise Scheme, or YES, Awards. Ataahua, a group of rangatahi at Hamilton Girls High School, won the Māori Business Award in 2015.

They used skills in market research, planning, budgeting, risk management and problem solving to produce a range of body care products in harakeke (flax) gift packs.



Measuring our performance

Our frameworks for measuring our performance as an organisation include Te Huanganui (Outcomes Framework), Statements of Service Performance and Investment Plan Commitments.

Te Huanganui measures the progress against the outcomes we are seeking to achieve, whilst the Statement of Service Performance monitors progress against the output indicators and the financial cost of achieving them. Investment Plan Commitments are the organisation's key performance indicators negotiated as part of the Investment Plan process.

Te ine
whakarite

- 42 Te Huanganui › Outcomes Framework**
- 44 Ahurea › Advancing mātauranga Māori
- 46 Hapori › Social well-being for all New Zealanders
- 48 Arumoni › Economic well-being for all New Zealanders

- 50 Ngā ki taurangi › Statement of Service Performance**
- 50 Output class: Ahurea Cultural
- 51 Output class: Hapori Community
- 52 Output class: Arumoni Commercial

- 54 Investment Plan Commitments**
- 54 Attracting and engaging priority learners
- 55 Successful course completions
- 55 Successful qualification completions
- 56 Tauira retention
- 56 Tauira progression
- 57 Youth Guarantee
- 58 Other commitments
- 59 Equal Opportunities

enga

Te Huanganui is our outcomes framework that sets out the long-term impact we intend to deliver.

The framework will be reviewed in 2016 to incorporate our new strategic direction and further refine our focus on achieving outcomes that contribute to the prosperity of Aotearoa New Zealand.

The 2015 education performance results are interim as they are subject to validation by the Tertiary Education Commission (TEC) following submission of the final single data return in April 2016. The TEC publishes the actual results annually on their website and the 2014 results in this report have been updated accordingly.

The following diagram shows the structure of Te Huanganui and the relationship between inputs, outputs, impacts and outcomes.

Te Huanganui Outcomes Framework

Whānau transformation through education

Achieved by providing effective leadership to develop, communicate and implement agreed strategic plans with interconnected commercial, cultural and community objectives and milestones.

Cultural, social and economic prosperity addresses the well-being of people in a holistic manner, recognising that focusing on one area at the expense of others will not create an equitable society.

<p>Ngā putanga › Our outcomes What we seek to influence or contribute to</p>	<p>Ahurea › Cultural Mātauranga Māori is advanced</p>	<p>Hapori › Community Social well-being for all New Zealanders</p>	<p>Arumoni › Commercial Economic well-being for all New Zealanders</p>
<p>Ngā pānga › Our impacts The difference we want to make</p>	<ul style="list-style-type: none"> › All New Zealanders are motivated to engage with mātauranga Māori › Graduates are secure and confident in mātauranga Māori › Rangahau advances mātauranga Māori 	<ul style="list-style-type: none"> › Graduates have highly valued relevant skills › Graduates make positive contributions to their iwi, hapū or community › Relationships with stakeholders return benefits for all parties 	<ul style="list-style-type: none"> › Graduates are sought after by industry › Te Wānanga o Aotearoa is operated in a sustainable manner
<p>Ngā hua › Our outputs What we will deliver</p>	<ul style="list-style-type: none"> › Te Wānanga o Aotearoa delivers high quality and relevant mātauranga Māori qualifications › Te Wānanga o Aotearoa rangahau contributes to the store of knowledge 	<ul style="list-style-type: none"> › Te Wānanga o Aotearoa delivers educational excellence › Te Wānanga o Aotearoa serves our diverse communities 	<ul style="list-style-type: none"> › Te Wānanga o Aotearoa provides clear vocational pathways › Te Wānanga o Aotearoa meets agreed financial ratios
<p>Ngā mahi › Our inputs What we will input</p>	<ul style="list-style-type: none"> › Enriched taura experiences › High quality Ako Wānanga teaching capability and support › High quality mix of provision and educational pathways › Effective leadership › Strong reputation and brand › Effective communication › Innovation and alternative revenue streams 		

Ahurea Advancing mātauranga Māori

Ahurea represents the ideal of advancing mātauranga Māori to provide the foundation for Māori to succeed as Māori and recognises our role in the cultural enrichment and identity of Aotearoa New Zealand.

The following outcome and impact indicators show how we measure progress towards achieving this outcome.

Ngā putanga (Outcomes)

	Performance Indicators	Trend	Target 2030	Current
Mātauranga Māori is advanced	Proportion of Māori who can speak some te reo Māori ¹	›	40%	21%
	Proportion of the population in Aotearoa New Zealand who can hold a conversation in te reo Māori ¹	›	6%	3%

Ngā pānga (Impacts)

	Performance Indicators	2013 Actual	2014 Actual	2015 Target	2015 Actual
All New Zealanders are motivated to engage with mātauranga Māori	Successful qualifications completion rate for mātauranga Māori qualifications	80%	69%	80%	70%
Graduates are secure and confident in mātauranga Māori	Proportion of taura who confirm an increased understanding of mātauranga Māori	77%	77%	83%	73%
Rangahau advances mātauranga Māori	Number of rangahau outputs produced for iwi, hapū, or communities by graduates enrolled in He Waka Hiringa qualification	new measure	23	30	24

¹NZ Census 2013 – Statistics New Zealand

The targets in this framework were set prior to major changes in government policy to the eligibility criteria for Level 1 & 2 provision. As the largest provider of foundation education, these changes have had a significant impact on our taura profile and our mix of provision and this in turn has had an ongoing effect on our education performance. Despite this, sector results published by the TEC in 2015 placed our 2014 education performance results amongst Wānanga and ITP sector top performers.

Te Wānanga Aotearoa remains committed to positive educational outcomes for all taura. It is anticipated that structural changes implemented in 2015, such as those to taura support, will begin to have a positive impact on our education performance from 2016.

Despite not reaching target for qualification completions for mātauranga Māori programmes, the 2015 result is a small improvement on 2014. At one end of the spectrum these programmes are undertaken by taura who are taking their first steps in tertiary education, and at the other end are those taura who seek to enhance their knowledge of Māori language and culture so they can apply it in their professional lives.

Although we did not improve on the 2014 survey result, Te Wānanga o Aotearoa continues to have a strong impact on graduates understanding of mātauranga Māori.

The inaugural cohort of He Waka Hiringa (Masters) graduated in 2015. The 2014 rangahau output result was exceeded by one output and we look forward to seeing the increasingly positive impact of this on iwi, hapū and the community, as more and more taura undertake He Waka Hiringa.

Hapori Social well-being for all New Zealanders

Hapori reflects our desire to improve social well-being resulting in a more equitable society where all New Zealanders have the opportunity to succeed.

The following outcome and impact indicators show how we measure progress towards achieving this outcome.

Ngā putanga (Outcomes)

	Performance Indicators	Trend	Target 2030	Current
Social well-being for all New Zealanders	Proportion of Māori satisfied with life overall ²	›	88%	80%
	Proportion of New Zealanders satisfied with life overall ²	›	88%	80%

Ngā pānga (Impacts)

	Performance Indicators	2013 Actual	2014 Actual	2015 Target	2015 Actual
Graduates have highly-valued relevant skills	Qualifications completion rate	79%	75%	82%	71%
	Progression rate for taura at NQF Level 1-2	42%	50%	42%	50%
	Proportion of taura retained in study	75%	76%	76%	75%
Graduates make a positive contribution to their iwi, hapū or community	Proportion of taura who confirm that they are using their knowledge and skills within their whānau, hapū, iwi or community	n/a	79%	80%	79%
Relationships with stakeholders return benefits for all parties	Stakeholders express satisfaction with Te Wānanga o Aotearoa	81%	not measured	85%	76%

²2012 NZ social indicators He Kete Tatauranga – Statistics New Zealand

The interim results for the education performance targets for ‘graduates have relevant skills’ were mixed. The overall qualification completions rate was 4% less than 2014, progression for taura studying at Level 1–2 was the same as 2014 (exceeding the target by 8%) and retention was similar to 2014.

The Graduate Destinations Survey results showed that graduates continue to have a positive impact on their iwi, hapū or community.

The 2015 Stakeholder Survey was carried out as a new stakeholder engagement function was established. Throughout the year new kaimahi were appointed and key stakeholders were re-prioritised. It is anticipated that stakeholder satisfaction will significantly improve in 2016 as these changes begin to take effect and the Stakeholder Engagement Framework is introduced.

Arumoni Economic well-being for all New Zealanders

Arumoni reflects the interconnectedness between mātauranga Māori, the strength of our communities and economic well-being. It recognises the role we have in adding value to the Government's investment as well as the economic advancement of our taura, their whānau and Aotearoa.

The following outcome and impact indicators show how we measure progress towards achieving this outcome.

Ngā putanga (Outcome)

	Performance Indicators	Trend	Target 2030	Current
Economic well-being for all New Zealanders	The difference between the weekly income for Māori and non-Māori ³	›	(\$50)	(\$166)
	The Gini Coefficient for Aotearoa New Zealand improves ⁴	›	Improvement	.33

Ngā pānga (Impacts)

	Performance Indicators	2013 Actual	2014 Actual	2015 Target	2015 Actual
Graduates are sought after by industry	Proportion of graduates who gain employment or additional responsibility in employment	64%	60%	65%	62%
	Qualification completion rate	79%	75%	82%	71%
	Proportion of taura retained in study	76%	76%	76%	75%
Te Wānanga o Aotearoa is operated in a sustainable manner	Risk rating under TEC Financial Monitoring Framework	Low	Low	Low	Low
	External Evaluation and Review finding for capability in self-assessment	Confident	Confident	Confident	Confident
	External Evaluation and Review finding for capability in educational performance	Highly confident	Highly confident	Confident	Highly confident

³ NZ Income Survey: June 2015 quarter – Statistics New Zealand

⁴ The Gini coefficient represents income distribution, and is the most commonly used measure of inequality – data source is OECD Income Distribution Database

Although the target was unmet, the Taura Destination Survey revealed a 2% increase in the proportion of graduates who gained employment or additional responsibilities in employment in 2015.

The education performance results are discussed in the previous sections with qualification completions and retention similar to 2014 levels.

The TEC has confirmed that we are again rated a “low-risk” organisation against the Financial Monitoring Framework.

The NZQA External Evaluation and Review (EER) was last conducted in April 2013 and the next review is scheduled for early 2017. Throughout 2015 a new approach to internal moderation was implemented and this, along with new training for relevant kaimahi, has resulted in improvements in moderation and assessment. Further actions will be undertaken throughout 2016 to maintain the ‘highly confident’ and improve on the ‘confident’ ratings.

Ngā kī taurangi Statement of Service Performance

Output class: Ahurea Cultural

Ngā hua (Outputs)					
	Performance Indicators	2013 Actual	2014 Actual	2015 Target	2015 Actual
Te Wānanga o Aotearoa delivers high quality and relevant mātauranga Māori qualifications	External Evaluation and Review finding for capability in self-assessment	Confident	Confident	Confident	Confident
	External Evaluation and Review finding for capability in educational performance	Highly confident	Highly confident	Confident	Highly confident
	Proportion of taura who are satisfied or highly satisfied with their experience at Te Wānanga o Aotearoa	93%	92%	95%	90%
Te Wānanga o Aotearoa rangahau contributes to the store of knowledge	Number of rangahau outputs	185	363	220	310
	Number of EFTS enrolled in He Waka Hiringa qualification	38	28	40	48

The EER results are discussed in the previous section.

Over 3,800 taura participated in the 2015 Taura Survey resulting in a satisfaction rating of 90%. This strong result is a testament to the value taura place on their educational experience, however the target was not met. A new Taura Services team was established in 2015 and they are implementing changes to improve responsiveness to taura, including to those areas taura highlighted for improvement in the 2015 survey.

There were also major changes to rangahau during 2015 that resulted in a renewed focus on rangahau and the appointment of a dedicated team of rangahau advisors. The rangahau output target was well exceeded in 2015 a result largely attributable to research activity related to the biennial Mata Wānanga (kapa haka) competition.

Now in its third year, increasing interest in He Waka Hiringa saw the enrolment target exceeded by 8 EFTS.

Cost of Service Statement for Ahurea For the year ending 31 December 2015

	Group Actual 2015 \$'000	Group Budget 2015 \$'000	Group Actual 2014 \$'000	Parent Actual 2015 \$'000	Parent Actual 2014 \$'000
Revenue	68,077	70,933	49,606	68,390	68,276
Expenditure	60,300	68,616	47,385	60,500	60,441
Operating net cost of services	7,777	2,317	2,221	7,890	7,835

Output class: Hapori Community

Ngā hua (Outputs)					
	Performance Indicators	2013 Actual	2014 Actual	2015 Target	2015 Actual
Te Wānanga o Aotearoa delivers educational excellence	External Evaluation and Review finding for capability in self-assessment	Confident	Confident	Confident	Confident
	External Evaluation and Review finding for capability in educational performance	Highly confident	Highly confident	Confident	Highly confident
	Proportion of taura who are satisfied or highly satisfied with their experience at Te Wānanga o Aotearoa	93%	92%	95%	90%
Te Wānanga o Aotearoa serves our diverse communities	Proportion of taura who are Māori	50%	54%	50%	54%
	Proportion of taura who are Pasifika	10%	11%	10%	11%

The EER results and taura satisfaction are discussed in previous sections.

Participation results indicate that Te Wānanga o Aotearoa continues to attract a large number of Māori and Pasifika taura.

Cost of Service Statement for Hapori For the year ending 31 December 2015					
	Group Actual 2015 \$'000	Group Budget 2015 \$'000	Group Actual 2014 \$'000	Parent Actual 2015 \$'000	Parent Actual 2014 \$'000
Revenue	39,028	18,952	67,588	38,295	44,966
Expenditure	40,712	20,092	61,470	39,564	39,648
Operating net cost of services	(1,684)	(1,140)	6,118	(1,269)	5,318

Output class: Arumoni Commercial

Ngā hua (Outputs)					
	Performance Indicators	2013 Actual	2014 Actual	2015 Target	2015 Actual
Te Wānanga o Aotearoa provides clear vocational pathways	Mix of provision for vocational qualifications matches the Investment Plan agreement	n/a	104%	95-107%	98%
Te Wānanga o Aotearoa meets agreed financial ratios	Operating surplus/deficit	2.6%	3.1%	1-2%	3.1%

Te Wānanga o Aotearoa provides clear vocational pathways with 98% of provision within the agreed mix of provision.

At 3.1% the operating surplus exceeded the target range of 1–2% and fell within TEC guidelines. Diversifying income streams will be a key focus in 2016 and this is expected to have an ongoing positive impact on our financial performance.

Cost of Service Statement for Arumoni For the year ending 31 December 2015

	Group Actual 2015 \$'000	Group Budget 2015 \$'000	Group Actual 2014 \$'000	Parent Actual 2015 \$'000	Parent Actual 2014 \$'000
Revenue	45,684	66,379	37,653	45,895	54,611
Expenditure	46,709	64,565	41,109	46,843	52,907
Operating net cost of service	(1,025)	1,814	(3,456)	(948)	1,704

Cost of Service Statement – all outputs For the year ending 31 December 2015

	Group Actual 2015 \$'000	Group Budget 2015 \$'000	Group Actual 2014 \$'000	Parent Actual 2015 \$'000	Parent Actual 2014 \$'000
Revenue					
Ahurea Cultural	68,077	70,933	49,606	68,390	68,276
Hapori Community	39,028	18,952	67,588	38,295	44,966
Arumoni Commercial	45,684	66,379	37,653	45,895	54,611
Total revenue	152,789	156,264	154,847	152,580	167,853
Expenditure					
Ahurea Cultural	60,300	68,616	47,385	60,500	60,441
Hapori Community	40,712	20,092	61,470	39,564	39,648
Arumoni Commercial	46,709	64,565	41,109	46,843	52,907
Total expenditure	147,721	153,273	149,964	146,907	152,996
Operating surplus/deficit	5,068	2,991	4,883	5,673	14,857

The 2014 comparatives have been restated to reflect the transition to the new PBE accounting standards as disclosed in note 25 Adjustments arising on transition to PBE standards.

The decrease in parent revenue for 2015 is mainly due to the donation of \$13,039,000 from Open Wānanga Ltd in 2014 to wind up Open Wānanga Ltd.

The cost of service statements include budget figures from the 2015-17 Investment Plan as approved by Te Mana Whakahaere on 24 September 2014. We note that the Investment Plan budget differs from the budget approved by Te Mana Whakahaere on 26 November 2014, and presented in the Statement of Comprehensive Revenue and Expense. A cost of service statement split was not approved at that time. The Investment Plan figures presented reallocated certain courses differently under each output class. In the cost of service statements, Te Mana Whakahaere has presented the 2015 actual figures on the same basis as the 2014 actual figures.

Investment plan commitments

This section includes performance commitments from Te Wānanga o Aotearoa 2015-2017 Investment Plan that is negotiated with the Tertiary Education Commission (TEC). These targets align strategic objectives with government goals set out in the Tertiary Education Strategy.

The 2015 results are interim as they are subject to validation by the TEC following submission of the final single data return in April 2016.

This is the first year of reporting against the 2015-2017 Investment Plan. These targets were set by the TEC prior to the impact of policy changes for Level 1 and 2 provision.

Attracting and engaging priority learners

Proportion of SAC eligible EFTS that are:	NQF Level	2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
Māori	Level 1 and 2	15%	13%	17%	17%	17%
	Level 3 and above	40%	41%	38%	38%	38%
	Level 4 and above	31%	30%	38%	38%	38%
Pasifika	Level 1 and 2	2%	2%	3%	3%	3%
	Level 3 and above	8%	9%	8%	8%	8%
	Level 4 and above	5%	5%	8%	8%	8%
Under 25	Level 3 and above	10%	10%	11%	12%	13%
	Level 4 and above	7%	7%	11%	12%	13%

Te Wānanga o Aotearoa continues to attract high numbers of priority learners.

The majority of provision is at Levels 1 to 4 on the National Qualifications Framework (NQF) and the participation targets for these levels were achieved or within acceptable tolerances.

The new 'Level 4 and above' targets are stretch targets and although the participation rates for 'Level 3 and above' exceeded targets, the new targets for 'Level 4 and above' were not met. A suite of new programme pathways are under development and it is anticipated that this will result in more priority learners progressing to higher levels of qualification.

Successful course completions

Course completion rates measure the proportion of courses in a given year that are successfully completed.

	NQF Level	2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
All students	Level 1 and 2	73%	75%	75%	75%	75%
	Level 3 and above	84%	80%	83%	83%	83%
	Level 4 and above	83%	80%	83%	83%	83%
Māori	Level 3 and above	81%	77%	80%	81%	82%
	Level 4 and above	80%	77%	80%	81%	82%
Pasifika	Level 3 and above	82%	78%	82%	82%	82%
	Level 4 and above	83%	79%	82%	82%	82%
Under 25	Level 3 and above	78%	74%	78%	78%	78%
	Level 4 and above	78%	75%	78%	78%	78%

Course completions for taura studying at Level 1 and 2 were on target and a 2% improvement on 2014.

Interim results indicate that course completions were 3-4% below target reflecting the ongoing impact of policy changes to Level 1 and 2 and internal changes such as the integration of Home Based Learning. Although this is disappointing, it is anticipated that the changes implemented in 2015 will provide a strong platform for improvement in 2016 and beyond.

Successful qualification completions

Qualifications completions measure the proportion of taura in a given year who complete a qualification.

	NQF Level	2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
All students	Level 1 and 2	64%	66%	70%	70%	70%
	Level 3 and above	79%	73%	82%	82%	82%
	Level 4 and above	79%	72%	82%	82%	82%
Māori	Level 3 and above	76%	69%	77%	78%	79%
	Level 4 and above	76%	69%	77%	78%	79%
Pasifika	Level 3 and above	78%	66%	78%	79%	80%
	Level 4 and above	80%	65%	78%	79%	80%
Under 25	Level 3 and above	70%	63%	70%	71%	72%
	Level 4 and above	70%	63%	70%	71%	72%

It is disappointing that qualification completion targets were unmet by a significant margin. As course completion rates were lower (discussed in the previous section) this has a compounding effect on the other education performance indicators particularly qualifications completions and progression.

Although these targets were not met, organisational changes in 2015 such as those to recruitment practices and improved taura support should result in positive improvements in 2016.

Tauira retention

Retention measures the proportion of tauira in a given year that complete a qualification or re-enrol at Te Wānanga o Aotearoa in the following year.

		2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
SAC eligible EFTS at level 1 and 2		67%	61%	68%	68%	68%
SAC eligible EFTS at level 3 and above	All students	81%	81%	75%	75%	75%
	Māori	78%	77%	72%	72%	72%
	Pacific	78%	79%	73%	73%	73%

Apart from the new targets for Level 1 and 2, the positive learning environment at Te Wānanga o Aotearoa has resulted in strong retention rates across the board with all targets well exceeded.

Tauira progression

Progression measures the proportion of tauira in a given year who progress to study at a higher level after completing a qualification.

		2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
SAC eligible EFTS at level 1 and 2 to a higher level		51%	50%	40%	40%	40%
SAC eligible students, from level 1 to 3 to a higher level	All students	46%	38%	43%	44%	45%
	Māori	49%	38%	43%	44%	45%
	Pacific	48%	42%	43%	44%	45%

As a major provider of foundation level programmes, we take pride in the ability to engage tauira with no prior tertiary qualifications and give them the confidence to pursue higher level study. This is reflected in the SAC progression rates for Level 1 and 2 that exceeded the target by 10%.

The other results were up to 5% below the new targets, again reflecting the impact of policy and internal changes. Despite this, it is anticipated that changes in recruitment practices and programme development will have a positive impact on progression as new programmes come on-board over the next five years.

Youth Guarantee

The purpose of Youth Guarantee is to provide fees-free tertiary places for eligible domestic taura aged 16 to 19 years who are studying towards NCEA Levels 1 or 2 or another qualification at Levels 1, 2, or 3 on the NZQF.

Fees-free places funded through Youth Guarantee seek to:

- › improve transitions between school, tertiary education, and work
- › increase overall achievement for Māori, Pasifika, and taura with special education needs
- › reduce the overall number of young people who are not in employment, education, or training (NEETs).

	NQF Level	2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
Course completions rate for:	Level 1	74%	72%	70%	70%	70%
	Level 2	68%	70%	70%	70%	70%
	Level 3	78%	74%	70%	70%	70%
Qualification completions rate for:	Level 1 and 2	77%	78%	65%	65%	65%
	Level 3	69%	57%	70%	70%	70%
Retention rate for:	Level 1	69%	66%	50%	50%	50%
	Level 2	74%	73%	45%	45%	45%
	Level 3	67%	88%	55%	55%	55%
Progression to a higher level from:	Level 1	50%	42%	40%	40%	40%
	Level 2	36%	21%	35%	35%	35%
	Level 3	18%	16%	35%	35%	35%

Te Wānanga o Aotearoa is the largest provider of Youth Guarantee, with 583 EFTS in 2015. Youth Guarantee taura have higher needs than other taura and therefore receive increased pastoral care.

The results above are testament to our ability to engage and retain at-risk youth and the quality of our kaiako and programmes.

The results also indicate that more work needs to be done to lift qualification completions for taura who attempt Level 3 qualifications and the number who seek to progress to higher levels.

Other commitments

	Commitment	2014 Actual	2015 Interim Result	2015 Target	2016 Target	2017 Target
PBRF participants only	External research income earned (\$000)	\$0	\$0	–	–	–
	The number of research degrees completed	22	0	–	–	–
International EFTS	The number of international student EFTS	55	89	–	–	–

Te Wānanga o Aotearoa has no Investment Plan commitments for international EFTS and does not participate in the Performance Based Research Fund.

Te Wānanga o Aotearoa receives research funding through the Wānanga Research Capability Fund. In 2015, this funding was used to develop a rangahau strategy, the appointment of rangahau advisors and research capability building initiatives, such as workshops, writing retreats, one-on-one mentoring and supervision. The inaugural cohort of He Waka Hiringa graduated in 2015; however timing issues have meant that any 2015 research degree completions are yet to register in the Single Data Return (SDR).

Increasing income from non-government sources is a strategic priority and through its subsidiary, DynaSpeak, Te Wānanga o Aotearoa delivered 89 international EFTS in 2015, a 34 EFTS increase on 2014.

Equal Opportunities

Te Wānanga o Aotearoa is committed to providing open, accessible and inclusive study and employment opportunities for all. This commitment is embedded in our values, particularly 'Aroha' and 'Kotahitanga', that are considered as part of our policies and practices and everything we do as an organisation.

Equal Educational Opportunities

Te Wānanga o Aotearoa has a diverse taura population unlike any other New Zealand tertiary education organisation. Of 31,300 taura:

- › 55% are Māori, 34% European, 11% Pasifika, 13% Asian;
- › over two-thirds are female (69%);
- › half are over 40 years of age (52%);
- › 35% have no secondary qualifications and 35% have no prior tertiary qualification;
- › 15% have a disability.

Despite the challenges posed by such a diverse student body, we are determined to eliminate barriers to taura success and boost achievement for Māori and Pasifika taura.

Our fees free policy for the majority of sub-degree qualifications is the key component of maintaining accessibility for taura who would not normally have the financial means to undertake tertiary studies.

As a major provider of foundation education we aim to give taura without prior qualifications the confidence to achieve higher levels of qualification.

Our part time and Home Based Learning programmes provide taura with the ability to upskill without interrupting employment or other responsibilities.

We also take pride in a values-based learner experience that connects all taura with their identity so they can succeed in cultural, social and economic contexts.

Equal Employment Opportunities

Te Wānanga o Aotearoa is also committed to equal opportunities for our kaimahi.

As a kaupapa Māori organisation with 1,464 full-time and part-time kaimahi, including 69% Māori, we seek to 'walk the talk' through values-based employment policies and practices.

In the 2015 Wānanga Ora climate survey, 88% of kaimahi were proud to work for Te Wānanga o Aotearoa and 91% reported that their work was significant to them.

Family-friendly working environments and professional development opportunities are just some of the initiatives that we provide for the approximately 62% female and 38% male kaimahi.

Te tahua

63	Statement of Responsibility
64	Independent Auditor's Report
66	Statement of comprehensive revenue and expense
67	Statement of changes in net assets/equity
68	Statement of financial position
69	Statement of cash flows
71	Notes to the financial statement
116	Remembrance › Hei whakamaumaharatanga
118	Locations › Ngā rohe me ngā whare

Statement of Responsibility

In the financial year ended 31 December 2015, Te Mana Whakahaere (the Council) and the management of Te Wānanga o Aotearoa were responsible for:

- › preparation of the annual financial statements and statement of service performance and the judgements used in them
- › establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non financial reporting

In the opinion of Te Mana Whakahaere and management of Te Wānanga o Aotearoa, the financial statements and statement of service performance fairly reflect the financial position and operations of Te Wānanga o Aotearoa for the year ended 31 December 2015.



Richard Batley, Chairman
CA, BMS (Waikato)
Date 20 April 2016



Dr Jim Mather, Te Taiurungi (CEO)
BBus, MBA, PhD, ACA
Date 20 April 2016

Independent Auditor's Report

To the readers of Te Wānanga o Aotearoa Te Kūratini o Ngā Waka and Group's financial statements and non-financial performance information for the year ended 31 December 2015

The Auditor General is the auditor of Te Wānanga o Aotearoa Te Kūratini o Ngā Waka (Te Wānanga o Aotearoa) and Group. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of Te Wānanga o Aotearoa and Group on her behalf.

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

We have audited:

- › the financial statements of Te Wānanga o Aotearoa and Group on pages 66 to 115, that comprise the statement of financial position as at 31 December 2015, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- › the non-financial performance information of Te Wānanga o Aotearoa and Group on pages 42 to 58.

In our opinion:

- › the financial statements of Te Wānanga o Aotearoa and Group on pages 66 to 115:

- present fairly, in all material respects Te Wānanga o Aotearoa and Group's:
 - › financial position as at 31 December 2015; and
 - financial performance and cash flows for the year then ended;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity International Public Sector Accounting Standards for Tier 1 Entities.

- › the non-financial performance information of Te Wānanga o Aotearoa and Group on pages 42 to 58 presents fairly, in all material respects, Te Wānanga o Aotearoa and Group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2015.

Our audit was completed on 20 April 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-

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

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

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

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Te Wānanga o Aotearoa and Group's internal control.

An audit also involves evaluating:

- › the appropriateness of accounting policies used and whether they have been consistently applied;
- › the reasonableness of the significant accounting estimates and judgements made by Te Mana Whakahaere;
- › the adequacy of the disclosures in the financial statements and the non-financial performance information; and
- › the overall presentation of the financial statements and the non-financial performance information.

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

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

Responsibilities of Te Mana Whakahaere

Te Mana Whakahaere is responsible for preparing financial statements that comply with generally accepted accounting practice in New Zealand and present fairly Te Wānanga o Aotearoa and Group's financial position, financial performance and cash flows.

Te Mana Whakahaere is also responsible for preparing a non-financial performance information that presents fairly Te Wānanga o Aotearoa and Group's service performance achievements measured against the proposed outcomes adopted in the investment plan.

Te Mana Whakahaere's responsibilities arise from the Crown Entities Act 2004 and the Education Act 1989.

Te Mana Whakahaere is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are

free from material misstatement, whether due to fraud or error. Te Mana Whakahaere is also responsible for the publication of the financial statements and the non-financial performance information, whether in printed or electronic form.

Responsibilities of the Auditor

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

Independence

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

Other than the audit, we have no relationship with or interests in Te Wānanga o Aotearoa or any of its subsidiaries.



B H Halford
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand

Statement of comprehensive revenue and expense

For the year ended 31 December 2015

	Notes	Group Actual Dec 15 \$'000	Group Budget Dec 15 \$'000	Group Actual Dec 14 \$'000	Parent Actual Dec 15 \$'000	Parent Budget Dec 15 \$'000	Parent Actual Dec 14 \$'000
Revenue							
Government funding	2	131,815	132,807	135,180	131,815	132,807	135,180
Tauira fees	2	6,427	6,295	6,348	5,354	5,574	5,696
Interest revenue		3,655	3,230	3,196	3,562	3,127	3,075
Other revenue	2	10,892	9,392	10,123	11,849	9,705	23,902
Total revenue		152,789	151,724	154,847	152,580	151,213	167,853
Expenses							
Kaimahi costs	3	85,775	85,958	85,607	81,799	87,919	76,052
Depreciation and amortisation expense	13,14	8,550	9,315	9,565	8,353	8,844	7,959
Other expenses	4	53,396	52,966	54,792	56,755	50,949	68,985
Total expenses		147,721	148,239	149,964	146,907	147,712	152,996
Surplus/(deficit) for the year		5,068	3,485	4,883	5,673	3,501	14,857
Other comprehensive revenue and expense							
Gains/(loss) on property revaluations		9,282	–	–	9,282	–	–
Total other comprehensive revenue and expense		9,282	–	–	9,282	–	–
Total comprehensive revenue and expense		14,350	3,485	4,883	14,955	3,501	14,857

Explanation of major variances against budget are provided in note 24

The accompanying notes form part of these financial statements.

Statement of changes in net assets / equity

For the year ended 31 December 2015

	Notes	Group Actual Accumulated comprehensive revenue and expense \$'000	Group Actual Reserves \$'000	Group Actual Total net assets/ equity \$'000	Group Budget \$'000	Parent Actual Accumulated comprehensive revenue and expense \$'000	Parent Actual Reserves \$'000	Parent Actual Total net assets/ equity \$'000	Parent Budget \$'000
Balance as at 1 January 2014 (previously reported)		133,269	9,524	142,793	143,392	120,943	9,402	130,345	123,752
Transition and prior period adjustments	25	(486)		(486)		(279)		(279)	
Restated balance as at 1 January 2014		132,783	9,524	142,307	143,392	120,664	9,402	130,066	123,752
Total comprehensive revenue and expense for the year		4,883	–	4,883	5,152	14,857	–	14,857	5,174
Transactions with owners of the controlling entity in their capacity as owners									
Capital Contributions from the Crown		–	–	–	–	–	–	–	–
Suspensory loans from the Crown		–	–	–	–	–	–	–	–
Property revaluation reserve transfer on disposal		122	(122)	–	–	–	–	–	–
Total transactions with owners of the entity		122	(122)	–	–	–	–	–	–
Restated balance at 31 December 2014	15	137,788	9,402	147,190	148,544	135,521	9,402	144,923	128,926
Restated balance as at 1 January 2015		137,788	9,402	147,190	147,022	135,521	9,402	144,923	144,482
Total comprehensive revenue and expense for the year		5,068	9,282	14,350	3,485	5,673	9,282	14,955	3,501
Transactions with owners of the controlling entity in their capacity as owners									
Capital contributions from the Crown		–	–	–	–	–	–	–	–
Suspensory loans from the Crown		–	–	–	–	–	–	–	–
Property revaluation reserve transfer on disposal		–	–	–	–	–	–	–	–
Total transactions with owners of the entity		–	–	–	–	–	–	–	–
Restated balance at 31 December 2015	15	142,856	18,684	161,540	150,507	141,194	18,684	159,878	147,983

Explanation of major variances against budget are provided in note 24

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2015

Notes	Group Actual Dec 15 \$'000	Group Budget Dec 15 \$'000	Group Actual Dec 14 \$'000	Parent Actual Dec 15 \$'000	Parent Budget Dec 15 \$'000	Parent Actual Dec 14 \$'000	
ASSETS							
Current assets							
Cash and cash equivalents	5	9,001	1,977	5,136	8,408	(500)	3,372
Taura and other receivables	6	4,881	2,702	3,219	4,883	2,651	3,171
Inventories	7	1,571	3,459	1,882	1,553	3,424	1,847
Prepayments and other assets		1,157	1,091	848	1,110	1,026	783
Assets held for sale	8	621	–	739	621	–	739
Other financial assets	9	54,070	31,026	32,626	52,000	31,026	30,526
Total current assets		71,301	40,255	44,450	68,575	37,627	40,438
Non-current assets							
Investment in subsidiaries	16	–	–	–	475	–	476
Investment property	17	1,550	–	1,333	1,550	–	1,333
Other financial assets	9	5,000	24,000	25,500	5,000	24,000	25,500
Property, plant and equipment	13	96,881	91,786	88,029	96,509	91,318	87,613
Intangible assets	14	6,904	8,934	6,850	6,534	8,589	6,615
Total non-current assets		110,335	124,720	121,712	110,068	123,907	121,537
Total assets		181,636	164,975	166,162	178,643	161,534	161,975
LIABILITIES							
Current liabilities							
Payables	10	12,515	6,551	9,912	11,746	6,170	8,470
Taura fees		194	348	26	–	167	–
Kaimahi entitlements	11	6,998	7,569	8,587	6,699	7,261	8,204
Provisions	12	90	–	104	68	–	82
Total current liabilities		19,797	14,468	18,629	18,513	13,598	16,756
Non-current liabilities							
Payables	10	81	–	147	81	–	147
Provisions	12	218	–	196	171	(47)	149
Total non-current liabilities		299	–	343	252	(47)	296
Total liabilities		20,096	14,468	18,972	18,765	13,551	17,052
Net assets		161,540	150,507	147,190	159,878	147,983	144,923
Equity							
Accumulated funds	15	142,856	140,982	137,788	141,194	138,458	135,521
Property revaluation reserves	15	18,684	9,525	9,402	18,684	9,525	9,402
Total equity		161,540	150,507	147,190	159,878	147,983	144,923

Explanations of major variances against budget are provided in note 24.

The accompanying notes form part of these financial statements.

For and on behalf of Te Mana Whakahaere:


Richard Batley, Chair
CA, BMS (Waikato) 20/04/16


Dr Jim Mather, Te Taiurungi (CEO)
BBus, MBA, PhD, ACA 20/04/16

Statement of cash flows

For the year ended 31 December 2015

	Group Actual Dec 15 \$'000	Group Budget Dec 15 \$'000	Group Actual Dec 14 \$'000	Parent Actual Dec 15 \$'000	Parent Budget Dec 15 \$'000	Parent Actual Dec 14 \$'000
Cash flows from operating activities						
Receipts						
Receipts from government grants	132,016	132,807	135,382	132,016	131,795	135,350
Receipts from taura fees	6,538	6,295	6,261	5,187	5,574	5,485
Dividend revenue	3	–	–	3	–	–
Net GST received	170	–	–	147	–	–
Receipt from intercompany	–	–	–	680	–	–
Payment to intercompany	–	–	1	(5,960)	–	1
Interest revenue received	2,564	3,230	2,606	2,479	3,127	2,471
Other cash receipts from operating activities	9,628	9,391	10,186	9,245	10,083	10,513
Payments						
Payments to kaimahi	(87,364)	(85,768)	(83,303)	(83,304)	(82,132)	(73,482)
Payments to suppliers	(53,269)	(53,201)	(52,138)	(49,295)	(57,189)	(63,076)
Net cash flow inflow/(outflow) from operating activities	10,286	12,754	18,995	11,198	11,258	17,262
Cash flows from investing activities						
Receipts						
Sale of property, plant and equipment	987	–	57	987	–	61
Sale of investments	–	–	42,249	1	–	37,500
Payments						
Purchase of property, plant and equipment	(3,684)	(10,015)	(7,696)	(3,600)	(9,965)	(7,232)
Purchase of software development	(1,827)	(2,055)	(356)	(1,776)	(1,788)	(228)
Purchase of programme development	(953)	(2,000)	(1,577)	(800)	(2,000)	(495)
Purchase of investments	(944)	–	(49,570)	(974)	–	(45,420)
Other cash receipts/payments from investing activities	–	–	–	–	–	–
Net cash inflow/(outflow) from investing activities	(6,421)	(14,070)	(16,893)	(6,162)	(13,753)	(15,814)
Cash flows from financing activities						
Net cash inflow/(outflow) from financing activities	–	–	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	3,865	(1,316)	2,102	5,036	(2,495)	1,448
Cash and cash equivalents at beginning of year	5,136	3,293	3,034	3,372	1,995	1,924
Cash and cash equivalents at the end of year	9,001	1,977	5,136	8,408	(500)	3,372

Explanation of major variances against budget are provided in note 24

The accompanying notes form part of these financial statements.

Statement of cash flows continued

For the year ended 31 December 2015

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

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Surplus/(deficit) from the statement of comprehensive revenue and expense	5,068	4,883	5,673	14,857
Add/(deduct) non-cash movements				
Depreciation and amortisation expense	8,550	9,565	8,353	7,959
Non-cash donation from Open Wānanga Limited	–	–	–	(13,039)
Payments to Open Wānanga Limited	–	–	–	6,929
Revaluation	50	–	50	–
Provisions	8	89	8	34
Impairment of receivables	242	101	242	101
Asset impairment	77	880	77	221
Donation from DynaSpeak Limited	–	–	(634)	–
Total non-cash items	8,927	10,635	8,096	2,205
Add/(deduct) items classified as investing or financing activities				
Net (gain) on disposal of property, plant and equipment	(343)	(8)	(343)	(53)
Total items classified as investing or financing activities	(343)	(8)	(343)	(53)
Add/(deduct) movements in working capital items				
(Increase)/decrease in inventories	311	698	294	(622)
(Increase)/decrease in taura and other receivables	(813)	547	(237)	492
(Increase)/decrease in prepayments	(309)	49	(327)	83
(Increase)/decrease in interest accrued	(1,091)	(590)	(1,083)	(604)
Increase/(decrease) in creditors and other payables	(115)	606	568	(1,525)
Increase/(decrease) in net GST	170	–	147	–
Increase/(decrease) in revenue received in advance	(98)	202	(85)	170
Increase/(decrease) in taura fees	168	(331)	–	(311)
Increase/(decrease) in provision for kaimahi entitlements	(1,589)	2,304	(1,505)	2,570
Net movement in working capital	(3,366)	3,485	(2,228)	253
Net cash inflow(outflow) from operating activities	10,286	18,995	11,198	17,262

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2015

1. Statement of Accounting Policies

Reporting entity

Te Wānanga o Aotearoa is a Tertiary Education Institution domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The primary purpose of Te Wānanga o Aotearoa is to provide tertiary education and it has designated itself as a public sector public benefit entity for the purposes of financial reporting.

The Group consists of the ultimate Parent, Te Wānanga o Aotearoa, and its subsidiaries, DynaSpeak Limited (100% owned) and Aotearoa Scholarship Trust (100% controlled). The subsidiaries are incorporated and domiciled in New Zealand.

The financial statements cover all of the activities pertaining to an educational and research institution including but not limited to:

- › The provision of student services and the facilitating of student activities, including scholarships.
- › The activities of a researcher, developer, publisher, property owner, occupier including tenant or landlord, trustee, provider of accommodation, early childhood services, conferences, exhibitions, recreation facilities, sponsorship and hireage.
- › And any other activity or occupation incidental to an educational and research institution.

The financial statements of Te Wānanga o Aotearoa and Group are for the year ended 31 December 2015. The financial statements were authorised for issue on 20 April 2016 by Te Mana Whakahaere.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") for Tier 1 entities.

The financial statements of the Te Wānanga o Aotearoa and group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with PBE IPSAS and other applicable Financial Reporting Standards, as appropriate

for Tier 1 public sector public benefit entities.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 25.

Measurement base

The financial statements have been prepared on a historical cost basis except where modified by the revaluation of artwork, land and buildings.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

The functional currency of Te Wānanga o Aotearoa and its subsidiaries is New Zealand dollars.

There has been no change in the functional currency of the Group during the year.

Changes in accounting policies and estimates

These accounting policies have been consistently applied in the periods covered by these financial statements.

Standards issued

In May 2013, The External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods on or after 1 July 2014. Te Wānanga o Aotearoa has applied these standards in preparing the 31 December 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. Te Wānanga o Aotearoa will apply these updated standards in preparing its 31 December 2016 financial statements. Te Wānanga o Aotearoa expects that there will be minimal or no change in applying these updated accounting standards.

Disclosure initiative

PBE IPSAS 1 Presentation of Financial Statement has recently been updated to address perceived impediments to preparers exercising their judgement in preparing financial statements. These amendments apply to the Parent and Group in preparing the 31 December 2016 financial statements. The Parent and Group will be considering these amendments and relooking at how its financial statements are presented in preparing the 31 December 2016 financial statements.

Notes to the financial statements

For the year ended 31 December 2015

Other amendments

While there are other amendments issued and not yet effective, the Parent and Group does not consider these to be relevant and therefore no information has been disclosed about these amendments.

Significant Accounting Policies

a. Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenues, expenses and cashflows on a line-by-line basis. All significant intra-Group balances, transactions, revenue and expenses are eliminated in full on consolidation.

Subsidiaries

Te Wānanga o Aotearoa consolidates in the Group financial statements all entities where Te Wānanga o Aotearoa has the capacity to control their financing and operating policies so as to obtain benefits from the activities of those entities. This power exists where Te Wānanga o Aotearoa controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Te Wānanga o Aotearoa or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Te Wānanga o Aotearoa will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by Te Wānanga o Aotearoa. If the consideration transferred is lower than the net fair value of the Te Wānanga o Aotearoa's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

Investments in subsidiaries are carried at cost in the Parent entity financial statements of Te Wānanga o Aotearoa.

b. Foreign currency translation

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

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

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

c. Property, Plant and equipment

Property, plant and equipment asset classes consist of land and buildings, leasehold improvements, furniture and equipment, computers, motor vehicles, waka, library books and artwork. Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured under the following:

- › Buildings are measured at cost or valuation less subsequent accumulated depreciation.
- › Land and artwork are stated at cost or valuation and are not depreciated.
- › All other asset classes are stated at cost less accumulated depreciation and impairment losses.
- › Items of property, plant and equipment that have been acquired through non-exchange transactions are measured at fair value.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and artwork at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	1–50years	2%–100%
Leasehold improvements	1–18years	6%–100%
Furniture & Equipment	5years	20%
Computers	2–4years	25%–50%
Motor vehicles	5years	20%
Waka	10years	10%
Library books	10years	10%
Library subscriptions	2years	50%

Leasehold improvements are depreciated over the non-cancellable period for which Te Wānanga o Aotearoa has contracted to lease the asset together with any further terms for which Te Wānanga o Aotearoa has the option to continue to lease the asset.

The residual value and useful life of an asset is reviewed and adjusted if applicable, at the end of each financial year.

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.

The carrying values of revalued classes are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant and equipment revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or the deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

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 Te Wānanga o Aotearoa and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value and as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying value of the asset. Gains and losses on disposals are recognised in the surplus or deficit.

When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets are transferred to accumulated funds.

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 Te Wānanga o Aotearoa and the cost of the item can be measured reliably.

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

d. Intangible assets

Intangible assets are initially measured at cost, except for:

- › Intangible assets acquired through non-exchange transactions (measured at fair value).

All of the Group's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

Computer software

Computer software is separately acquired and capitalised at its cost as at the date of acquisition. After initial recognition, separately acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Programme development cost

Programme development costs relate to development of educational courses and are capitalised once accreditation has been received and when it is probable that future economic benefit arising from use of the intangible asset will flow to the Group.

Following initial recognition of programme development costs, the cost model is applied and the asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

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

	Computer software	Programme development costs
Useful lives	Finite – 5 years	Finite – 5 years
Method used	Straight line method	Straight line method from capitalisation
Internally generated/ acquired	Separately acquired	Internally generated/ separately acquired

Notes to the financial statements

For the year ended 31 December 2015

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The amortisation period starts when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation method for each class of intangible asset having a finite life is reviewed at the end of each financial year. If the expected useful life or expected pattern of consumption is different from the previous assessment, changes are made accordingly. The amortisation for each period is recognised in the surplus or deficit.

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

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

All other research and development costs are recognised as expenses in the surplus or deficit in the year in which they are incurred.

e. Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When an asset is found to be impaired, a recoverable amount is estimated. 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 a term for 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 Te Wānanga o Aotearoa would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

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.

The total impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

f. Investment property

Properties leased to third parties under operating leases are classified as an investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Property held to meet service delivery objectives is classified as property, plant and equipment.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

g. Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which the Parent and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Parent and Group has transferred substantially all the risks and rewards of ownership.

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

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

Classification of the financial asset depends on the purpose for which the instruments were acquired.

Financial assets at fair value through surplus or deficit

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

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

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

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

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

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

Impairment of financial assets

At each balance date, Te Wānanga o Aotearoa assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Any impairment losses are recognised in the surplus or deficit.

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

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

Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

h. Inventories

Inventories held for distribution or consumption in the provision of services that are not issued on a commercial basis are measured at the cost, adjusted for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The cost of purchased inventory is determined as follows:

- › inventories held for resale – purchase cost is on a weighted average cost
- › materials and consumables to be utilised for rendering of services – purchase cost is on a first-in, first-out basis.

Notes to the financial statements

For the year ended 31 December 2015

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

i. Taura and other receivables

Taura fees and other receivables are recognised and carried at original receivable amount less any provision for impairment.

A specific provision for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

j. Cash and cash equivalents

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

k. Payables

Short-term creditors and other short-term payables are recorded at their face value.

l. Kaimahi entitlements

Short-term kaimahi entitlements

Kaimahi entitlements that Te Wānanga o Aotearoa 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 salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date and sick leave.

Te Wānanga o Aotearoa recognises a liability for sick leave to the extent that compensated 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 Te Wānanga o Aotearoa anticipates it will be used by staff to cover those future absences.

m. Superannuation schemes

Defined contribution schemes

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

n. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required

to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

(i) Lease make-good

The lease make-good provision is based on an estimate of future costs to restore leased premises back to the condition when the lease period commenced.

o. Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease revenue.

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

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

p. Revenue

Revenue classification

Te Wānanga o Aotearoa classifies its revenue as exchange and non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are those where Te Wānanga o Aotearoa either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to Te Wānanga o Aotearoa and is measured at the fair value of consideration received or receivable.

Revenue from exchange transactions

The following specific recognition criteria in relation to the Parent and Group's revenue streams must also be met before revenue is recognised.

Rental revenue

Rental revenue is recognised in the surplus or deficit on an accrual basis.

Interest revenue

Interest revenue is recognised using the effective interest method.

Contract revenue

Certain contract revenue is accounted for as an exchange transaction and is recognised on percentage completion basis.

International taura tuition fees

International taura tuition fees are accounted for as an exchange transaction and recognised in revenue on course percentage of completion basis. The percentage of completion is measured by the reference to the days of the course completion as a percentage.

Revenue from non-exchange transactions

Inflows of resources from non-exchange transactions are only recognised as assets where it is probable that the associated future economic benefit or service potential will flow to the entity and fair value is reliably measured.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions where it is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation and the amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Parent and Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

SAC funding

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

Other government grants

Funding is received from the TEC in relation to costs expected to be incurred by Te Wānanga o Aotearoa to complete specific projects agreed between the TEC and Te Wānanga o Aotearoa. Revenue from these projects is recognised based on the stage of the completion of the project. The stage of completion is measured based on the percentage of costs incurred to date compared to the total estimated costs to complete the full project. When funding is received in advance of the project being completed, deferred revenue is recognised and is released over the specific period using the stage of completion method.

Domestic taura tuition fees

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

Research and contract revenue

Research grants which provide reciprocal benefits to the research funding provider can extend over balance dates. Research grants are usually subject to a contract for services which sets out the outputs expected and includes a payment schedule. Each research grant is recorded as a separate contract in the consolidated entity's financial records.

At balance date the aggregate balance of research projects for which research grant funding received exceeds costs incurred to date is recorded in the statement of financial position as a liability, being a future obligation to complete research.

At balance date the aggregate balance of research projects for which research grant funding received to date is less than costs incurred to date is recorded in the statement of financial position as an asset, 'Research Work in Progress', to be recovered in future periods from revenue from research funding providers.

Donations

Donations are received by Te Wānanga o Aotearoa from the subsidiary company, DynaSpeak Limited. These donations are recognised as non-exchange revenue in the period in which they are received.

Notes to the financial statements

For the year ended 31 December 2015

q. Net assets/equity

Net assets/equity is measured as the difference between total assets and total liabilities. Net assets/equity is disaggregated and classified into a number of reserves. The components of net assets/equity are:

- › accumulated funds
- › property revaluation reserves

Property revaluation reserves

These reserves relate to the revaluation of land and buildings to fair value.

r. Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis.

Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to, the Inland Revenue (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 a operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

s. Budget figures

It should be noted only the Group Budget figures are approved by Te Mana Whakahaere at the beginning of the year. Budget figures are prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Te Mana Whakahaere for the preparation of the financial statements.

t. Cost allocation

The cost of service for each significant activity of Te Wānanga o Aotearoa and the Group has been derived using the cost allocation outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific activity. Direct costs are charged directly to the significant activity. Indirect costs are charged to significant activities using the appropriate cost drivers.

u. Key judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following items have been included in the financial statements as a result of key judgements or estimates:

Distinction between revenue and capital contribution

Most Crown funding received is operational in nature. Thus it is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, Te Wānanga o Aotearoa accounts for the funding as a capital contribution directly in accumulated funds.

Capitalised programme development costs

Development costs are only capitalised by Te Wānanga o Aotearoa when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale and that the programmes will provide positive cash flows.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of each asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Property revaluations

Note 13 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings.

Early childhood centre grant

Te Wānanga o Aotearoa received a 2008 grant from the Crown for the construction of a new early childhood learning centre facility at Mangere. There are a number of conditions attached to this grant, which include the condition to repay all or part of the grant should Te Wānanga o Aotearoa cease to operate, close or sell the facility prior to 28 March 2018. Accounting for the revenue from this grant is not clear under PBE IPSAS 23 Revenue from Non-Exchange Transactions.

Te Wānanga o Aotearoa has recognised the funds as liability and releases the liability to revenue on a straight-line basis during the period from 2008 to 28 March 2018. Te Wānanga o Aotearoa considers it is continuously proportionally satisfying the condition while the facility remains in operation and that would likely be considered by the Crown in determining the amount of any repayment should the condition be breached prior to its expiry on 28 March 2018.

2. Revenue	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Government funding				
Student Achievement Component Funding	130,261	133,698	130,261	133,698
Other government funding	1,554	1,482	1,554	1,482
Total government funding	131,815	135,180	131,815	135,180
Tauira fees				
Fees from domestic tauira	5,354	5,696	5,354	5,696
Fees from international tauira	1,073	652	–	–
Total tauira fees	6,427	6,348	5,354	5,696
Interest revenue	3,655	3,196	3,562	3,075
Total interest revenue	3,655	3,196	3,562	3,075
Other revenue				
Contract revenue*	4,157	4,416	4,157	4,416
Profit on sale of property, plant and equipment	343	296	343	292
Investment Property Revaluation Gain	217	–	217	–
Sales to Open Wānanga Limited	–	–	–	1,119
Donation from DynaSpeak Limited	–	–	634	–
Donation from Open Wānanga Limited**	–	–	518	13,039
Dividends from external sources	3	1	3	1
Miscellaneous revenue	6,172	5,410	5,977	5,035
Total other revenue	10,892	10,123	11,849	23,902
Total revenue	152,789	154,847	152,580	167,853

* Contract revenue relates to licences and subcontracting arrangements.

** Donation from Open Wānanga Limited was a result of the settlement of the intercompany debt.

Notes to the financial statements

For the year ended 31 December 2015

Revenue classified as exchange or non-exchange transactions

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Revenue from exchange transactions				
Fees from international taura	1,073	652	–	–
Contract revenue*	4,157	4,416	4,157	4,416
Profit on sale of property, plant and equipment	343	296	343	292
Interest	3,655	3,196	3,562	3,075
Dividends from external sources	3	1	3	1
Sales to Open Wānanga Limited	–	–	–	1,119
Other revenue	1,008	768	827	328
Total revenue from exchange transactions	10,239	9,329	8,892	9,231
Revenue from non-exchange transactions				
Student Achievement Component Funding	130,261	133,698	130,261	133,698
Other government funding	1,554	1,482	1,554	1,482
Fees from domestic taura	5,354	5,696	5,354	5,696
Investment Property Revaluation Gain	217	–	217	–
Donation from DynaSpeak Limited	–	–	634	–
Donation from Open Wānanga Limited**	–	–	518	13,039
Miscellaneous revenue	5,164	4,642	5,150	4,707
Total Revenue from non-exchange transactions:	142,550	145,518	143,688	158,622
Total Revenue	152,789	154,847	152,580	167,851

3. Kaimahi costs

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Wages and salaries	85,635	81,799	81,735	72,165
Employer contributions to defined contribution plans*	1,654	1,504	1,569	1,317
Increase/(decrease) in employee entitlements	(1,514)	2,304	(1,505)	2,570
Total kaimahi costs	85,775	85,607	81,799	76,052

The prior year comparatives for kaimahi costs have been restated as contractor tutor costs of \$5.505m for both Parent and Group are not considered part of kaimahi costs. This costs have been reclassified to other expenses in note 4.

*Employer contributions to defined contribution plans include contributions to Kiwisaver.

4. Other expenses

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Fees to auditor				
Fees to Audit New Zealand for audit of financial statements	254	300	206	200
Fees to Ernst Young for internal audit	74	184	74	184
Management fees	–	1,107	–	–
Administration*	14,883	14,792	13,468	11,448
Contract tutors	6,200	5,505	6,200	5,505
Impairment of receivables (note 6)	139	101	139	101
Bad debts written off	123	213	103	213
Sponsorship and Koha	221	150	221	143
Satellite payments	2,310	1,670	2,310	1,670
Intercompany expenses				
Payments to Open Wānanga Limited	–	–	–	23,498
Payments to DynaSpeak Limited	–	–	6,771	–
Payments to Aotearoa Scholarship Trust	–	–	–	5
Donation to Open Wānanga Limited	–	–	–	382
Small capital purchases	1,827	2,134	1,689	1,969
Consultancy fees*	2,772	4,087	2,740	2,746
Tauira resources (note 7)	9,376	9,983	9,234	8,078
Travel*	1,988	1,483	1,877	1,483
Occupancy expenses*	6,716	6,677	6,430	6,212
Rent	2,313	2,229	1,093	1,020
Minimum lease payments – operating lease	3,856	3,569	3,856	3,569
Impairment of property, plant & equipment, intangibles & stock	77	320	77	320
Loss on revaluation of Artwork	267	–	267	–
Loss on sale of property, plant and equipment	–	288	–	239
Total other expenses	53,396	54,792	56,755	68,985

The prior year comparatives for other expenses have been reclassified to align to a more relevant grouping of expenses used in 2015.

* Te Raumairanga costs of \$95k (2014 \$657k) is included here. The total Te Raumairanga costs for 2015 are \$1.45m (2014 \$2.5m).

Notes to the financial statements

For the year ended 31 December 2015

5. Cash and cash equivalents

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Cash at bank and in hand	9,001	5,136	8,408	3,372
Total cash and cash equivalents	9,001	5,136	8,408	3,372

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

There are no restrictions over any of the cash and cash equivalent balances held by the organisation and group at 31 December 2015 (2014 nil).

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

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Cash at bank and in hand	9,001	5,136	8,408	3,372
Total cash and cash equivalents	9,001	5,136	8,408	3,372

6. Taura and other receivables

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Taura receivables				
Taura fee receivables	845	678	845	678
Less: provision for impairment	(144)	(76)	(144)	(76)
Net taura fee receivables	701	602	701	602
Other receivables				
Trade receivables	1,406	869	1,406	868
Accrued interest	2,845	1,754	2,806	1,723
Related party receivables				
Subsidiary (note 20)	–	–	41	3
Other related party (note 20)	–	19	–	–
Gross taura and other receivables	4,251	2,642	4,253	2,594
Less: provision for impairment	(71)	(25)	(71)	(25)
Total taura and other receivables	4,881	3,219	4,883	3,171
Total receivables above comprise:				
Receivables from exchange transactions	3,433	1,773	3,394	1,723
Receivables from non-exchange transactions	1,448	1,446	1,489	1,448
Total receivables	4,881	3,219	4,883	3,171

Fair Value

Other receivables are non-interest bearing and receipt is normally on short term of 30-day terms. Therefore the carrying value of other receivables approximates their fair value.

Taura receivables are non-interest bearing and receipt is normally on enrolment and no later than graduation. Therefore the carrying value of taura receivables approximates their fair value.

Impairment

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been re-negotiated is \$ nil (2014 \$ nil).

Notes to the financial statements

For the year ended 31 December 2015

The ageing profile of receivables at year end is detailed below:

	Gross \$'000	2015 Impairment \$'000	Net \$'000	Gross \$'000	2014 Impairment \$'000	Net \$'000
Group						
Not past due	4,035	(50)	3,985	2,242	–	2,242
Past due 1-60 days	22	–	22	41	–	41
Past due 61-120 days	36	–	36	152	–	152
Past due > 120 days	1,003	(165)	838	885	(101)	784
Total	5,096	(215)	4,881	3,320	(101)	3,219
Parent						
Not past due	4,037	(50)	3,987	2,214	–	2,214
Past due 1-60 days	21	–	21	41	–	41
Past due 61-120 days	37	–	37	151	–	151
Past due > 120 days	1,003	(165)	838	866	(101)	765
Total	5,098	(215)	4,883	3,272	(101)	3,171

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on expected losses for Te Wānanga o Aotearoa and the pool of receivables.

Expected losses have been determined based on an analysis of losses for Te Wānanga o Aotearoa in previous periods and a review of specific receivables.

Other impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Movements in the provision for impairment of receivables are as follows:

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
At 1 January	101	–	101	–
Additional provisions made during the year	216	274	216	274
Receivables written off during the period	(102)	(173)	(102)	(173)
At 31 December	215	101	215	101

Te Wānanga o Aotearoa and Group holds no collateral as security as other credit enhancements over receivables that are either past due or impaired.

7. Inventory

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Inventories held for distribution	1,571	1,882	1,553	1,847
Total	1,571	1,882	1,553	1,847

The carrying amount of inventories for distribution are measured at cost as at 31 December 2015 and therefore, the carrying amount at current replacement cost is nil (2014 nil).

Inventories are made up of consumables and inventories held for distribution to Takiwā. Consumables are materials or supplies which will be consumed in conjunction with the delivery of services and predominantly comprise of books and resources used in the teaching of courses to taura.

Inventory was consumed as follows for the Group 2015 \$3.707m (2014 \$4.964m) and Parent 2015 \$3.690m (2014 \$3.673m). These figures form part of Taura Resources which is disclosed in note 4, other expenses.

The write down of inventories held for distribution due to taura resources being revised and redeveloped amounted to \$18,108 in 2015 (2014 \$98,953). There have been no reversals of write-downs in 2015 (2014 nil).

No inventories are pledged as security for liabilities (2014 nil).

8. Assets Held for Sale

Te Wānanga o Aotearoa owns the land in Botanical Road, Palmerston North, and leases a Berth in Whangaparaoa. These properties have been presented as Assets Held for Sale, with the expectation that the lease of the Berth will be sold within 12 months. An offer has been received for the land at Botanical Road, with an unconditional date of 22 January 2016.

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Asset Held for Sale				
Buildings	621	739	621	739
Total	621	739	621	739

Notes to the financial statements

For the year ended 31 December 2015

9. Other financial assets

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Current portion				
Term deposits with maturities <12 months	54,070	32,626	52,000	30,526
Total current portion	54,070	32,626	52,000	30,526
Non-current portion				
Term deposits with maturities >12 months	5,000	25,500	5,000	25,500
Total non-current portion	5,000	25,500	5,000	25,500
Total other financial assets	59,070	58,126	57,000	56,026

Fair Value

Term deposits

The carrying amount of term deposits approximates their fair value.

The weighted average effective interest rate for term deposits is 4.66% (2014 4.91%).

Impairments

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

10. Payables

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Current portion				
<i>Payables and deferred revenue under exchange transactions:</i>				
Trade payables	5,058	3,208	4,943	2,653
Accrued expenses	3,318	2,863	2,643	2,351
Revenue in advance	19	117	–	85
Total	8,395	6,188	7,586	5,089
<i>Payables and deferred revenue under non-exchange transactions:</i>				
Other government funding	592	391	592	391
Early childcare centre grant	66	66	66	66
Related party payable – DynaSpeak Limited	–	–	174	–
Related party payable – Aotearoa Scholarship Trust	–	–	3	–
Taxes payable (GST, PAYE)	3,462	3,267	3,325	2,924
Total	4,120	3,724	4,160	3,381
Total current portion	12,515	9,912	11,746	8,470
Non-current portion				
<i>Payables and deferred revenue under exchange transactions:</i>	–	–	–	–
<i>Payables and deferred revenue under non-exchange transactions:</i>	–	–	–	–
Early childcare centre grant	81	147	81	147
Total non-current portion	81	147	81	147
Total payables and deferred revenue	12,596	10,059	11,827	8,617

Creditors and other payables are non-interest bearing and are normally settled on terms varying between 7 days and 20th of the month following invoice date. Therefore, the carrying value of trade and other payables approximates their fair value.

Deferred non-exchange revenue relates to grants, donations received to which there are stipulated conditions attached.

Non-exchange revenue in relation to this balance is recognised at the point-in-time as each stipulated condition is met.

For terms and conditions relating to related parties payables, refer to note 21.

Notes to the financial statements

For the year ended 31 December 2015

11. Kaimahi entitlements

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Accrued salaries	1,188	1,282	1,131	1,151
Annual leave	5,155	6,167	4,917	5,931
Sick leave	359	423	355	407
Termination benefits	296	715	296	715
Total kaimahi entitlements	6,998	8,587	6,699	8,204
Current portion	6,998	8,587	6,699	8,204
Non-current portion	–	–	–	–
Total kaimahi entitlements	6,998	8,587	6,699	8,204

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

12. Provisions

Lease make-good provision

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Current portion				
Lease make-good	90	104	68	82
Total current portion	90	104	68	82
Non-current portion				
Lease make-good	218	196	171	149
Total non-current portion	218	196	171	149
Total lease make-good	308	300	239	231

Movements for lease make-good provisions are as follows:

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Balance at 1 January	300	195	231	117
Additional provisions	39	143	39	114
Amounts used	–	–	–	–
Unused amounts reversed	(31)	(33)	(31)	–
Utilised during the year	–	(5)	–	–
Balance at 31 December	308	300	239	231

In respect of a number of leased premises, Te Wānanga o Aotearoa is required at the expiry of the lease term to make-good any fixtures or fittings installed in the premises. In many cases, Te Wānanga o Aotearoa has the option to renew these leases, which impacts on the timing of expected cash outflows to make-good the premises.

The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in December 2017 and August 2018. Information about Te Wānanga o Aotearoa leasing arrangements are disclosed in note 20.

Notes to the financial statements

For the year ended 31 December 2015

13. Property, Plant and Equipment

Group	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000
2015			
Opening cost at 1 January 2015	22,580	52,233	6,967
Additions	–	2,186	465
Disposals	–	–	–
Reclassification	–	–	(195)
Impairment	–	–	–
Revaluation	4,505	(4,067)	–
Closing cost at 31 December 2015	27,085	50,352	7,237
Opening accumulated depreciation at 1 January 2015	–	(5,768)	(1,949)
Depreciation	–	(3,089)	(620)
Disposals	–	–	–
Reclassification	–	–	25
Impairment	–	–	–
Revaluation	–	8,845	–
Closing accumulated depreciation at 31 December 2015	–	(12)	(2,544)
NBV At 1 January 2015	22,580	46,465	5,018
NBV At 31 December 2015	27,085	50,339	4,693
2014			
Opening cost at 1 January 2014	23,280	49,988	7,073
Additions	250	4,611	414
Disposals	(250)	(1,270)	(106)
Reclassification	(700)	(1,096)	6
Impairment	–	–	(420)
Revaluations	–	–	–
Closing cost at 31 December 2014	22,580	52,233	6,967
Opening accumulated depreciation at 1 January 2014	–	(2,983)	(1,819)
Depreciation	–	(2,964)	(570)
Disposals	–	179	20
Reclassification	–	–	–
Impairment	–	–	420
Revaluations	–	–	–
Closing accumulated depreciation at 31 December 2014	–	(5,768)	(1,949)
NBV At 1 January 2014	23,280	47,005	5,254
NBV At 31 December 2014	22,580	46,465	5,018

Furniture & Equipment \$'000	Computers \$'000	Motor Vehicles \$'000	Waka \$'000	Artwork \$'000	Library \$'000	Virtual Learning Computers \$'000	Work in Progress \$'000	Total \$'000
1,767	2,579	9,805	1,356	3,649	6,663	1,624	1,210	110,433
1,267	9	1,330	63	139	378	424	1,810	8,071
–	–	(1,138)	(636)	–	–	–	(217)	(1,991)
–	–	–	–	–	–	–	(1,065)	(1,260)
–	–	–	–	–	–	–	–	–
–	–	–	–	(267)	–	–	–	171
3,034	2,588	9,997	783	3,521	7,041	2,048	1,738	115,424
(1,027)	(1,669)	(5,474)	(1,164)	–	(4,082)	(1,271)	–	(22,404)
(275)	(351)	(1,469)	(26)	–	(616)	(288)	–	(6,734)
–	–	1,089	636	–	–	–	–	1,725
–	–	–	–	–	–	–	–	25
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	8,845
(1,302)	(2,020)	(5,854)	(554)	–	(4,698)	(1,559)	–	(18,543)
740	910	4,331	192	3,649	2,581	353	1,210	88,029
1,732	568	4,143	229	3,521	2,343	489	1,738	96,881
1,575	4,255	10,388	1,312	3,575	6,052	2,394	1,061	110,953
517	308	2,212	47	367	611	402	4,442	14,181
(164)	(622)	(2,772)	(26)	(263)	–	–	(4,293)	(9,766)
6	(6)	(23)	23	–	–	–	–	(1,790)
(167)	(1,356)	–	–	(30)	–	(1,172)	–	(3,145)
–	–	–	–	–	–	–	–	–
1,767	2,579	9,805	1,356	3,649	6,663	1,624	1,210	110,433
(1,079)	(2,750)	(6,207)	(730)	–	(3,390)	(1,996)	–	(20,954)
(237)	(661)	(1,487)	(434)	–	(692)	(447)	–	(7,492)
128	584	2,220	–	–	–	–	–	3,131
(6)	6	–	–	–	–	–	–	–
167	1,152	–	–	–	–	1,172	–	2,911
–	–	–	–	–	–	–	–	–
(1,027)	(1,669)	(5,474)	(1,164)	–	(4,082)	(1,271)	–	(22,404)
496	1,505	4,181	582	3,575	2,662	398	1,061	89,999
740	910	4,331	192	3,649	2,581	353	1,210	88,029

Notes to the financial statements

For the year ended 31 December 2015

13. Property, Plant and Equipment (continued)

Parent			
	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000
2015			
Opening cost at 1 January 2015	22,580	52,233	6,663
Additions	–	2,186	465
Disposals	–	–	–
Reclassification	–	–	(195)
Impairment	–	–	–
Revaluation	4,505	(4,067)	–
Closing cost at 31 December 2015	27,085	50,352	6,933
Opening accumulated depreciation at 1 January 2015	–	(5,768)	(1,776)
Depreciation	–	(3,088)	(602)
Disposals	–	–	–
Reclassification	–	–	25
Impairment	–	–	–
Revaluation	–	8,845	–
Closing accumulated depreciation at 31 December 2015	–	(11)	(2,353)
NBV At 1 January 2015	22,580	46,465	4,887
NBV At 31 December 2015	27,085	50,341	4,580
2014			
Opening cost at 1 January 2014	23,030	48,723	6,704
Additions	250	4,606	373
Disposals	–	–	–
Reclassification	(700)	(1,096)	6
Impairment	–	–	(420)
Revaluations	–	–	–
Closing cost at 31 December 2014	22,580	52,233	6,663
Opening accumulated depreciation at 1 January 2014	–	(2,889)	(1,651)
Depreciation	–	(2,879)	(545)
Disposals	–	–	–
Reclassification	–	–	–
Impairment	–	–	420
Revaluations	–	–	–
Closing accumulated depreciation at 31 December 2014	–	(5,768)	(1,776)
NBV At 1 January 2014	23,030	45,834	5,053
NBV At 31 December 2014	22,580	46,465	4,887

Furniture & Equipment \$'000	Computers \$'000	Motor Vehicles \$'000	Waka \$'000	Artwork \$'000	Library \$'000	Virtual Learning Computers \$'000	Work in Progress \$'000	Total \$'000
1,561	2,397	9,698	1,356	3,649	6,658	1,624	1,210	109,629
1,196		1,330	63	139	376	424	1,810	7,989
-	-	(1,138)	(636)	-	-	-	(217)	(1,991)
-	-	-	-	-	-	-	(1,065)	(1,260)
-	-	-	-	-	-	-	-	-
-	-	-	-	(267)	-	-	-	171
2,757	2,397	9,890	783	3,521	7,034	2,048	1,738	114,538
(942)	(1,589)	(5,424)	(1,164)	-	(4,082)	(1,271)	-	(22,016)
(227)	(314)	(1,448)	(26)	-	(615)	(288)	-	(6,608)
-	-	1,089	636	-	-	-	-	1,725
-	-	-	-	-	-	-	-	25
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	8,845
(1,169)	(1,903)	(5,783)	(554)	-	(4,697)	(1,559)	-	(18,029)
619	808	4,274	192	3,649	2,576	353	1,210	87,613
1,588	494	4,107	229	3,521	2,337	489	1,738	96,509
1,254	2,920	8,886	1,312	3,302	6,049	2,394	1,061	105,635
468	211	1,962	47	347	609	402	4,442	13,717
-	-	(1,127)	(26)	-	-	-	(4,293)	(5,446)
6	(6)	(23)	23	-	-	-	-	(1,790)
(167)	(728)	-	-	-	-	(1,172)	-	(2,487)
-	-	-	-	-	-	-	-	-
1,561	2,397	9,698	1,356	3,649	6,658	1,624	1,210	109,629
(912)	(2,001)	(5,298)	(730)	-	(3,390)	(1,996)	-	(18,867)
(191)	(322)	(1,271)	(434)	-	(692)	(447)	-	(6,781)
-	-	1,145	-	-	-	-	-	1,145
(6)	6	-	-	-	-	-	-	-
167	728	-	-	-	-	1,172	-	2,487
-	-	-	-	-	-	-	-	-
(942)	(1,589)	(5,424)	(1,164)	-	(4,082)	(1,271)	-	(22,016)
342	919	3,588	582	3,302	2,659	398	1,061	86,768
619	808	4,274	192	3,649	2,576	353	1,210	87,613

Notes to the financial statements

For the year ended 31 December 2015

13. Property, plant and equipment (continued)

Valuation

The most recent valuation of land and buildings were performed by independent valuers, Jones Lang LaSalle. The valuation is effective as at 31 December 2015.

Land

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

Buildings

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

Depreciated replacement cost is determined using a number of significant assumptions including:

- › The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- › The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- › The remaining life of assets is estimated.
- › Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Buildings were revalued at fair value using market-based evidence. Market rates and capitalisation rates were applied to reflect market value.

Work in progress

The value of work in progress is disclosed at cost by class of asset as follows:

Class	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Artwork	11	–	11	–
Equipment	231	–	231	–
Computers	985	–	985	–
Buildings	511	1,210	511	1,210
Total	1,738	1,210	1,738	1,210

Artwork

The most recent valuation of artwork was performed by an independent valuer, James Parkinson of Valuation & Collection Management on 7 September 2015. The valuation was undertaken in accordance with PBE IPSAS 17 using fair value and is effective as at 31 December 2015.

Determination of fair value has been made by:

- › Reference to observable prices in an active market. Where the market exists for the same or similar asset the market prices are deemed to be a fair value. The values ascribed in the valuation are primarily based on observable prices both in the primary retail market and secondary auction market.
- › If there is no active market, fair value is determined by other market based evidence adjudged by active and knowledgeable participants in the market.

Restrictions of title

Under the Education Act 1989, Te Wānanga o Aotearoa is required to obtain consent from the Ministry of Education to dispose of land and buildings.

Te Wānanga o Aotearoa does not have any:

Restrictions on title on property, plant and equipment.

- › Property, plant and equipment pledged as security for liabilities.
- › Compensation for items of property, plant and equipment that were impaired, lost or given up.

Leasing

The net carrying amount of property, plant and equipment held under finance leases is \$nil (2014 \$nil).

14. Intangible assets

Movement for each class of intangible assets are as follows:

Group 2015	Software \$'000	Programme Development \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 January 2015	2,862	10,357	1,322	14,541
Additions	1,132	555	2,408	4,095
Disposals	–	(795)	–	(795)
Reclassification	–	–	(2,059)	(2,059)
Impairment	–	–	(77)	(77)
Balance at 31 December 2015	3,994	10,117	1,594	15,705
Accumulated amortisation and impairment				
Balance at 1 January 2015	(1,681)	(6,010)	–	(7,691)
Amortisation	(446)	(1,369)	–	(1,815)
Disposals	–	705	–	705
Impairment	–	–	–	–
Balance at 31 December 2015	(2,127)	(6,674)	–	(8,801)
NBV at 1 January 2015	1,181	4,347	1,322	6,850
NBV at 31 December 2015	1,867	3,443	1,594	6,904
Group 2014				
	Software \$'000	Programme Development \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 January 2014	3,688	13,261	1,796	18,745
Additions	1,152	3,661	1,893	6,706
Disposals	(1,978)	(6,565)	(1,532)	(10,075)
Impairment	–	–	(835)	(835)
Balance at 31 December 2014	2,862	10,357	1,322	14,541
Accumulated amortisation and impairment				
Balance at 1 January 2014	(2,269)	(8,852)	–	(11,121)
Amortisation	(595)	(1,478)	–	(2,073)
Disposals	1,183	4,120	–	5,303
Impairment	–	200	–	200
Balance at 31 December 2014	(1,681)	(6,010)	–	(7,691)
NBV at 1 January 2014	1,419	4,409	1,796	7,624
NBV at 31 December 2014	1,181	4,347	1,322	6,850

Notes to the financial statements

For the year ended 31 December 2015

14. Intangible assets (continued)

Parent 2015	Software \$'000	Programme Development \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 January 2015	2,799	10,251	1,138	14,188
Additions	1,081	371	2,202	3,654
Disposals	–	(795)	–	(795)
Reclassification	–	–	(1,824)	(1,824)
Impairment	–	–	(77)	(77)
Balance at 31 December 2015	3,880	9,827	1,439	15,146
Accumulated amortisation and impairment				
Balance at 1 January 2015	(1,669)	(5,904)	–	(7,573)
Amortisation	(430)	(1,314)	–	(1,744)
Disposals	–	705	–	705
Impairment	–	–	–	–
Balance at 31 December 2015	(2,099)	(6,513)	–	(8,612)
NBV at 1 January 2015	1,130	4,347	1,138	6,615
NBV at 31 December 2015	1,781	3,314	1,439	6,534
Parent 2014				
	Software \$'000	Programme Development \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 January 2014	1,775	7,850	898	10,523
Additions	1,024	2,672	1,225	4,921
Impairment	–	–	(835)	(835)
Disposals	–	(271)	(150)	(421)
Balance at 31 December 2014	2,799	10,251	1,138	14,188
Accumulated amortisation and impairment				
Balance at 1 January 2014	(1,343)	(5,252)	–	(6,595)
Amortisation	(326)	(852)	–	(1,178)
Impairment	–	200	–	200
Balance at 31 December 2014	(1,669)	(5,904)	–	(7,573)
NBV at 1 January 2014	432	2,598	898	3,928
NBV at 31 December 2014	1,130	4,347	1,138	6,615

There are no restrictions over the title of Te Wānanga o Aotearoa intangible assets, nor are any intangible assets pledged as security for liabilities.

Te Wānanga o Aotearoa impaired intangible assets of \$77,263 in 2015 consisting of National Certificate in Infrastructure, NCEA L2, and Mauri Ora Australia (2014 \$421,170).

Work in progress

The value of work in progress is disclosed at cost by class of asset as follows:

Class	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Software	98	147	98	147
Programme Development	1,496	1,175	1,341	991
Total	1,594	1,322	1,439	1,138

15. Equity

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Accumulated Funds				
Balance at 1 January	137,788	132,783	135,521	120,664
Surplus/(deficit)	5,068	4,883	5,673	14,857
Property revaluation reserve transfer on disposal	–	122	–	–
Balance at 31 December	142,856	137,788	141,194	135,521
Property revaluation reserves				
Balance at 1 January	9,402	9,524	9,402	9,402
Property revaluation reserve transfer on disposal	–	(122)	–	–
Gains/(loss) on property revaluations	9,282	–	9,282	–
Balance at 31 December	18,684	9,402	18,684	9,402
Total equity	161,540	147,190	159,878	144,923

Property revaluation reserves

Property revaluation reserves for each asset class consist of:

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Land	17,029	–	17,029	–
Buildings	1,655	–	1,655	–
Land and buildings	–	9,402	–	9,402
Total property revaluation reserves	18,684	9,402	18,684	9,402

For the year ended 31 December 2015 the revaluation reserve has been recognised on class of assets basis for the first time, i.e. separately for land and buildings in accordance with the requirements of PBE IPSAS17 Property, plant and equipment.

In prior years the revaluation reserve for land and buildings was disclosed as one class of asset.

Notes to the financial statements

For the year ended 31 December 2015

16. Investment in Subsidiaries

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Shares in Open Wānanga Limited (Cost)	–	–	–	1
Shares in DynaSpeak Limited (Cost)	–	–	475	475
Total Investment in Subsidiaries	–	–	475	476

	Country of Incorporation	Equity Interest		Investment	
		2015 %	2014 %	2015 \$'000	2014 \$'000
Open Wānanga Limited	New Zealand	–	100	–	1
Aotearoa Scholarship Trust	New Zealand	100	100	–	–
DynaSpeak Limited	New Zealand	100	100	475	475

At the end of the previous financial year, most of the assets and liabilities of Open Wānanga Limited (OWL) were transferred to the parent Te Wānanga o Aotearoa (TWoA).

OWL made a full and final donation of \$518k to TWoA on 28 August 2015 to transfer the remaining OWL bank balance to TWoA. OWL was subsequently deregistered as a company on 8 July 2015.

17. Investment Property

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Balance at 1 January	1,333	–	1,333	–
Additions from acquisitions	–	1,333	–	1,333
Fair value gains/(losses) on valuation	217	–	217	–
Balance at 31 December	1,550	1,333	1,550	1,333

The property at 55 Rickit Road, Te Awamutu was purchased on 30 November 2014 from Open Wānanga Limited. A cost approach was used due to the fair value not being reliably determinable. This property was reclassified as an investment property at 31 December 2014 as the intention was to lease the premises. The carrying amount was disclosed at cost less depreciation.

Rickit Road was valued by independent valuers, Jones Lang LaSalle for year ended 31 December 2015 at fair value using market based evidence. Market rates and capitalisation of rental were applied to reflect the market value. One of the key assumptions was a 10 year tenancy.

The valuation resulted in fair value gain of \$217,000 and this is recognised through the surplus/(deficit).

As the Rickit Road property was vacant for 2015 there was no lease revenue earned.

18. Early learning centres

During 2015, Te Wānanga o Aotearoa received total grants of \$2.708m from the Ministry of Education for early learning purposes (2014 \$2.829m). These grants have been classified as non-exchange revenue.

	2015 \$'000	2014 \$'000
Apakura Te Kakano		
Bulk funding	491	512
Incentive funding	–	–
Language and kaupapa	4	4
Total Ministry of Education funding received	495	516
Funds applied to:		
Salaries	495	481
Faculty support	–	–
Property occupancy costs	–	35
Other	–	–
Total funds applied	495	516
Nga Kakano o te Manukau		
Bulk funding	419	549
Incentive funding	–	–
Low socio-economic	20	23
Special needs	10	11
Total Ministry of Education funding received	449	583
Funds applied to:		
Salaries	449	503
Property occupancy costs	–	47
Other	–	33
Total funds applied	449	583
Te Rau Oriwa		
Bulk funding	604	582
Incentive funding	–	–
Low socio-economic	28	25
Special needs	14	13
Language and kaupapa	4	4
Total Ministry of Education funding received	650	624

Notes to the financial statements

For the year ended 31 December 2015

Te Rau Oriwa (continued)	2015 \$'000	2014 \$'000
Funds applied to:		
Salaries	557	475
Faculty support	14	6
Resources	5	12
Property Occupancy Costs	37	30
Property Lease	–	–
Provision of meals for Tamariki	18	14
Capital expenditure (shade sails)	17	9
Depreciation	2	8
Net contribution	–	70
Total funds applied	650	624
Raroera Te Puawai		
Bulk funding	570	657
Incentive funding	–	–
Low socio-economic	13	14
Special needs	11	12
Language and kaupapa	4	4
Total Ministry of Education funding received	598	687
Funds applied to:		
Salaries	537	543
Faculty Support	–	4
Property occupancy costs	16	23
Resources	–	15
Capital expenditure	45	9
Provision of meals for tamariki	–	12
Depreciation	–	38
Net contribution	–	43
Total funds applied	598	687

	2015 \$'000	2014 \$'000
Whare Amai		
Bulk funding	485	393
Incentive funding	–	–
Low socio-economic	21	17
Special needs	10	9
Total Ministry of Education funding received	516	419
Funds applied to:		
Salaries	485	–
Property occupancy costs	22	–
Other	9	419
Total funds applied	516	419

Notes to the financial statements

For the year ended 31 December 2015

19. Financial instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	9,001	5,136	8,408	3,372
Tauira and other receivables	4,881	3,219	4,883	3,171
Other financial assets:				
Term deposits	59,070	58,126	57,000	56,026
Total loans and receivables	72,952	66,481	70,291	62,569
FINANCIAL LIABILITIES at amortised cost				
Creditors and other payables	12,596	10,059	11,827	8,617
Total financial liabilities at amortised cost	12,596	10,059	11,827	8,617

Financial value hierarchy disclosures

For those instruments recognised at fair value on the statement of financial position, fair values are determined according to the following hierarchy:

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

Financial instrument risks

Te Wānanga o Aotearoa has policies to manage risks associated with financial instruments. Te Wānanga o Aotearoa is risk averse and seeks to minimise exposure from its treasury activities. The policies do not allow any transactions that are speculative in nature to be entered into.

(a) Market Risk

Currency risk

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

Te Wānanga o Aotearoa has only limited exposure to foreign currency risk. Te Wānanga o Aotearoa purchases library items from overseas and also attends overseas conferences which exposes it to currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Investments issued at fixed rates of interest create exposure to fair value interest rate risk. Te Wānanga o Aotearoa does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates create exposure to cash flow interest rate risk.

Te Wānanga o Aotearoa manages cashflow interest rate risk by reducing the cash on call balance to either 1% of total revenue or \$1,500,000 whichever is greater based on our Treasury Management Policy.

(b) Credit risk

Credit risk is the risk that a third party will default on its obligation to Te Wānanga o Aotearoa causing Te Wānanga o Aotearoa to incur a loss. Due to the timing of its cash inflows and outflows, Te Wānanga o Aotearoa invests surplus cash into term deposits which gives rise to credit risk.

In the normal course of business, Te Wānanga o Aotearoa is exposed to credit risk from cash and term deposits with banks, debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

With the exception of taura fees, the group trades only with recognised and creditworthy third parties.

Receivable balances are monitored on an on-going basis with the result that the group's exposure to bad debts is not significant as a result of the ability to withhold graduation from taura who do not pay their fees.

Te Wānanga o Aotearoa holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	63,571	58,762	60,908	54,898
A+	4,500	4,500	4,500	4,500
Total cash at bank and term deposits	68,071	63,262	65,408	59,398
Counterparties without credit ratings				
Taura and other receivables				
Existing counterparty with no defaults in the past	4,881	3,219	4,883	3,171
Total debtors and other receivables	4,881	3,219	4,883	3,171
Total financial instrument assets	72,952	66,481	70,291	62,569

Notes to the financial statements

For the year ended 31 December 2015

Management of liquidity risk

Liquidity risk is the risk that Te Wānanga o Aotearoa will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Te Wānanga o Aotearoa aims to maintain flexibility in funding by keeping committed credit lines available. Te Wānanga o Aotearoa manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

The table below shows an analysis of Te Wānanga o Aotearoa financial liabilities grouped according to maturity, based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Group 2015						
Creditors and other payables	12,596	12,596	12,515	81	–	–
Accrued pay	1,188	1,188	1,188	–	–	–
Total	13,784	13,784	13,703	81	–	–
Group 2014						
Creditors and other payables	10,059	10,059	9,912	147	–	–
Accrued pay	1,282	1,282	1,282	–	–	–
Total	11,341	11,341	11,194	147	–	–
Parent 2015						
Creditors and other payables	11,827	11,827	11,827	–	–	–
Accrued pay	1,131	1,131	1,131	–	–	–
Total	12,958	12,958	12,958	–	–	–
Parent 2014						
Creditors and other payables	8,404	8,404	8,404	–	–	–
Accrued pay	1,151	1,151	1,151	–	–	–
Total	9,555	9,555	9,555	–	–	–

Contractual maturity analysis of financial assets

The table below shows an analysis of Te Wānanga o Aotearoa financial assets grouped according to maturity, based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Group 2015						
Cash and cash equivalents	9,001	9,001	9,001	–	–	–
Tauira and other receivables	4,881	4,881	4,881	–	–	–
Other financial assets						
– Term deposits	59,070	59,070	54,070	5,000	–	–
Total	72,952	72,952	67,952	5,000	–	–
Group 2014						
Cash and cash equivalents	5,136	5,136	5,136	–	–	–
Tauira and other receivables	3,219	3,219	3,219	–	–	–
Other financial assets						
– Term deposits	58,126	58,126	32,626	25,500	–	–
Total	66,481	66,481	40,981	25,500	–	–
Parent 2015						
Cash and cash equivalents	8,408	8,408	8,408	–	–	–
Tauira and other receivables	4,883	4,883	4,883	–	–	–
Other financial assets						
– Term deposits	57,000	57,000	52,000	5,000	–	–
Total	70,291	70,291	65,291	5,000	–	–
Parent 2014						
Cash and cash equivalents	3,372	3,372	3,372	–	–	–
Tauira and other receivables	3,171	3,171	3,171	–	–	–
Other financial assets						
– Term deposits	56,026	56,026	30,526	25,500	–	–
Total	62,569	62,569	37,069	25,500	–	–

Notes to the financial statements

For the year ended 31 December 2015

(d) Sensitivity analysis

The tables below illustrate the potential impact to the surplus or deficit and equity (excluding retained earnings) for reasonably possible market movements with all variables held constant based on the financial instrument exposures of Te Wānanga o Aotearoa at balance date.

	Note	2015 \$000 Surplus	-100bps Other Equity	2015 \$000 Surplus	+100bps Other Equity	2014 \$000 Surplus	-100bps Other Equity	2014 \$000 Surplus	+100bps Other Equity
Group									
Interest rate risk – Financial Assets									
Cash and cash equivalents	*	(90)	–	90	–	(50)	–	50	–
Total sensitivity to interest rate risk		(90)	–	90	–	(50)	–	50	–
Parent									
Interest rate risk – Financial Assets									
Cash and cash equivalents	*	(84)	–	84	–	(33)	–	33	–
Total sensitivity to interest rate risk		(84)	–	84	–	(33)	–	33	–

* Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.

Capital Management

The capital of Te Wānanga o Aotearoa is its net assets/equity, which comprises of accumulated funds and the property revaluation reserve. Equity is represented by net assets.

Te Wānanga o Aotearoa is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings and borrowings. Te Wānanga o Aotearoa acknowledges it has complied with the financial management and accountability provisions of the Education Act 1989 for the year ended 31 December 2015.

Te Wānanga o Aotearoa manages its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The equity of Te Wānanga o Aotearoa is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The objective of managing the equity of Te Wānanga o Aotearoa is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

20. Statement of commitments and contingencies

(a) Commitments

Capital commitments

Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred.

Class of asset	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Buildings	259	440	259	440
Total	259	440	259	440

Operating lease commitments – Group as lessee

The Group has entered commercial leases on certain buildings where it is not in the best interest of the Group to purchase these assets.

These leases have an average life of between one and 18 years with renewal terms included in the contracts. Renewals are at the option of the Group. 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 2015 are as follows:

Class of asset	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Within one year	4,667	4,006	3,692	3,296
After one year but no more than five years	9,277	6,681	7,537	4,606
More than five years	2,043	570	2,043	570
Total	15,987	11,257	13,272	8,472

Operating lease commitments – Group as lessor

The Group owns a number of buildings and has entered commercial leases where it is not in the best interest of the Group to use these buildings for their operations.

These leases have an average life of between one and two years with renewal terms included in the contracts. Renewals are at the option of the lessee. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2015 are as follows:

Class of asset	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Within one year	158	106	158	106
After one year but no more than five years	125	3	125	3
Total	283	109	283	109

No contingent rents have been recognised in surplus or deficit during the period.

Notes to the financial statements

For the year ended 31 December 2015

(b) Contingencies

Contingent Liabilities

Litigation

Te Wānanga o Aotearoa have six legal claims outstanding as at balance date (2014 seven). These claims relate to legal disputes with external parties. Te Wānanga o Aotearoa has not disclosed the details of these claims as it may seriously prejudice the position of the entity with respect to disputes with other external parties.

Financial guarantee

Te Wānanga o Aotearoa has no financial guarantees in place as at balance date (2014 nil).

Contingent Assets

Te Wānanga o Aotearoa has no contingent assets as at balance date (2014 nil).

21. Related party disclosure

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

Related party disclosures have also not been made for transactions with entities within Te Wānanga o Aotearoa group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions. In conducting its activities, DynaSpeak Limited received subcontracting revenue from Te Wānanga o Aotearoa to provide education services for the year ended 31 December 2015. DynaSpeak Limited invoices Te Wānanga o Aotearoa for this revenue on a monthly EFTS consumption basis.

The subcontracting revenue paid by Te Wānanga o Aotearoa is disclosed in note 4, payments to DynaSpeak Limited.

Te Wānanga o Aotearoa invoices DynaSpeak Limited for a management fee (\$200,000 per annum) to recover overhead costs in respect of support services provided to DynaSpeak Limited during the year. This includes accounting, transaction processing, payroll, human resources and information technology support.

The management fee received by Te Wānanga o Aotearoa is disclosed in note 2, and is included in miscellaneous revenue.

22. Key Kaimahi Remuneration

Te Mana Whakahaere remuneration

Wages and salaries include Te Mana Whakahaere and sub-committees remuneration of \$128k (2014 \$86k) distributed as follows:

		Appointment Date	Retirement Date	2015 \$'000	2014 \$'000
Current Council					
Richard Batley	Council Chair	Aug-04	–	25	25
Katie Bhreatnach	Council	Jul-15	–	8	–
Vanessa Eparaima	Council	Jul-15	–	8	–
Robert Gabel	Council / Audit & Risk	Jul-15	–	8	–
Bryan Hemi	Council	Jul-15	–	8	–
Dr Kathie Irwin	Council	Apr-15	–	12	–
Josh Wharehinga	Council / Academic Board	Jul-15	–	6	–
Rea Wikaira	Council / Audit and Risk	Aug-13	–	15	8
Audit and Risk					
Gary Dyll	Audit & Risk	Aug-11	–	1	1
Wayne McLean	Audit & Risk	Jul-08	–	3	2
Steve Ruru	Audit & Risk	Jun-10	–	2	1
Previous Council					
Sir Toby Curtis	Council	Apr-09	Jul-15	2	6
Manaoterangi Forbes	Council	Jun-98	Jul-15	8	13
Manuka Henare	Council / Audit & Risk	Jan-06	Jul-15	4	5
Tania Hodges	Council	Oct-01	Apr-14	–	3
Peter Joseph	Council	Sep-07	Jul-15	1	3
Tukoroirangi Maatiahā Morgan	Council	Feb-13	Jul-15	1	2
Angelina Matekohi	Council / Academic Board	Oct-13	Oct-14	–	5
Colleen Tuuta	Council	Aug-11	Jul-15	5	6
Karl Wixon	Council	Aug-13	Jul-15	11	6
				128	86

The current Council was appointed in July 2015.

The Chairman of Te Mana Whakahaere inherited a motor vehicle from the previous Chair and has had the benefit of the full use of it since 27 February 2008 which was agreed with the Crown Manager at that time. As a result of the introduction of the new fees regime, Te Wānanga o Aotearoa sought approval to include the motor vehicle as an exception to the Fees Framework, however this was not approved by the Minister of Tertiary Education, as noted in the letter dated 2 November 2015. Whilst this advice was pending the Chairman elected to be remunerated at the previous rate for Chairs effective from 1 July 2015.

Legal advice was also sought and provided and Te Mana Whakahaere has subsequently approved the sale of the motor vehicle to the Chairman at market value.

Whilst Cabinet guidelines will be adhered to in future, Te Mana Whakahaere reserves the right to apply for exemptions to fulfill business requirements as required.

Notes to the financial statements

For the year ended 31 December 2015

Directors fees paid by Open Wānanga Limited were as follows:

	Group 2015 \$'000	Group 2014 \$'000
Richard Batley	–	45
June McCabe	–	18
	–	63

The business of Open Wānanga Limited was absorbed into Te Wānanga o Aotearoa as from 1 January 2015.

The sole director of DynaSpeak Limited was not paid any director fees (2014 nil).

Key management kaimahi and governance remuneration:

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Kaihautū/ Tumu*/ Senior management	2,674	2,142	2,402	1,718
Te Mana Whakahaere and sub-committees	128	86	128	86
Total	2,802	2,228	2,530	1,804

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Short term and kaimahi welfare benefits	2,738	2,204	2,474	1,780
Other long term benefits – KiwiSaver	64	24	56	24
Total	2,802	2,228	2,530	1,804

*As part of the organisation review in 2014, the senior executive 'Kaihautū' was replaced with a new senior executive 'Tumu'.

Total remuneration includes any non-financial benefits provided to kaimahi, including motor vehicle, medical insurance, life insurance and income protection insurance.

Prior year comparatives have been amended to reflect total remunerations benefits.

Number of key management kaimahi and governance members:

	Group 2015 \$'000	Group 2014 \$'000	Parent 2015 \$'000	Parent 2014 \$'000
Kaihautū/ Tumu*/ Senior management	12	18	10	14
Te Mana Whakahaere and sub-committees	11	15	11	15
Total	23	33	21	29

To determine management kaimahi numbers for Kaihautū/ Tumu/ Senior leadership, full time equivalents is used. A full time equivalent (FTE) is based on kaimahi working a 37.5 hour week.

To determine the number of governance members with respect to Te Mana Whakahaere and Sub-Committees, a member is recognised only once if they hold more than one position. The full time equivalents concept is not practical to apply to governance roles.

23. Events after the balance date

There are no events after balance date (2014 nil).

24. Explanation of major group variances against budget**Statement of comprehensive revenue and expense**

The Group achieved a surplus before revaluation of \$5.068m (3.3% of total revenue), which is \$1.58m ahead of budget of \$3.485m (2.3% of total revenue).

Government funding is below budget by \$0.99m, mainly due to fewer EFTS or enrolments compared to budget.

Interest revenue is above budget by \$0.42m mainly due to the higher level of cash and term deposit balances resulting from capital expenditure being deferred to 2016.

Other revenue is above by \$1.5m, mainly due to the new Corrections Contract revenue that was not reflected in the budget.

Depreciation and amortisation cost is below budget by \$0.8m, due to the timing of capital expenditure in the last month the 2015 year, and also capital expenditure being deferred to 2016.

Land and buildings were revalued by independent valuers as at 31 December 2015, resulting in significant gain of \$9.28m. This was not budgeted.

Statement of changes in net assets/equity

The increase in the net assets/equity is explained by the surplus being higher than budget and the impact the of revaluation of land and buildings noted above.

Statement of financial position

Current assets are above budget by \$31m, mainly due a high level of cash on call and term deposits maturing with 12 months timeframe.

It should be noted that Te Wānanga o Aotearoa is placing term deposits on shorter terms as the interest rates are relatively more favourable than terms longer than 12 months.

Non-current assets are below budget by \$14m, mainly due to term deposits moving from non-current to current classification, and that Te Wānanga is placing new term deposits on shorter terms due to favourable interest rates. The balance of term deposits classified as non-current asset has decreased by \$19m, from \$24m in 2014 to \$5m in 2015.

Current liabilities are above budget by \$5m, mainly due to higher level of a payables relating to capital spend in the last month of the 2015 year.

Statement of Cash Flows

The net cash inflow from operating activities of \$10.3m, is \$2.5m lower than budget of \$12.8m. This is explained by the lower government funding cash inflow of \$1m and and higher cash outflow for payments to kaimahi of \$1.6m, compared to budget.

The net cash outflow from investing activities of \$6.4m, is \$7.6 m lower than budget of \$14.0m, due to large capital expenditure in last the month of the year recognised in creditors and a capital spend deferred to 2016.

Notes to the financial statements

For the year ended 31 December 2015

25. Adjustments arising on transition to PBE standards

Te Wānanga o Aotearoa financial statements for the year ended 31 December 2015 were prepared for the first time using the new Public Benefit Entities International Public Sector Accounting Standards (PBE IPSAS).

Te Wānanga o Aotearoa transition date is 1 January 2014 and it has prepared its opening PBE IPSAS Statement of Financial Position at that date.

Te Wānanga o Aotearoa has adjusted its comparative year financial statements for the year ended 31 December 2014 due to the transition to the new PBE accounting standards.

Statement of Financial Position						
Notes	Group NZIFRS PBE Dec 14 \$'000	Adjustments	Group PBE Accounting Standards Dec 14 \$'000	Parent NZIFRS PBE Dec 14 \$'000	Adjustments	Parent PBE Accounting Standards Dec 14 \$'000
Current assets						
	5,136		5,136	3,372		3,372
Cash and cash equivalents						
Taura and other receivables	a	(3,219)	–	3,171	(3,171)	–
Receivables (from exchange transactions)	a	–	1,446	–	1,448	1,448
Receivables (from non-exchange transactions)	a	–	1,773	–	1,723	1,723
Inventories		–	1,882	1,847	–	1,847
Prepayments and other assets		–	848	783	–	783
Taura fees	b	–	–	155	(155)	–
Assets held for sale		–	739	739	–	739
Other financial assets		–	32,626	30,526	–	30,526
Total current assets		–	44,450	40,593	(155)	40,438
Current liabilities						
Payables	c	(9,380)	–	8,404	(8,404)	–
Payables under exchange transactions-current	c,f	–	6,188	–	5,089	5,089
Payables under non exchange transactions-current	c, d	–	3,724	–	3,381	3,381
Taura fees		–	26	–	–	–
Kaimahi entitlements		–	8,587	8,204	–	8,204
Provision – lease make-good		–	104	82	–	82
Total current liabilities		532	18,629	16,690	66	16,756
Working capital surplus/(deficit)		(532)	25,821	23,903	(221)	23,682
Non-current assets						
Investment in subsidiaries		–	–	476	–	476
Investment property		–	1,333	1,333	–	1,333
Other financial assets		–	25,500	25,500	–	25,500
Property, plant and equipment		–	88,029	87,613	–	87,613
Intangible assets		–	6,850	6,615	–	6,615
Total non-current assets		–	121,712	121,537	–	121,537
Non-current liabilities						
Payables under non exchange transactions-non current	d	147	147	–	147	147
Provision – lease make-good		–	196	149	–	149
Total non-current liabilities		147	343	149	147	296
Net assets		(679)	147,190	145,291	(368)	144,923
Equity						
Accumulated funds	b, d, f, g	(679)	137,788	135,889	(368)	135,521
Property revaluation reserves		–	9,402	9,402	–	9,402
Total equity		(679)	147,190	145,291	(368)	144,923

Notes to the financial statements

For the year ended 31 December 2015

Statement of Comprehensive Revenue and Expense	Notes	Group NZIFRS PBE Dec 14 \$'000	Adjustments	Group PBE Accounting Standards Dec 14 \$'000	Parent NZIFRS PBE Dec 14 \$'000	Adjustments	Parent PBE Accounting Standards Dec 14 \$'000
Revenue							
Government funding		135,180		135,180	135,180		135,180
Taura fees	b, f	6,592	(244)	6,348	5,851	(155)	5,696
Interest revenue		3,196		3,196	3,075		3,075
Other revenue	d	10,057	66	10,123	23,836	66	23,902
Total revenue		155,025	(178)	154,847	167,942	(89)	167,853
Expenditure							
Kaimahi costs	e	91,112	(5,505)	85,607	81,557	(5,505)	76,052
Depreciation and amortisation expense		9,565		9,565	7,959		7,959
Other expenses	e, g	49,272	5,520	54,792	63,480	5,505	68,985
Total expenditure		149,949	15	149,964	152,996	-	152,996
Surplus/(deficit) for the year		5,076	(193)	4,883	14,946	(89)	14,857
Other comprehensive revenue and expense							
Gains/(loss) on revaluation of property, plant and equipment		-		-	-		-
Total other comprehensive revenue and expense for the year		-		-	-		-
Total comprehensive revenue and expense for the year		5,076	(193)	4,883	14,946	(89)	14,857
Accumulated funds							
Balance at 1 January 2014	d, f	133,269	(486)	132,783	120,943	(279)	120,664
Property revaluation reserve transfer on disposal		122		122	-		-
Surplus/(deficit)	b, d, g	5,076	(193)	4,883	14,946	(89)	14,857
Total comprehensive revenue and expense		5,076	(193)	4,883	14,946	(89)	14,857
Balance at 31 December 2014		138,467	(679)	137,788	135,889	(368)	135,521

Recognition and measure adjustments

- a. Reclassification within taura and other receivable to distinguish between exchange \$1.446m and non-exchange items \$1.773m
- b. Taura fees were previously recognised on a consumption basis. Under PBE IPSAS these are now recognised in full once the 10% course completion point has been reached. This results in the removal of the taura fees receivable recognised in the prior year of \$155k.
- c. Reclassification within payables to distinguish between exchange \$5.722m and non-exchange items \$3.658m.
- d. A liability has been recognised in respect of non-exchange revenue received in prior years for the construction of the Mangere childcare centre. Under PBE IPSAS 23 Revenue from non-exchange transactions cannot be recognised as revenue until the conditions attached have been satisfied. The liability has been disclosed as follows: non-exchange current liability \$66k and non-exchange non-current liability \$147k.

Reclassification adjustments

- e. Te Wānanga o Aotearoa has reclassified contract tutors' costs of \$5.505m from Kaimahi costs (note 3) to other expenses (note 4). Contract tutors are not considered kaimahi.

Prior period adjustments

- f. Taura fees were overstated in 2014 by \$89k and prior years \$207k, as revenue was incorrectly recognised.
- g. Expenses were understated in prior period 2014 by \$15k.

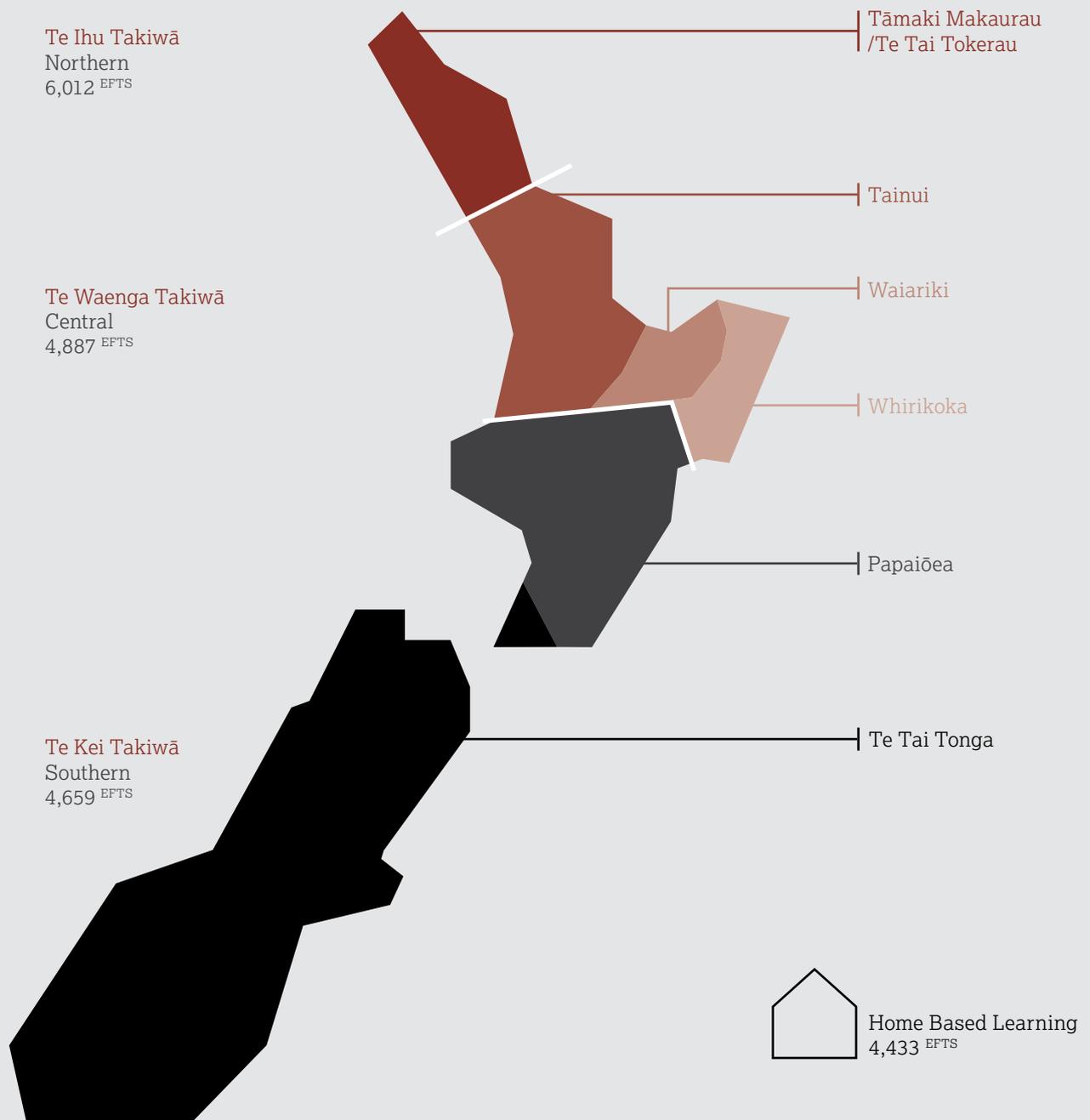
Hei whakamaumaharatanga

E te iwi nui tonu tēnei
ka tangi mō koutou kua
ngaro ki te Hono-i-wairua.
Mahue mai ko mātou te
hunga ora ki muri nei
auē atu ai, mōteatea atu
ai, mapu atu ai. Nō reira
moe mai rā kei aku rau
kahurangi kei aku kuru
tongarereua. Waiho mai
ko mātou hei pīkau ī ā
koutou ōhākī hei oranga
mō ngā whakatupuranga.
E moe, okioki atu.

Remembrance

To the multitudes who have departed this world, we mourn for you as you now take your place where the spirits gather. In the world of the living – those of us who have been left behind – we wail in sorrow, we weep as we think of you, we heave a sigh of grief. But, sleep my cherished ones, my treasured ones. Leave for us your works that we may continue to fulfil your aspiration to help our future generations. Forever be at rest.

Ngā takiwā me ngā whare



EFTS totals include SAC funded EFTS, Youth Guarantee EFTS and any other EFTS outside of SAC funding

Locations

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