MANUKAU INSTITUTE OF TECHNOLOGY
Te Whare Takiura o Manukau

FINANCIAL STATEMENTS

for nine months ended 31 December 2020






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FINANCIAL STATEMENTS

Nine months ended 31 December 2020

OUR ORGANISATION

About Manukau Institute of Technology Limited (MIT)

Kaupapa

MIT exists to transform the lives of our students, their families and communities. We connect our students' hopes and aspirations to vocational education, job opportunities and career pathways.

We are the place for all people. Our commitment to Te Tiriti o Waitangi creates a foundation for an inclusive and culturally rich learning experience. Our relationship with our students is a lifelong connection of manaakitanga.

We celebrate and draw upon our diversity, which stems from being based in Manukau at the stern of the Tainui waka and in the heart of the Pacific. Our cultural traditions, languages, beliefs, and skills draw from many ethnic groups. People from all walks of life flourish at MIT, creating a rich tapestry of understanding and then spreading it out across the world.

Goals

GOAL 1: Grow lifelong learning

GOAL 2: Raise learners' outcomes

GOAL 3: Maximise relevance to employers

GOAL 4: Add value through targeted research

GOAL 5: Be a great place to work

GOAL 6: Be excellent, efficient and effective

Our Values

The values below identify what MIT holds to be important in how we go about our Kaupapa. While they are for staff to embody, it is hoped that they can also be imparted onto our students through the behaviours of our staff.

MANAAKITANGA

We genuinely care for others.
So we make all people feel welcome through kindness, understanding and respect. We make you feel appreciated by acknowledging your contributions. All of which creates an environment where achievement can be nurtured.

WE ARE EXCELLENT

We aim for the top in everything we do.
So we push boundaries and exceed expectations. It's how we achieve excellent results and the reason we get to celebrate success.

WE ARE CONNECTED

We build valuable partnerships with individuals, industry and communities, where knowledge is shared and created without silos, fences or egos. When others talk, we really listen. We are open and approachable. We want our networks to-be strong and our relationships to be genuine and long-lasting.

WE ARE REAL

We admire people who are genuine and honest. Down to earth people who reflect the way we like to teach, with practical, hands-on learning that leads to real skills for real jobs in the real world.

2020 at a Glance

Financial Overview

12 months

NON-BASE INCOME	NZ$ 8.7 million
GOVERNMENT FUNDING	NZ$ 45.4 million
STUDENT FEES AND OTHER REVENUE	NZ$ 45.7 million
TOTAL EXPENSES*	NZ$ 99.2 million
TOTAL ASSETS	NZ$ 272.4 million
SURPLUS / (DEFICIT)*	NZ$ 0.6 million

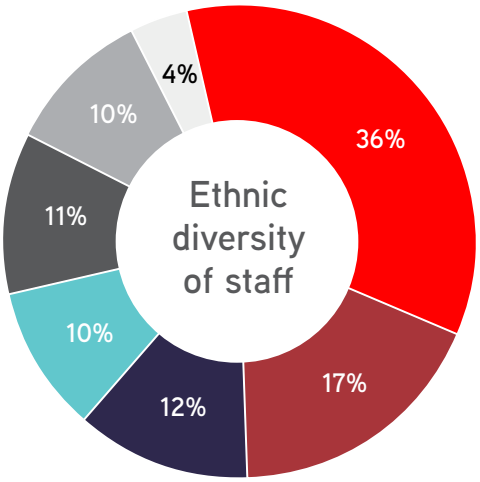
*Surplus/(Deficit) before separately disclosed expense items

Our People

690
Permanent and Fixed Term Staff

Female
60% Staff
53% In leadership

Male
40% Staff
47% In leadership



Student Participation

11,138
Total enrolled students

5,764
EFTS (Equivalent Full-Time Student)

47% *Female students*

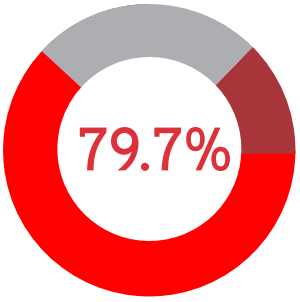
53% *Male students*

STUDENTS UNDER 25*	PASIFIKA STUDENTS*	MĀORI STUDENTS*
48%	29%	14%

*Not mutually exclusive.

EFTS weighted SAC calculation.

Success



EFTS weighted SAC calculation.

QUALIFICATIONS AWARDED:

443	Diplomas and Graduate Diplomas
1589	Certificates and Awards
471	Degrees

Employability and Progression

Graduates in employment or further study: **85.5%**

78.5% OVERALL STUDENT SATISFACTION

CAMPUS LOCATIONS

MIT ŌTARA

Baking, culinary and hospitality; education; floristry; foundation and bridging studies; hairdressing; languages; logistics; police preparation, social work; sport, recreation and exercise science; supported learning.

Gate 12, Ōtara Road, Ōtara, Auckland

MIT MANUKAU

Business; digital technologies; nursing; health and counselling.

Level 2, Corner Manukau Station Road and Davies Avenue, Manukau, Auckland

MIT TECHPARK

Professional engineering and trades (arboriculture, landscape construction; automotive; carpentry, scaffolding, brick and block laying; construction supervision; electrical trades; mechanical engineering trades; plumbing, gasfitting and drainlaying; refrigeration and air conditioning).

58 Manukau Station Road, Manukau, Auckland

NEW ZEALAND MARITIME SCHOOL

Nautical science; marine engineering; marine electro-technology; foreign-going; master or chief; domestic maritime; master yacht; seafarers certification.

Level 3, 2 Commerce Street, Auckland

MIT MAHURANGI

Nautical science; marine engineering; STCW short courses; superyacht crew; domestic maritime.

11 Glenmore Drive, Warkworth

Champion for ‘levelling the playing field’ in education retires

This year, Dr Stuart Middleton became the first recipient of an Emeritus Professorship at MIT.

The title was awarded at the institute’s Celebrating Excellence event in November and recognises the work Stuart has done since 2002 to change the way our students learn.

“If someone is in the water, they don’t have a life jacket and they’ve never been taught to swim, it’s a good idea to pull them out,” is how he explains his philosophy.

One of Stuart’s major achievements was creating the internationally-regarded Tertiary High School Model.

MIT’s School of Secondary-Tertiary Studies allows those at risk of disengaging to receive targeted support in smaller classes while also learning vocational skills, strengthening their future pathway to employment or further study.

“If I’m a one trick pony, it’s my fervent banging on about the New Zealand school system, how it’s broken and until the pathways and transitions are addressed it will continue to be one of the most iniquitous school systems in the Western World,” he said at a morning tea marking his retirement.

Stuart has worked in education for more than fifty years, much of that time spent in South Auckland.

His career began teaching English at Papatoetoe High School where one of his pupils was future Education Minister and Mayor of Auckland Phil Goff.

> “We have been extremely fortunate to have someone of his intellect, creativity and drive with us for so long.”

“He is driven by a fierce desire to help all students to achieve to their potential. His work has improved the lives of countless students by helping them to attain qualifications necessary to gain good jobs and further study opportunities,” says Mr Goff.

After serving as Head of English at Ngā Tapuwae College, Stuart spent a decade as Senior Lecturer in English at Auckland College of Education.

In 1990, he was appointed Principal of Aorere College before returning to the college of education as Director of Secondary Education from 1997 to 2002.

“On the surface, Stuart is a gentleman and scholar, but beneath lurks the spirit of a revolutionary who during his career has changed the shape of our education system, particularly in South Auckland, for the better,” says MIT Chief Executive, Gus Gilmore.

“We have been extremely fortunate to have someone of his intellect, creativity and drive with us for so long,” he says.

Prof Em Middleton’s work forms much of the foundation for our institute’s future efforts to deliver ōritetanga, educational parity for all learners by 2025.

Blues players talk about the importance of education

Job losses caused by COVID-19 hit the communities we serve with South Auckland schools reporting more students were leaving to enter employment to help support their families.

As part of MIT's sponsorship with Blues Rugby, three franchise players spoke at Ōtahuhu College about remaining connected to education even during tough times.

Rugby-playing students asked the stars: Who would win a running race? What was it like playing your first game as a professional? Who can bench the most? What's it like playing with Beauden Barrett and who inspires you?

The chat was filmed for a video by MIT Sales and Marketing later posted on the institute and the team's social media platforms generating more than 80,000 views.

> "I was a bit lost after school. Don't just be lost. Be proactive in figuring out what you want to do."

It touched on themes such as communicating within families about future goals, how learning can be flexible as well as hands-on and rewarding in the long term.

"I know at home after COVID, the struggles," says Blues prop Ofa Tu'ungafasi.

"But communicate with your mum. If you know school is important explain to her, give me another three months. I need to pass some papers. If I pass this exam I can go to MIT. If I can get a trade, instead of working for $18 an hour, I can work for $30 an hour," he says.

Hooker Kurt Eklund made the squad this year, but qualifying as a builder before his sporting career took off played an important part in preparing for life after rugby.

"I got into a trade. I really enjoyed it. It was a nice way to earn while you learn. Looking back, it was a really positive road for me," he says

"Education doesn't just have to be books and computers. You don't have to be stuck in an office. There's no better time to be a tradie with the government funding it. It's one less thing to worry about. You'd be mad not to jump on it," he says.

When the students asked, what is the best piece of advice you ever received, Karl Tu'inukuafe told them:

"I was a bit lost after school. I had every job: takeaways, cleaning, security. What my old man was always telling me was do something while you're trying to figure it out. Don't just be lost. Be proactive in figuring out what you want to do."

Building sustainable futures in the construction industry

Faith Sio-Namulauulu and Lottie Likati Tovia are two of a new generation of tradespeople taking their first steps towards futures in the construction industry.

The Auckland Girls Grammar students completed their NCEA Level 3 Building and Construction through MIT Trades Academy.

Faith was one of fifteen recipients of the Prime Minister's Vocational Excellence Award recognised at the academy's annual prizegiving in December.

"My message to those who are looking forward to what they might want to do next year is put your mind towards what you really want to do, as long as your mind is there you can believe in yourself," says the 17-year-old.

105 students from this year's cohort have already been accepted onto full time courses with MIT, including Lottie, who has signed up for a Level 4 building apprenticeship in 2021.

"I'm really proud of myself," explains Lottie, who topped her class.

In September, Prime Minister Jacinda Ardern, Education Minister Chris Hipkins, Finance Minister Grant Robertson and Building and Construction Minister Jenny Salesa visited MIT Ōtara to announce our institute as the host for the national Construction and Infrastructure Centre of Vocational Excellence (ConCOVE).

"It speaks to what MIT is already doing so well, but also the potential for them to continue to innovate and be a leader in this sector as we look to train more young people into the trades," says the Prime Minister.

ConCOVE is a national network with the role of redesigning vocational education so it supports learners to build long-term sustainable futures while developing and retaining the workforce the country needs.

"It speaks to what MIT is already doing so well, but also the potential for them to continue to innovate and be a leader in this sector."

"We want to do a better job of matching supply and demand, getting people into those jobs, getting them trained up and I think here MIT is very well placed to be at the forefront of that movement," says Minister Hipkins.

The bid was backed by a consortium including MIT, Unitec, Te Wānanga o Aotearoa, Ara Institute of Canterbury, BCITO, The Skills Organisation, the Construction Sector Accord, NZ Construction Industry Council, Vertical Horizonz and Connexis.

Initially, ConCoVE will focus on five key projects, one of them to provide tested strategies and models for stakeholders to grow workforce diversity, particular in relation to Māori, Pasifika and women.

"Only three percent of the workforce on the tools are women. The industry wants to grow the trained workforce, so why not start there?," says MIT's EGM – Academic, Prof Martin Carroll.

Earlier in the year, the Government announced free trades training will be available for the next two years as part of New Zealand's response to the business impacts of COVID-19.

Princess Te Puea's healthcare legacy woven into new degree

MIT and partners are developing a more representative, culturally competent healthcare workforce for our region to help address existing inequalities.

Te Ara Oranga: Pathways to Wellbeing Project, a partnership between the institute and Counties Manukau Health achieved with funding from Health Workforce New Zealand aims to support an additional 500 Māori and Pasifika into health careers.

The work is part of the health board's goal to deliver a workforce that reflects the demographic makeup of the local population by 2025.

Another major step forward came in February when the institute welcomed its first intake for Te Tohu Paetahi Tikanga Rangatira aa-Tapuhi, Bachelor of Nursing Māori.

"The degree is our latest response to the wero laid down by Matiu Rata, Professor Ranginui Walker and Atareta Poananga in 1983 calling for Auckland health authorities to train more Māori nurses," says Head of Nursing, Associate Professor Deborah Rowe (Ngāi Tahu).

The programme is open to students from all backgrounds, preparing to work in healthcare as a registered nurse with a particular focus on indigenous tikanga, reo and kaupapa.

"It's awesome that MIT has a course that is not just going to be nursing but Māori-centred nursing as well, and learning to care for Māori (in a way) that is familiar to them," tauira Dean Manga (Ngāti Kahu / Te Rarawa) told Radio New Zealand at the launch.

Waikato waiata 'Timatangia Te Puea' provides the philosophical foundation for the degree.

This is an acknowledgement of Princess Te Puea Heerangi's commitment to advancing the health outcomes of Waikato people, the provision of care in a Māori environment and the ongoing importance of continuing her work.

MIT would like to thank Kiingi Tuuheitia for giving us his blessing to use the waiata poi composed by Mere Morgan, Ngaatono Muru, Tangiwai Te Koi, Haarata Tuupaea and Te Paaea Matatahi between 1935 and 1937.

"It's awesome that MIT has a course that is not just going to be nursing but Māori-centred nursing as well, and learning to care for Māori (in a way) that is familiar to them."

"It is a great honour for us to have this connection to the legacy of such a remarkable leader woven into this tohu from day one," says MIT Chief Executive, Gus Gilmore.

"The waiata informs the pillars of the programme that reflect the leadership and work ethic of Princess Te Puea."

MIT would like to thank our extended sector partners for assisting us in developing this degree qualification.

MIT helping keep Kiwis working in COVID economy

When Ben Moors disembarked a flight from Honolulu on March 15 2020, he had no idea it would be his last after almost two decades with Air New Zealand.

The airline industry was one of the hardest hit by the global pandemic with our national carrier shedding 4,000 employees in response.

"Depending on how you look at it, contemplating your next career move can be stressful, but also an exciting opportunity to reinvent yourself," says Mr Moors who is a qualified nurse and renewing his practicing certificate through MIT's competency assessment programme.

The new demand to retrain and upskill in the COVID economy led to a 58% growth in Semester 2 enrolments, with the number of learners aged 36 to 45 more than doubling as well.

"MIT is in a good position to assist local learners. In 2020, we celebrated fifty years of helping South Aucklanders transform their lives through education," says MIT's Head of External Engagement, Julie Prentice.

"We recognise the really important role we have in making sure displaced workers can make swift transitions from sectors that have been hit hard to areas like the trades and health care," she says.

Mr Moors has landed a clinical placement in the care centre at Summerset Karaka Retirement Village as he works towards re-registration.

"Depending on how you look at it, contemplating your next career move can be stressful, but also an exciting opportunity to reinvent yourself."

"It's natural to be a bit nervous, but once you take that first step you grow in confidence each day in developing the skills needed for your next role," he says.

During the first lockdown, MIT began forging closer relationships with unions, industry, central and local government to offset potential economic impacts.

This included a partnership with E Tū, a union representing around 53,000 members nationwide.

In the initial stages, programmes offered free of charge through the institute were listed on the union's website, while job vacancies at MIT feature on its Job Match platform connecting with those actively seeking employment.

"If they are not given the chance to retrain, many of our people's incomes will collapse and they are more likely to be in precarious work on the minimum wage," says Marina Kokanovic, E Tū Business Strategy Director.

These relationships are still evolving at both national and regional levels as MIT continues its strong response to build resilient futures through education.

Reducing the toll of asthma in the developing world

MIT lecturers focus on producing applied research to help us better understand important issues and find practical solutions.

Asthma-related fatalities are a global health problem, particularly in developing nations where ambulance and emergency medical services are under-resourced.

According to the World Health Organisation, there were 417,918 deaths in 2016, most of which occurred in low and lower-middle income countries.

> "I like the applied nature of research that can change peoples' lives and have a positive effect."

MIT's School of Digital Technologies' Dr Sayan Kumar Ray and his research colleagues from Carnegie Mellon University in Rwanda and University of Rwanda saw the potential for using an Internet of Things (IOT) approach in designing a low-cost alert system to serve people in the capital city, Kigali.

While a phone call is still the most common way of alerting ambulance services of an emergency, for asthma-sufferers experiencing difficulty, especially those who live alone, it's not a user-friendly solution.

The Rwandan prototype allows patients to send a message from their smart devices to neighbours or other designated carers requesting immediate help, while emergency and healthcare services are also alerted.

"They find it handy," says Dr Ray. "The next phase is we plan to do more work to perfect the system and make it more automatic, embedding artificial intelligence."

The use of the Internet of Things which is defined as, 'the connectivity between multiple electronic sensors and devices with a network underneath them and people using these,' and its application to healthcare is one of the MIT researcher's key areas of interest.

Currently, he's working on applying it to eldercare in New Zealand with the backing of MIT research funding.

"I like the applied nature of research that can change peoples' lives and have a positive effect. These projects can be readily applied in the community."

Our institute also has an important role to play in preparing transport for a new era of sustainability.

The School of Professional Engineering named as part of the Victoria University of Wellington's Advanced Energy Technology Research programme

The school will develop courses to train technicians to build and maintain electrified heavy transport including rail, ships, heavy trucks and planes.

How educators respond to the challenges of COVID-19 was also another key theme of 2020.

School of Arts and Education publishing a monograph on how the pandemic changed the landscape for practicum placements in Early Childhood Education and how the school responded.

Chairman of the Board Review

Peter Winder
Chairman of the Board

This year, MIT celebrated fifty years of transforming lives through education in South Auckland.

Unfortunately, we did not get an opportunity to come together and mark this important milestone, face-to-face.

Instead, kaimahi honoured the legacy with their actions, going the extra mile, digging deep to look after our learners and each other during tough times.

COVID-19 presented us all with huge challenges; from making sure all students had laptops and connectivity while our facilities were closed to forecasting a future with few or no international students.

This was hard, but it also allowed us to better imagine the potential of a seamless, boundary-less vocational education system for both online and face-to-face delivery.

On 1 April, while the country was in lockdown, Te Pūkenga – New Zealand's national institute was established, as was MIT as a limited liability company and subsidiary.

I thanked the MIT Council for its efforts to guide the institute during their tenures and as newly-appointed Chair of the subsidiary board welcomed new directors.

As individuals, they come from a diverse range of backgrounds and bring these insights and expertise to the table.

While MIT remains a separate entity under these reforms with separate governance arrangements, the same directorship group also provides governance at Unitec.

I also have the privilege of serving on the inaugural Governing Council of Te Pūkenga under the chairmanship of Murray Strong.

This year, Stephen Town was appointed as Chief Executive of Te Pūkenga. Stephen is no stranger to leading large and complex organisations in change towards an era of greater collaboration as CE at Auckland Council. His experience, skills and judgement are of great value as the national operating model is developed.

Welcoming Murray, Stephen and Te Pūkenga DCEs to Ngā Kete Wānanga Marae was not just an historic moment, but also an opportunity to connect with our whānau based in Kirikiriroa.

MIT staff and students are playing important roles in the establishment of the national body at all levels and this contribution is greatly appreciated.

On 14 August, I announced that Unitec's acting CE Merran Davis had been appointed to the key role of Deputy Chief Executive – Transformation and Transition; with MIT CE, Gus Gilmore taking the reins at Unitec as well.

In December, the executive leadership teams at both institutes were disestablished, an integrated model for top tier management developed to which appointments will be made early in the new year.

"Our goal is not to achieve 'one size fits all' provision in Tāmaki, but to reshape ourselves and, in so doing, harness the uniqueness and strengths of institutes, our kaimahi, tauira, business and communities we serve."

These big structural moves allow us to better explore the way vocational education can act as an important driver of economic growth, sustainability and resilience.

Tāmaki Makaurau is home to the country's largest, most diverse learner potential as well as the highest demand for skills in essential sectors such as health, infrastructure, social services, housing and food production.

Our mandate, as well as the scope of our work under Te Pūkenga is wider and allows us to engage with the needs and trends in these areas, as well as assessing and bridging the gaps in provision that exist in the region.

Manukau Institute of Technology is well placed to play a significant part in the future shape of delivery.

One of our institute's key strengths is its strong engagement with communities of Māori and Pasifika learners, businesses and communities.

Tertiary Education Commission has set the goal of achieving Ōritetanga: Tertiary Success for Everyone by 2025.

Our response examines the reasons priority learners do not engage with skills training and do not complete in numbers achieved by other groups, while developing strategies to address these pressure points.

In this work, we rely heavily on the existing relationships MIT staff have with whānau, mana whenua, marae, churches, non-government organisations and schools.

It also provokes brave conversations about what we are achieving for tauira, celebrating and enhancing the best of this, while also having the courage to ask tough questions in pursuit of better outcomes.

Through my involvement with Te Pūkenga Governing Council, as Chairman of both subsidiaries and prior to that as MIT Council chair, I'm in a good position to judge the lay of the land.

The perspective I have reached in 2020 is that Unitec and MIT are two very different organisations with their own cultures, communities, different approaches and ways of working.

Our goal is not to achieve 'one size fits all' provision in Tāmaki, but to reshape ourselves and, in so doing, harness the uniqueness and strengths of institutes, our kaimahi, tauira, business and communities we serve.

Peter Winder
Chairman of the Board

Chief Executive Report

Gus Gilmore
Chief Executive

2020 will live long in the memory as the year in which New Zealand and the world first experienced the health and economic impacts of the COVID-19 pandemic.

Before I go on, let me thank MIT's staff and students for the way they handled the lockdowns, cancellations of graduation and jubilee events while adhering to Ministry of Health guidance on changing alert levels.

When the Prime Minister announced the first national Level 4 lockdown in March, MIT had to transition thousands of learners and hundreds of employees from face-to-face, on-campus delivery to working and learning from home in the space of 48 hours.

During the weeks that followed our people embodied the values of manaakitanga, excellence, connectedness and being real in the way they ensured students continued to pursue qualifications through MIT, in times of uncertainty.

While our country responded admirably to the challenges and disruptions imposed by the virus, it is important not to consider these in the past tense.

MIT's role in the continuing effort is two-fold.

The first means playing our part in providing safe, healthy environments where our thousands of students can learn and staff can work, while supporting the national goal of preventing community transmission.

The second is to help New Zealanders and the industries they work in, own and rely on emerge from this more resilient and better prepared to face the future.

COVID-19 changed the landscape in which we operate. International student numbers at Te Pūkenga subsidiaries were reduced by 18%. While strong domestic demand for vocational training driven by free trades training and job losses saw Semester 2 enrolments with MIT increase 58%.

The Government's Reform of Vocational Education (RoVE) was already well underway before the pandemic. However, the greater collaboration inherent in the new model and the opportunity to redesign training to suit today's learners, industries, communities and market conditions is golden.

As now Chief Executive of MIT and Unitec concurrently, it is my job to – along with our directorship, leadership, kaimahi, student and stakeholder voices – develop a strategy for the sector in Tāmaki Makaurau – Auckland.

In 2020, the focus of this work was on creating the right governance and leadership structures to follow our future direction with the necessary strategic clarity.

"In a time of change, it is important to remember those who have contributed so much and be reminded - while the tools, methods and approaches we use might change our kaupapa remains the same."

The questions we are asking are significant and - in many cases - deal with issues our previous models have failed to shift. These include increasing the mana of trades training, reforming our current apprenticeships system and achieving educational parity for Māori and other priority learner groups.

The answer must be vocational training that puts the needs of ākonga – learners at the centre. How we arrange ourselves around the work we do is a key theme of this mahi.

While the year's Graduation Week had to be cancelled and the celebration of our Golden Jubilee could not proceed as planned, MIT teams continued to deliver on other major projects.

The Campus Masterplan Strategy reached significant milestones including the opening of TechPark to teaching, the repurposing of the Dilworth Building as a student-facing facility and relocation of South Campus support teams to ND Block on North Campus.

We had the privilege of hosting the Prime Minister, Minister of Education and Cabinet colleagues for the announcement of MIT as the host for the Construction and Infrastructure Centre of Vocational Excellence (CONCoVE).

CONCoVE is a national network and the fruits of a large collaboration between our institute, consortium partners and 32 associate members. With these numbers expected to grow.

Another highlight was the appointment of Dr Wiremu Manaia as Deputy Chief Executive – Māori who is leading MIT's team connecting tauira, kaimahi and mana whenua with the clear priorities of Te Pūkenga regarding Te Tiriti o Waitangi.

As the year came to a close, we said a fond goodbye to one of New Zealand education's most energetic and innovative minds.

In November, Dr Stuart Middleton received the first Emeritus Professorship awarded by the institute for his life's work including forging greater connections between the compulsory and non-compulsory sectors.

In accepting the title, Stuart quoted Sir Isaac Newton's immortal words, 'If I have seen further than others, it is by standing upon the shoulders of giants.'

As we go forward, it is the likes of Prof Em. Stuart Middleton and the late Papa Kū whose legacies we seek to progress.

In a time of change, it is important to remember those who have contributed so much and be reminded - while the tools, methods and approaches we use might change our kaupapa remains the same.

Gus Gilmore
Chief Executive

Financial Overview

Financial Statements

With the introduction of the Education (Vocational Education and Training and Reform) Amendment Act 2020, MIT has had to divide the trading year into two periods. These Financial Statements cover the performance of MIT for the period from 1 April to 31 December 2020. Separate Financial Statements were prepared and audited for the period 1 January to 31 March 2020.

As a new organisation there are no comparative figures included in these Financial Statements, but budget comparisons are provided where required. These are based on an apportionment of the full year budget for 2020 approved by MIT's former Council.

Operating Performance for the full year to 31 December

On an annual basis MIT's operational result is a surplus of $0.6m, well ahead of the budgeted deficit of $2.6m.

This is a very positive result despite the disruptions due to Covid-19. Covid-19 impacts are covered under Note 29, but in summary these are a reduction in contract income and additional costs required for PPE and staff cover. However, the key reasons for the positive result is that domestic student numbers were higher than budgeted, international students were slightly higher than budget and there was no clawback on Government funding.

In regards to student numbers the education sector and in particular MIT have historically been contrary to the New Zealand economic cycle. The Government initiative under the Targeted Training Apprenticeship Fund also assisted with boosting semester 2 enrolments in 2020. Early indications are that this trend will also continue in 2021.

In addition the TEC and the Minister of Education provided written advice (dated 31 March 2020) that for the 2020 year there will be no recovery of Investment Plan funding because of either poor Education Performance Indicators (EPI), or under delivery during the year. All other funding conditions still apply.

As a result, the funding receivable under the approved Investment Plan for the 2020 year was not withheld for courses where under delivery occurred which would have normally been the situation.

Financial Position

The liquidity position remains sound having received the proceeds of the settlement of the sale of properties which concluded in December 2019 as well as the reimbursement of the encumbrance payment. As a result, there has been no drawdown required on the loan facility with capital being funded from cash at bank. Forecasts for 2021 also show no requirement for any debt.

Asset values were improved during the year with renovations in the Ōtara Campus to facilitate staff consolidations and enhance teaching spaces. The new TechPark location was launched in September 2020. The move into this space has been completed on a phased basis to minimise disruption to student learning.

The fitout and equipment purchases were all part of the Campus Master Plan. The Maritime relocation has been postponed due to favourable lease extensions negotiated with the landlords. Following a review of the property values the land value has been increased by $3m ahead of the planned full revaluation to be carried out in 2021. This has been in recognition of the strong increase in Auckland property values in the latter part of 2020 which are predicted to continue to increase for the foreseeable future.

The Future

The one remaining strategic capital programme is the relocation of the Maritime School, their current leases having been extended to the end of 2022. Aside from the completion of some minor works on 2020 projects the capital programme for 2021 is back to business as usual. As noted, early indications are that domestic student numbers for 2021 will be higher than 2020 actuals, but with uncertainty as to when New Zealand's borders may open to allow for normal International student intakes, the 2021 numbers are very conservative.

The vocational education sector will continue to undergo significant changes over the next few years, with the next major one being in the latter part of 2022 when the next stage of the legislation changes as part of the Education (Vocational Education and Training and Reform) Amendment Act 2020 are intended to be effected.

MIT remains committed to ensuring its graduates have the capability and skills required to meet the needs of the changing Tamaki Makaurau economic environment. Student career aspiration for Māori, Pasifika and under 25's across the region and particular in South Auckland will continue to be at the forefront of MIT's strategic initiatives.

Comparison Of Annual Revenue And Expense And Cash Flows

On the 1st of April 2020 the existing Institute's of Technology and Polytechnics (ITPs) became subsidiaries of the newly formed Te Pūkenga. The annual reporting period for the ITPs is the calendar year. As a result of the legislative change each ITP prepared a special financial report for the period ending 31 March 2020 covering the part of the 2020 financial year from 1 January through to disestablishment on 31 March 2020. The first reporting period for the new group, Te Pūkenga and its subsidiaries started on 1 April 2020 and concluded on 31 December 2020. As the new entity did not exist in the prior year there are no comparatives provided in the Audited Financial Statements.

GAAP compliant accounting policies govern the recognition of revenue and expenditure, together with the transformation of MIT has resulted in the period to disestablishment seeing most annual revenue recognised while expenditure (and resulting cashflows) is spread across the 12 month trading period. To provide more meaningful comparison of MIT's performance between 2020 and the prior financial year 2019 the following summary has been provided. The first column provides a summary of Revenue and Expenditure and Cashflows from the Disestablishment Financial Report, i.e. for period 1 January to 31 March 2020. The second column is for the first reporting period of the new subsidiary. These are the audited financial statements, on pages 38 to 63. The third column providing the total for the calendar year (irrespective of the structural changes of the entities upon the formation of the new group). The fourth column provides the prior year's comparative Revenue, Expenditure and Cash flows for MIT.

Comparison Of Revenue And Expenses

All in $000s	ACTUAL 3 MONTHS 1 JANUARY 2020 – 31 MARCH 2020	ACTUAL 9 MONTHS 1 APRIL 2020 – 31 DECEMBER 2020	TOTAL 12 MONTHS 2020	LAST YEAR 2019
REVENUE				
Government grants	44,975	5,028	50,003	41,535
Tuition fees	21,544	26,775	48,319	53,253
Other revenue	153	1,088	1,241	1,069
Total revenue	**66,672**	**32,891**	**99,563**	**95,857**
EXPENDITURE				
Personnel & employee benefit costs	13,088	45,721	58,809	61,043
Depreciation and amortisation expenses	3,214	9,915	13,129	11,323
Administration and other expenses	5,591	21,441	27,032	28,540
Total expenditure	**21,893**	**77,077**	**98,970**	**100,906**
Net Surplus/Deficit	**44,779**	**(44,187)**	**592**	**(5,049)**

Comparison of Cash Flows

All in $000s	ACTUAL 3 MONTHS 1 JANUARY 2020 – 31 MARCH 2020	ACTUAL 9 MONTHS 1 APRIL 2020 – 31 DECEMBER 2020	TOTAL 12 MONTHS 2020	LAST YEAR 2019
Net cash inflow from operating activities	12,724	3,092	15,816	2,433
Net cash outflow used in investing activities	(3,860)	(14,924)	(18,784)	36,110
Net cash flows from financing activities	0	(113)	(113)	(25,787)
Net (Decrease)/Increase in Cash and Cash Equivalents	**8,864**	**(11,945)**	**(3081)**	**12,756**
Cash and cash equivalents at beginning of the period	**14,060**	**22,924**	**14,060**	**1,304**
Cash and cash equivalents at end of period	**22,924**	**10,979**	**10,979**	**14,060**

GOVERNANCE

Governance and Accountability

Statutory role

For the period up to and including 31 March 2020, Manukau Institute of Technology was a polytechnic established pursuant to section 162 of the Education Act 1989. As of 1 April 2020, Manukau Institute of Technology Limited (MIT) is a subsidiary of Te Pūkenga – New Zealand Institute of Skills and Technology, constituted in accordance with Part 1, Subpart 5 of Schedule 1 of the Education and Training Act 2020 (the Act). MIT is also a Crown Entity for the purposes schedule 4 of the Crown Entities Act 2004.

Governance structure

Board

The governing body of MIT is the MIT board of directors (Board). It comprises seven members appointed in accordance with Part 1, Subpart 5 of Schedule 1 of the Act.

Board Committees

Pursuant to section 283(4) of the Act, the MIT Board is empowered to establish committees to exercise such powers as are delegated to them under the Act or conferred on them by statutes made by the Board. The standing committees of the MIT Board are the:

- Audit and Compliance Committee
- Chief Executive Review Committee
- Student Appeal Committee
- Academic Committee
- MIT Rūnanga
- MIT Pasifika Community Komiti

These committees are formally constituted with terms of reference.

MIT Rūnanga

1. Purpose

To give advice to the Board on strategic matters that impact on Māori at MIT.

2. Membership of the Rūnanga

The Rūnanga comprises of up to eleven members. Membership on the Rūnanga includes:

a) four members appointed by the Board where nominations are drawn from a general call for applications from the Māori community;

b) four members, with one appointed from each of the following:

i. The recognised tribal authority Te Whakakitenga o Waikato,

ii. Manukau based Māori Organisation,

iii. Ōtara Community,

iv. By/from local secondary schools and/or wharekura;

c) three ex officio members, the Kaiākau, the Chief Executive Officer MIT (or delegated appointee), and the Deputy Chief Executive, Māori;

d) the term of appointment is for three years, except where otherwise indicated for the purpose of continuity;

e) the Chair of the Rūnanga is appointed by the MIT Board

f) members are able to be reappointed for up to three (3) additional three year terms.

3. Role of the Rūnanga

Community Engagement
To bring to MIT the diverse voices of Māori.

Te Tiriti o Waitangi
To uphold and actively protect and promote Te Tiriti o Waitangi, including MIT's responsibilities and obligations.

Advocacy
To advocate for the strategic priorities of the Māori Education Strategy.

Rūnanga Relative to other MIT Entities

a) To acknowledge that the Rūnanga is an advisory group to the Board for governance matters.

b) To help Māori protect tikanga and what is sacred to Māori, and to resolve points of confusion. The Deputy Chief Executive, Māori is MIT's point of reference.

MIT Pasifika Community Komiti (PCK)

1. Purpose

To give advice to Board on matters that impact Pasifika at MIT.

2. Membership of the Pasifika Community Komiti (PCK)

The PCK comprises of up to eleven members:

a) Four members appointed by the Board where nominations are drawn from a general call for applications from Pasifika communities.

b) Four members with one appointed by the Board representing each of the following groups:

i. Leader from a Pasifika faith-based organisation (i.e.church).

ii. Pasifika community organisation

iii. Pasifika education sector

iv. Leader from the wider Counties Manukau community

c) Four ex-officio members made up of MIT staff representation (which includes the Deputy Chief Executive (DCE) Pasifika or designate as well as representatives of the MIT Pasifika Development Office (PDO) and a member from the Pasifika Staff Network.

d) A member may be appointed for up to a four year term, except where otherwise indicated for the purpose of continuity.

e) The Chair and Deputy Chair of PCK will be appointed by the Board for a four year term.

f) Members are able to be reappointed to a maximum of two consecutive terms.

g) Where there are gaps in skills and expertise within the PCK, the PCK may co-opt advisors.

3. Role of the Pasifika Community Komiti

The role of the PCK is to provide advice to MIT Board by:

1. Pasifika Student Success: Developing and recommending to the MIT Board strategies for the recruitment, retention and success of Pasifika students and staff at MIT.
2. Pasifika Engagement: Representing the voice of Pasifika to the MIT Board and providing advice to the MIT Board on matters that impact on Pasifika at MIT.
3. Pasifika Strategic Priorities: Supporting the PDO to achieve the goals set out in the MIT Pasifika Strategic Plan 2018-2023.
4. Pasifika Community Advocacy: Working closely alongside the PDO to ensure that Pasifika communities' needs are being heard. Building strong relationships between MIT and the Pasifika communities of Auckland, Tamaki Makaurau.

Governance Philosophy

Division of Responsibility between Board and Management

The MIT Board considers and approves the mission and strategic direction of MIT and monitors performance against agreed strategies and plans. Management, on the other hand, is responsible for the management of MIT and develops the procedures and operational plans that are needed to implement and deliver the Board's approved strategy.

While many of the MIT Board's functions have been delegated, overall responsibility for maintaining effective systems of internal control ultimately rests with the MIT Board. To ensure that there is clarity around responsibilities and accountabilities, the Board has a detailed delegations framework in place.

Both the MIT Board and management acknowledge their responsibilities by certifying 'The Statement of Responsibility' (in terms of the Crown Entities Act 2004) contained within this Annual Report.

Legislative Compliance

The MIT Board acknowledges its responsibility to ensure that the institute complies with all relevant legislation. The Board oversees the Chief Executive's operation of a MIT-wide legislative compliance programme that systematically identifies compliance issues so that all staff are aware of legislative requirements relevant to their role.

Risk Management

The MIT Board is committed to the management of risk at MIT and takes part in risk workshops and has approved procedures for the identification and management of risk in order to deliver a balanced portfolio of risk exposures.

Internal Audit

The internal audit work at MIT is for the most part directed to high-risk areas; this means that the internal audit plan is responsive to major changes in the risk profile of the Institute.

The Audit and Compliance Committee reviews internal audit coverage and the Annual Audit Plan and recommends approval of the Plan and any subsequent amendments to the MIT Board. The Audit and Compliance Committee monitors the delivery of the Annual Audit Plan and management's responses to and implementation of significant internal audit recommendations.

Board Fees

	ACTUAL 2020
Peter Winder *Chair*	30
Monique Cairns	15
Ziena Jalil	15
Fale (Andrew) Lesa *Alternate member A&C*	15
Peter Parussini	15
Robert Reid	15
Steven Renata	15
Total	**120**

Staff Remuneration

Based on Remuneration Information (Base salary + Allowances) for the accounting period 1 April 2020 to 31 December 2020.

Disclosure required under the Companies Act 1993

SALARY BRACKETS	COUNT OF EMPLOYEE
100,000 to 110,000	15
110,000 to 120,000	4
120,001 to 130,000	2
130,001 to 140,000	2
140,001 to 150,000	4
150,001 to 160,000	1
160,001 to 170,000	1
170,001 to 180,000	0
180,001 to 190,000	0
190,001 to 200000	0
200,001 to 210,000	0
210,001 to 220,000	1
220,001 to 230,000	1
230,001 to 240,000	1
240,001 to 250,000	0
250,001 to 260,000	0
260,001 to 270,000	0
270,001 to 280,000	0
280,001 to 290,000	0
290,001 to 300,000	0
300,001 to 310,000	0
310,001 to 320,000	0
320,001 to 330,000	0
330,001 to 340,000	0
340,001 to 350,000	2

Board and Standing Committee Attendance

	BOARD		CE PEOPLE AND CULTURE		STUDENT APPEAL		AUDIT & COMPLIANCE	
	HELD	ATTENDANCE	HELD	ATTENDANCE	HELD	ATTENDANCE	HELD	ATTENDANCE
Peter Winder, *Chair*	9	9	1	1	0	0	2	2
Monique Cairns	9	9	0	0	0	0	2	1
Ziena Jalil	9	8	1	1	0	0	0	0
Fale (Andrew) Lesa	9	9	0	0	0	0	2	1
Peter Parussini	9	9	1	1	0	0	0	0
Robert Reid	9	9	0	0	0	0	2	2
Steven Renata	9	9	0	0	0	0	2	2

Eight ordinary Board meetings were held, one extraordinary Board meeting, one CE People & Culture Committee meeting and two Audit & Compliance Committee Meetings.

Board Members Terms of Appointment

BOARD MEMBER	TERM COMMENCED
Peter Winder, *Chair*	1 April 2020
Monique Cairns	1 April 2020
Ziena Jalil	1 April 2020
Fale (Andrew) Lesa	1 April 2020
Peter Parussini	1 April 2020
Robert Reid	1 April 2020
Steven Renata	1 April 2020

Board Members Register of Interests

Note: Interests that should be registered are those where there may at some future time be a conflict of interest with the individual's role as a Board Member at MIT.

COUNCILLOR	INVOLVEMENTS WITH OTHER ENTITIES	LAST UPDATED
Peter Winder *Chair*	Director/Shareholder, McGredy Winder and Co Limited Director/Shareholder, The Sound of Music Education Limited Director and Chair, Unitec New Zealand Member, State Services Commission, Risk and Audit Committee Trustee and Beneficiary, McGredy Winder Family Trust Member, Council of NZ Institute of Skills and Technology	1 April 2020
Monique Cairns	Deputy Chair, The New Zealand Home Loan Company Limited Independent Director, SPCA Auckland Director, Unitec New Zealand Limited Committee Member, The Northern Club Member, NZ Institute of Directors Member, Australian Institute of Company Directors Executive Director, Caribou Consulting Limited Member, Auckland Art Gallery Trustee and Beneficiary, Monstar Trust Trustee and beneficiary, The Almo Trust Trustee, The Kaihere Trust Beneficiary, Cairns Family Trust Shareholder, BoatCo R3500-5 Limited	1 April 2020
Ziena Jalil	Director, Auckland Tourism, Events and Economic Development (ATEED) Board Member, Cancer Society Auckland Northland Director / Shareholder, Athene Collaborative Limited Director, Unitec New Zealand Limited Advisory Board Member, New Zealand Asian Leaders Member, Global Women Member, NZ Institute of Directors	1 April 2020
Fale (Andrew) Lesa	Director, Unitec New Zealand Limited Member, Auckland Conservation Board Member, Child & Youth Mortality Review Committee Senior Advisor, Oranga Tamariki Member, Auckland Council's Rainbow Communities Advisory Panel Member, Philanthropy New Zealand	1 April 2020
Peter Parussini	Director, Unitec New Zealand Limited Chair, Southern Cross Campus Trustee, Southern Cross Campus Foundation Member, Australian Institute of Company Directors Governor, Radio New Zealand Trustee and Beneficiary, Latisana Family Trust Shareholder and Director, Lignano Limited Employee, ANZ Bank New Zealand Limited	1 April 2020
Robert Reid	President, FIRST Union Director, Unitec New Zealand Limited Consultant, The Southern Initiative (Auckland Council) Co-chair, Auckland interim Regional Skills Leadership Group Trustee, UnionAID	1 April 2020
Steven Renata	Co-Owner/Chief Executive, Kiwa Digital Co-Owner/Director, INNOV8HQ Director, Unitec New Zealand Limited Member, Unitec Rūnanga Member, NZDIA Trustee, Mangaiti Marae	1 April 2020

Board Delegations

The MIT Board may delegate any of its functions or powers (except the appointment of the Chief Executive) to the Chief Executive or a Committee appointed in accordance with section 283(4) of the Education and Training Act 2020.

The following table summarises Board Delegations which are to be exercised in accordance with the provisions of the Education and Training Act 2020, other relevant legislation and Board Approved Statutes and guidelines. All delegations are to be exercised subject to the governance framework between Te Pūkenga – New Zealand Institute of Skills and Technology and MIT, which includes MIT's constitution and any Operational and Financial Parameters Directions issued by Te Pūkenga – New Zealand Institute of Skills and Technology from time to time.

BOARD DELEGATION	SUMMARY
Chief Executive – Operational	Provision of Courses/Programmes of Study, Strategic Planning, Management, Management Policies, Manufacture and Distribution of Goods, Provision of Goods and Services, Urgency and Incidental.
Chief Executive – Academic	Enrolment, Refusal and Cancellation of Enrolment, Student Discipline, Granting of Awards and Unsealed Certificates.
Chief Executive – Financial	Expenditure, Tenders for Capital Expenditure, Sensitive Expenditure, Disposal of Assets, Fellowships, Scholarships, Bursaries or Prizes, Student Grants and Loans, Gifts, Devices and Bequests, Fees, Fee Instalments and Refunds.
Academic Committee	Courses/Programmes of Study, Quality Assurance, Research, Sub-Committees, Academic Policies, Incidental and Assessment.
Student Appeals Committee of the Board	Student Appeals.
Chief Executive Review Committee of the Board	Oversight of the Chief Executive's conditions of employment and performance-related matters.
Audit and Compliance Committee	Oversight of risk management

Board Membership

as at 31 December 2020

Chair

Peter Winder
MA (Hons), MCILT
Member of the Institute of Directors

Members

Monique Cairns
Certificate in Company Direction (Company Directors), Institute of Directors NZ Inc.
Bachelor of Business Degree, Marketing Major
Diploma in Marketing

Ziena Jalil
MA (Hons) (Politics and International Relations)
Bachelor of Communication Studies (Public Relations)
Diploma of International Trade

Fale (Andrew) Lesa

Peter Parussini
MComm
GAICD

Robert Reid
Graduate Diploma of Economic Development

Steven Renata
Bachelor of Commerce, Marketing
Master of Commerce, Marketing with Credit

Equal Educational Opportunities

MIT has, through its Student Regulations (section 1.1), committed to providing an environment in which all students have an equal opportunity to achieve their academic potential and ensuring no unreasonable barriers are created which could prevent students from gaining access to education and training. MIT places particular emphasis on the elimination of barriers that result in under representation in tertiary education. Obviously, the COVID-19 pandemic made this particularly challenging during 2020, and the Institute was able to respond in a manner that ensured student outcomes were maintained at a high level.

In 2020 the Institute provided 47 fees scholarships, as well as various other fees, grants supporting community initiatives and supporting the transition of students into tertiary study. The Institute's financial commitment in 2020 to these scholarships was $167,058 (up from $148,406 in 2019). The Government's Fees Free policy means that most scholarships are applied to students' second year of study, hence creating a timing lag in much of this expenditure.

Students were severely impacted by COVID-19 disruptions in 2020. There was a substantial increase in students seeking financial assistance due to hardship, with 351 applications for hardship funds processed, totalling $806,850. Of this, $797,600 was paid from the TEC's COVID-19 Hardship Fund for Learners (HAFL). This compares with 59 applications totalling $12,851 in 2019.

Also in response to COVID-19, MIT successfully applied for $687,000 in Technology Access Funds for Learners (TAFL), which was used to support students with devices and internet access.

In 2020 MIT was allocated 696 places for Trades Academy delivery (including 152 places via subcontracted parties) and 200 Trades Academy places in its School of Secondary Tertiary Studies (up from 180 in 2019). Students from 37 local schools attended these programmes.

The 2019 Outcomes Data from the Ministry of Education shows that students from MIT Trades Academy who achieved ≥80% of the credits from their Secondary-Tertiary Programme was 83.9%, compared with 58.0% for all New Zealand; MIT Trades Academy Māori students were at 78.2% compared with 49.0% for all New Zealand; and Pacific students were at 81.4% compared with 59.9% for all New Zealand. These stunning results show that MIT Trades Academy is serving the academic needs of its students. In terms of "successful transition" rates from Trades Academy into further education or employment, MIT Trades Academy achieved 84.1% compared with 83.1%, with transition into further tertiary students being significantly higher than for the country as a whole.

Disability Support at MIT delivers integrated and specialist support to registered students that identify with permanent, recurring or temporary disabilities. Supports are individually designed through individual access plans to ensure equal opportunity, flexibility and access to all aspects of tertiary life for students with disabilities.

In 2020, MIT supported 538 students. The Disability Support Team continues to work closely with our external community partners and ACHIEVE (National Post-Secondary Education Disability Network Incorporated) to promote inclusion in the learning environment through day to day supports and adaptive technology. Disability Support implemented a wrap-around service at MIT to enable flexible learning and study arrangements to meet the unique needs of students. During the Covid lockdown, Disability Support introduced an online screening tool for dyslexia/dyspraxia as well as online screening for Irlen Syndrome. MIT is the first polytechnic in New Zealand to implement online screening. Success has been seen through high proactive engagements and increased retention and success rates of students as they progress towards employment and/or higher studies.

MIT provides a range of amenities, events and support services for all students. This includes:

- Student Life offering a variety of on-boarding and transition support events and activities throughout the year.
- Student Support Advisors ensure students transition into their studies with wellbeing support, outreach and on-going pastoral care as needed.
- Library and Learning Services offers easy access to computing and study facilities, and delivers a range of learning and language support services, including seminars on exam and study techniques, group and peer tutoring sessions and other learning assistance sessions directly related to the student's programme of study.
- MIT Counselling Services provides accessible counselling sessions, mediation support as well as organising and participating in activities promoting general health and wellbeing.
- The MIT Children's Education Centre is situated on MIT Ōtara campus and is for pre-school children. This is a well-equipped, purpose-built facility where the children are cared for using the widely recognised Reggio Emilia early childhood philosophy and Te Whāriki curriculum. The centre is staffed by qualified teachers and supports a number of parents who study at MIT.

Strengthening our Workforce and Supporting the Wellbeing and Safety of our Employees - 2020

Māori and Pasifika Talent Strategy

During 2020 MIT continued to work on the Māori and Pasifika Talent Strategy. The focus remained on the need for a conscious focus on our Māori and Pasifika employment proposition and our continued interest in supporting the communities we serve and the students we teach with the right level of diversity across MIT staff. Over the previous three years (2017, 2018 and 2019) we spent most of the first two years developing, consulting and measuring what the strategy would look like with us arriving at the following objectives:

- Attract, engage & grow Māori and Pasifika staff and leaders across MIT

Goals

- Increase the proportion of Māori in leadership roles from 13% to 20%
- Increase the proportion of Pasifika in leadership roles from 11% to 20%
- Increase the proportion of Māori in Academic roles from 8% to 15%
- Increase the proportion of Pasifika in Academic roles from 10% to 20%

In 2019 we created "how we meet" and "how we measure" these goals. We also put in place a project team and steerco structure to oversee the strategy. The following was decided and in 2019 we started to roll out the pilot programme (MIT's TechPark Campus):

How we meet

- Recruitment - Targeted recruitment strategies, using internal and community networks, candidate pools, Whānau interviews and specific onboarding with a buddy system.
- Engagement of Leaders – Pilot roll out with feedback, information sessions at Leadership Days, interview training for leaders, selective panel interviews.
- Retaining staff - Exit interview for staff leaving, kickstart surveys for new staff, buddy system, ongoing check in with new staff.
- Engaging our community – Through employment messaging and always ensuring that both the Runinga and the Pasifika Community were updated on the strategy.

How we measure

- Data and Reporting from MIT's new HRIS system myMIT on a quarterly basis to the sponsor group.
- Communication and two-way feedback – survey results from both exit and kickstart.

During 2020 some of the How we Meet and Measure our Goals had to be put on hold due to COVID-19 – for example the interview training for leaders, exit interviews and some community engagement. We did however continue to ensure that all our panel interviews had Māori/Pasifika attendance even on teams.

We encouraged whanau interviews and we continued to work on our kick start, buddy programme and targeted recrutiment strategies. Our data reporting showed that whilst we have seen a decrease in Māori in leadership sitting at 7%, we have seen an increase in Pasifika to 19%. We have increased by 1% in both Māori and Pasifika staff in academic – Māori staff are at 10% in 2020 (from 9% in 2019) and Pasifika are 12% in 2020 (from 11% in 2019).

In 2021 we are looking to continue with the How we Meet and How we measure goals with a focus on hightened leadership engagment and our inductions for new Māori/Pasifika staff and a feedback loop on recrutiment proceses.

Strengthening our Workforce

In 2020 we also fulfilled our pay goal, that being that all permanent and fixed term staff will be paid no less than the 2018 Living Wage of $20.55 by 1 January 2020. We are now looking at the impact of continuing this in the 2021 year with the 2019 and 2020 living wage rates.

In 2020 we also rolled out an Engagement Survey (My Voice) with a new provider. The tool encourages leadership ownership of the tool and is all around continuous feedback. From the feedback we ran a leadership day in late 2020 which had a focus on the results from the survey and how we as leaders can influence these and strengthen our teams through continuous feedback. Sessions included, wellbeing, strategy and resilience as a leader.

Safety and Wellbeing

2020 saw a heightened increase in focus on Safety and Wellbeing, with a particular emphasis on wellbeing through COVID.

From a safety perspective, our incident rates and ACC claims continued to decline. During 2020 we saw a positive increase in reporting as we launched a new online reporting portal. We also put a strong emphasis on our audits for 2020 and whilst some were delayed due to COVID, all were completed by the year end with only minor recommendations. This continues to show a strong engagement to safety from both our people leaders and staff.

In 2020 we choose not to undertake re-accreditation from the Accreditation System of Australia and New Zealand 4801 due to a review of the process and the benefits not meeting MIT expectations. Instead MIT will look to put Safety 365 in place for the 2021 year and for 2020 year we used our Audit programme of work.

Every year we award the MIT Excellence in Health and Safety award. At the 2020 Celebration of Excellence Awards, this was won by our Security Team. A team that through the 2020 year

have really demonstrated a commitment to safety. They were instrumental during COVID and proactive in ensuring MIT meet the Ministry of Health guidelines and assisting in getting campuses ready for the different alert levels.

COVID saw MIT put an emphasis on wellbeing. We ran two employee surveys through the first lock down in New Zealand and within our engagement survey (My Voice) we asked specific questions on wellbeing. Out of these surveys we have put in place a number of tools for staff. During the New Zealand lock downs, we rolled our working from home guides, resilience for leaders, heightened communications to the staff and technology support. We have since then created and published MIT's first flexible working policy and guides, our first wellbeing strategy and a new bullying, harassment and discrimination policy. With the heightened focus on wellbeing, a proportion of our 2020 leadership day was dedicated to education of the strategy, looking at initiatives for 2021 and the role of the people leader in wellbeing.

For 2021, MIT will continue this focus on wellbeing and has a number of initiatives in place including, stress and resilience workshops, mental health focus, two wellness days, pink shirt day and the biggest looser to name a few. We will also continue to ask staff for feedback on our wellness initiatives.

Statement of Service Performance

This Statement of Service Performance, when read in conjunction with the balance of this Annual Report, provides an assessment of our performance against our strategic goals for the 2020 Financial Year.

The Operating Environment

MIT was established in 1970 as the first purpose-built polytechnic in New Zealand. We serve three generic client communities (students, business, and industry/professions) along with the wider community of Manukau and its surrounding areas. We are located in the Counties Manukau sub-region, within Tainui tribal boundaries. This area:

- Is characterised by a high concentration of the country's Māori and Pacific populations;
- Is the home of many new immigrant groups, especially from Asia;
- Has significantly lower engagement in vocational education than that nationally;
- Has an exceptionally high proportion of low decile schools within its boundaries coupled with a small group of high decile schools; and
- Has significant local concentrations of business and industry

MIT's Kaupapa sets out its reason for being which guides our strategy and the measures that we assess our performance against.

Tertiary Education Strategy 2014–19

"The Government's vision is for a world-leading education system that equips all New Zealanders with knowledge, skills and values to be successful citizens in the 21st century." [1]

The first steps to achieving these shifts are outlined in the following six priorities:

- **Priority 1:** Delivering skills for industry
- **Priority 2:** Getting at-risk young people into a career
- **Priority 3:** Boosting achievement of Māori and Pasifika
- **Priority 4:** Improving adult literacy and numeracy
- **Priority 5:** Strengthening research-based institutions
- **Priority 6:** Growing international linkages.

The core roles of institutes of technology and polytechnics are:

- To deliver vocational education that provides skills for employment;
- To undertake applied research that supports vocational learning and technology transfer; and
- To assist progression to higher levels of learning or to work through foundation education.

We perform our role and deliver the key outcomes from the Tertiary Education Strategy 2014-19 by ensuring our strategy and performance measures aligned to the Tertiary Education Strategy.

Our Investment Plan 2019-2020

Due to Covid-19 a revised investment plan was not issued but the existing plan was extended to cover 2021.

Our Investment Plan 2019–20 confirms our strong commitment to the Tertiary Education Strategy through the measures used to assess our performance and our main areas of focus.

Measures of Success

Our success will be measured by the following five goals:

1. Improved employability and progression;
2. Increased participation;
3. Improved success and retention;
4. Enhanced experience and satisfaction; and
5. Increased consultancy and Industry Training

Areas of Focus

We are focused on improved outcomes for Māori, Pasifika and under 25 year olds.

Our Performance

The results for 2020 have been noticeably impacted by Covid-19. A reduction in International enrolments has been offset by semester 2 growth in domestic EFTS. These changes in enrolment patterns and growth in the number of students studying programmes that take more than 1 year to complete have reduced interim graduation numbers. Also the challenges faced by staff and students to teach are reflected by the drop in student satisfaction and appear to have significantly impacted Māori course completion rates.

Despite these challenges the overall course completion rate has only dropped by 1% and for domestic students, excluding priority groups, the interim course completion rate has improved.

Other successes in 2020 include the high participation rates of Pasifika and Under 25 priority groups in degree programmes through Health and Nursing and the improved outcomes for 2019 graduates. Of the 2019 graduates surveyed 86% are in employment or higher education.

[1] *MIT 2017 Statement of Service Provision, pg1*

How Are We Doing?

1. Increased Participation

To increase participation

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry and Growing international linkages.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
To increase the number of domestic EFTS	*1*	5,074	5,001	5,279

Domestic enrolments have declined by 278 EFTS or 5.5 %. 231 of the EFTS decline is due to a 57% drop in EFTS delivered for Industry Training Organisations (ITOs) due to Covid-19 reducing delivery capacity. EFTS in the main funding categories of SAC and YG have increased by 0.5% where an initial drop in enrolments in semester 1 was offset by strong semester 2 growth in response to Covid-19 with an increase of 38% compared to 2019.

Growth areas for SAC and YG funded students have been in Health, Languages and Foundation programmes. The areas with the most significant declines in SAC and YG enrolments were Management and Commerce, IT and Creative Arts, for the latter this was due to a reduced scope of programmes offered.

To increase participation rates for Māori, Pasifika and under 25 year olds

Relevant Tertiary Education Strategy 2014-19 outcome: Boosting Achievement of Māori and Pasifika students and Getting at risk young people into a career.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
Non-Māori and non-Pasifika				
SAC level 1-3	*1*	38%	47%	44%
SAC level 4-7 (non degree)	*1*	49%	55%	55%
SAC level 7 degree	*1*	45%	45%	45%
Māori				
SAC level 1-3	*1*	21%	23%	21%
SAC level 4-7 (non degree)	*1*	20%	14%	14%
SAC level 7 degree	*1*	19%	16%	17%
Pasifika				
SAC level 1-3	*1*	44%	35%	38%
SAC level 4-7 (non degree)	*1*	34%	34%	33%
SAC level 7 degree	*1*	40%	42%	41%
Under 25				
SAC level 1-3	*1*	53%	46%	53%
SAC level 4-7 (non degree)	*1*	49%	40%	49%
SAC level 7 degree	*1*	49%	45%	48%

In 2020 the overall SAC EFTS population was 49.3% not Māori and not Pasifika, 17.0% Māori, 36.6% Pasifika and 43.3% under 25.

Māori are over represented in levels 1 to 3 and under represented in higher levels which is also reflected in historical patterns with higher representation in building, carpentry and foundation programmes.

Pasifika students are over represented in degree programmes with high participation rates in Nursing and Social Work Programmes. For Pasifika, 2020 enrolments in Nursing degree courses has increased by 17%.

Both Māori and Pasifika groups have significantly lower participation in Maritime programmes which contributes to lower representation in levels 3 to 7 non-degree programmes.

Under 25 students are over represented in degree programmes and levels 1 to 3 programmes. Some of the main trends driving this are for over 25s to enrol in level 4 carpentry with under 25s enrolling in level 3 engineering programmes. 20% of all under 25 course enrolments in 2020 are in Nursing compared to only 12% for over 25s leading to a high proportion of students in degree programmes. Overall Under 25 students make up 4.2% less of the SAC student population than in 2019.

Note that students may identify as multiple ethnicities and are represented in all the results they identify with.

How Are We Doing? (continued)

2. Improved Success, Retention and Educational Performance

To increase the successful course completion rate of students

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry, Boosting Achievement of Māori and Pasifika students and Getting at risk young people into a career.

FUNDING TYPE AND LEVEL	NOTE	TARGET 2020	INTERIM 2020	INTERIM 2019	ACTUAL 2019
Non Māori and Non Pasifika level 1 -10	*2,3*	88%	85%	85%	85%
Māori					
Māori, level 1 - 10	*2,3*	77%	68%	72%	72%
Pasifika					
Pasifika level 1 - 10	*2,3*	80%	74%	74%	75%

Historically international students have the highest course completion rates, with a 11% drop in the number of courses completed by this group the overall course completion rate for non Māori and non Pasifika would be expected to fall. However due to the course completion rates for domestic students who are not included in Māori or Pasifika groups increasing, the completion rate for non Māori and non Pasifika has been maintained.

Completion rates for Māori students has fallen by 72% to 68% which is a significant change to the historic trend and to the results for other groups. Early indications are that this group's ability to study successfully has been disproportionately affected by Covid-19.

Overall the interim completion rate for Pasifika has been maintained, gains in Nursing, Health and Construction being offset by declines in Languages and some Engineering programmes.

To increase the number of successful qualification completions

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	INTERIM 2020	INTERIM 2019	ACTUAL 2019
To increase the number of graduates for qualifications at Level 4 and above	*3*	2,452	1,817	2,084	2,165
To increase the total number of graduates	*3*	3,623	2,650	3,188	3,409

Overall the number of graduates has decreased by 17%. In addition to declining student numbers the decline in graduates is also partly due to a change in the enrolment pattern for 2020 with more EFTS enrolling in semester 2 who are unlikely to qualify until after this year and partly due to a 5% increase in SAC, International and YG students studying programmes requiring more than 1 year to complete.

The number of graduates can only be finalised after April once all graduation results are known and the interim results for 2020 should be compared to the interim results for 2019 and 2018.

To increase the retention rate of first year SAC and Youth Guarantee students

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry and Boosting Achievement of Māori and Pasifika students.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
Non-Māori and non-Pasifika				
level 4-7 (non degree)	*7*	42%	67%	53%
level 7 degree	*7*	84%	80%	80%
Māori				
level 4-7 (non degree)	*7*	34%	40%	48%
level 7 degree	*7*	78%	63%	65%
Pasifika				
level 4-7 (non degree)	*7*	49%	59%	39%
level 7 degree	*7*	74%	69%	73%

For non Māori and non Pasifika retention rates for levels 4 to 7 non degree programmes have increased due to increased retention inhospitality and engineering and reduced demand for Marine Engineering.

For Māori the retention rates for levels 4 to 7 non degree programmes are volatile due to low student numbers, whilst for Pasifika retention has improved in Engineering and enrolments have reduced in Nautical Science. At degree level the retention rate for both Māori and Pasifika has been affected by the phasing out of the Bachelor of Creative Arts

3. Improved Employability and Progression

To improve the progression of students

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry and Boosting Achievement of Māori and Pasifika students.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
All Students				
Non-Māori, non-Pasifika students at level 1-3	*4*	50%	34%	42%
Māori students at level 1-3	*4*	48%	33%	37%
Pasifika students at level 1-3	*4*	46%	29%	44%
Under 25 students at level 1-3	*4*	48%	31%	42%
SAC				
Non-Māori, non-Pasifika students at level 1-3	*4*	47%	35%	38%
Māori students at level 1-3	*4*	49%	31%	35%
Pasifika students at level 1-3	*4*	45%	29%	43%
Under 25 students at level 1-3	*4*	45%	31%	38%
Youth Guarantee				
Non-Māori, non-Pasifika students at level 1-3	*4*	53%	25%	43%
Māori students at level 1-3	*4*	55%	48%	44%
Pasifika students at level 1-3	*4*	58%	32%	48%
Under 25 students at level 1-3	*4*	55%	30%	45%

Progression rates have been affected by the rationalisation of the number of levels programmes are offered at and changes in enrolment patterns. These changes have affected all funding types and priority groups. Areas impacted by the reduced ranges of levels offered include Automotive, Security and Horticulture. Increased enrolments in programmes with no natural progression pathway like Animal Care and Supported Learning have also reduced progression rates.

To increase the percentage of graduates moving into employment or higher education

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
To increase the proportion of graduates moving into employment or higher education - within six months of programme completion	*5*	76%	86%	76%

The recent trend of increasing numbers of graduates entering employment or higher education has continued. Of the 86%, 80% are in employment and 24% in higher study with some students doing both.

How Are We Doing? (continued)

4. Enhanced Experience and Satisfaction

To increase student satisfaction

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
To maintain student satisfaction above 8.0	*6*	8.0	7.6	8.2

Historically satisfaction levels have been very stable. The decline in 2020 reflects the disruptive impact that Covid-19 has had on students and the challenges staff have faced to still enable students to achieve successful outcomes. A score of 10 can only be achieved if all students strongly agree that the overall course is good.

5. Growing International Enrolments

To increase the number of international EFTS enrolled

Relevant Tertiary Education Strategy 2014-19 outcome: Growing international linkages.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
To increase the number of International EFTS		740	761	842

The impact of Covid-19 on International students being able to enter the country the impact has been mitigated by the students who began their studies in 2019 and continued in 2020, particularly in Engineering where there were strong international enrolments in semester 2 of 2019.

Statement of the Costs of Outputs

MIT's activities generate three broad classes of outputs. These outputs are Learning and Teaching, Research and Engagement with Communities.

Relevant Tertiary Education Strategy 2014-19 outcome: Delivering Skills for Industry, Boosting achievement of Māori, Boosting achievement of Pasifika, Strengthening research-based institutions

OUTPUTS All in $000s	NOTE	TARGET 2020	ACTUAL 2020	ACTUAL 2019
Learning and Teaching		89,898	95,364	97,416
Research		1,145	1,712	1,183
Engagement with Communities		2,329	2,086	2,308
TOTAL COST OF OUTPUTS		**93,372**	**99,162**	100,907

Increased learning costs reflect an increase in actual EFTS from 2019 in the main funding categories of SAC, International and YG. Although, due to Covid-19, enrolments have reduced in other areas these could not always be offset by a reduction in costs

Increased research costs are mainly driven by a significant increase in level of research in Nursing and community engagement in 2020 has been limited by the impact of lock downs and Covid-19

Notes to the Statement of Service Performance:

1. *SAC and Youth Guarantee EFTS are dependent on funding levels from TEC.*
2. *Investment Plan Indicator. Please also note that in some cases the historic results as published in the MIT Investment Plan 2019-20 differ slightly from the result published in this Annual Report and previous Annual Reports. This is because the historic results in the Investment Plan are drawn from the final April SDR in each year and the Annual Reports are based on the January SDR in each year.*
3. *These results are based on data from a January 2021 SDR and the final results will not be available until April 2021 when the final graduation results are known.*
4. *Progression results are sourced from TEC and measure progression for SAC and Youth Guarantee students only.*
5. *This result is based off the student graduate survey that is sent to MITs 2019 graduates.*
6. *This result is based off the student satisfaction survey undertaken during the 2020 year.*
7. *Participation results shown in accordance with TEC measures, percentage of students studying at this level.*

Financial Statements

Statement of Responsibility

In terms of the Crown Entities Act 2004, we certify that:

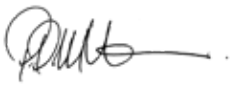
1: We have been responsible for the preparation of these financial statements, and the judgements used therein;

and

2: We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;

and

3: We are of the opinion that these financial statements and fairly reflect the financial position and operations of this Institution for the nine months ending 31 December 2020.



Peter Winder
Director

Monique Cairns
Director

Gus Gilmore
Chief Executive

Date: 25 March 2021

Independent Auditor's Report

To the readers of Manukau Institute of Technology Limited's financial statements and statement of service performance for the period ended 31 December 2020.

The Auditor-General is the auditor of Manukau Institute of Technology Limited (the company). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 38 to 63, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company on pages 30 to 34.

In our opinion:

- the financial statements of the company on pages 38 to 63:
  - present fairly, in all material respects:
    - its financial position as at 31 December 2020; and
    - its financial performance and cash flows for the period then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance on pages 30 to 34:
  - presents fairly, in all material respects, the company's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2020; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 25 March 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we

outline the responsibilities of the Board of Directors and our responsibilities relating to the financial

statements, we comment on other information, and we explain our independence.

Emphasis of matters

Without modifying our opinion, we draw your attention to:

Te Pukenga subsidiaries to exist until 31. December 2022

The basis of preparation on page 42 outlines that all Te Pukenga subsidiaries will continue in existence until 31 December 2022. There have been no changes to the financial statements as the rights, assets, and liabilities of the company will be transferred to Te Pukenga.

Impact of Covid-19

Page 30, Our Performance, and note 29 on page 63 outlines the impact of Covid-19 on the company.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

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

The Board of Directors is also responsible on behalf of the company for preparing a statement of service performance that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

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

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

The Board of Directors' responsibilities arise from the Education and Training Act 2020 and the Crown Entities Act 2004.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the company's Investment plan.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 29, and 64 to 67, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

Independence

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

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

David Walker

Audit New Zealand

On behalf of the Auditor-General
Auckland, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Statement of Comprehensive Revenue and Expense

for the nine months ended 31 December 2020

All in $000s	NOTE	ACTUALS 9 MONTHS ENDED 31 DECEMBER 2020	BUDGET 9 MONTHS ENDED 31 DECEMBER 2020
REVENUE			
Government Funding	*2*	398	0
Student Fees and Department Revenue	*3*	31,404	33,420
Other Revenue		672	0
Gain on Disposal of Property, Plant and Equipment		0	0
Unrealised Gains on Derivatives	*9*	262	0
Interest Revenue		154	0
Total Revenue		32,890	33,420
EXPENDITURE			
Employee Benefit Expenses	*4*	46,730	42,743
Depreciation and Amortisation Expense	*10,11*	9,916	8,398
Interest Expense		462	340
Other Expenses	*4*	19,969	19,035
Total Expenditure		77,077	70,516
Surplus/(Deficit)		**(44,187)**	**(37,096)**
Other Comprehensive Revenue and Expense *Items that will not be reclassified to surplus/(deficit)*			
Revaluation of land and buildings	*18*	3,422	0
Total Other Comprehensive Revenue and Expenses		3,422	0
Total Comprehensive Revenue and Expenditure		(40,765)	(37,096)

Explanations of major variances against budget are provided in Note 21.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the nine months ended 31 December 2020

All in $000s	NOTE	ACTUALS 9 MONTHS ENDED 31 DECEMBER 2020	BUDGET 9 MONTHS ENDED 31 DECEMBER 2020
Balance at 1 April		271,979	258,366
Other Comprehensive Revenue and Expense			
Surplus/(Deficit)	*18*	(44,187)	(37,096)
Other Comprehensive Revenue	*18*	3,422	0
Total Comprehensive Revenue and Expenses		(40,765)	(37,096)
Non Comprehensive Revenue and Expense items			
Other Contributions from the Crown[1]	*18*	811	0
Distribution from the Crown[2]	*18*	6,131	0
Total Non-comprehensive Revenue and Expenditure		6,942	0
Balance at 31 December		238,156	221,270

Explanations of major variances against budget are provided in Note 21.

[1]Contribution from the Crown is the temporary peppercorn lease provided subsequent to the settlement of assets held for sale.

[2]Distribution from the Crown is the return of the encumbrance on Assets held for sale paid to the Crown on settlement.

The accompanying notes form part of these financial statements.

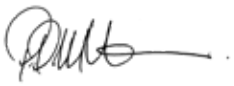
Statement of Financial Position

as at 31 December 2020

All in $000s	NOTE	ACTUALS 31 DECEMBER 2020	OPENING BALANCE 1 APRIL 2020	BUDGET 31 DECEMBER 2020
ASSETS				
Current Assets				
Cash and Cash Equivalents	6	10,979	22,924	808
Student Fees, Prepayments and Other Receivables	7	4,042	46,796	3,480
Inventory	8	376	1,044	700
Total Current Assets		15,397	70,764	4,988
Non Current Assets				
Property, Plant and Equipment	10	252,523	231,064	244,246
Intangible Assets	11	4,472	5,431	6,418
Total Non Current Assets		256,995	236,495	250,664
Total Assets		272,392	307,259	255,652
LIABILITIES				
Current Liabilities				
Trade and Other Payables	12	9,132	13,289	10,708
Employee Entitlements	13	6,660	4,641	3,664
Revenue Received in Advance	16	5,645	15,832	8,303
Trust Funds	17	623	620	658
Borrowings	19	0	0	9,333
Lease Liability	14	360	0	0
Derivative Financial Instruments	9	0	271	0
Total Current Liabilities		22,420	34,653	32,666
Non Current Liabilities				
Employee Entitlements	13	300	298	575
Borrowings	19	0	0	0
Lease Liability	14	11,516	0	0
Derivative Financial Instruments	9	0	329	1,141
Total Non Current Liabilities		11,816	627	1,716
Total Liabilities		34,236	35,280	34,382
Net Assets		238,156	271,979	221,270
EQUITY				
General Funds	18	134,931	172,176	90,227
Property Revaluation Reserve	18	103,225	99,803	131,043
Total Equity		238,156	271,979	221,270

Explanations of major variances against budget are provided in Note 21.

The accompanying notes form part of these financial statements.



Peter Winder
Director

Monique Cairns
Director

Gus Gilmore
Chief Executive

Date: 25 March 2021

Statement of Cash Flows

for the nine months ended 31 December 2020

All in $000s	NOTE	ACTUALS 9 MONTHS ENDED 31 DECEMBER 2020	BUDGET 9 MONTHS ENDED 31 DECEMBER 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Government Funding		35,971	32,782
Receipts from Student Fees and Other Revenue		36,389	38,758
Interest Revenue Received		154	0
Goods and Services Tax (Net)		(1,133)	0
Payments to Employees		(42,857)	(43,022)
Payments to Suppliers		(24,970)	(20,301)
Interest Paid		(462)	(455)
Net Cash Inflow from Operating Activities		3,092	7,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		22	0
Purchase of Property, Plant and Equipment		(13,762)	(14,957)
Purchase of Intangible Assets		(846)	(909)
Settlement of Derivatives		(338)	0
Net Cash Outflow used in Investing Activities		(14,924)	(15,866)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		0	700
Repayment of Borrowings		0	2,478
Finance Lease		(113)	0
Net Cash Flows from Financing Activities		(113)	3,178
Net (Decrease)/Increase in Cash and Cash Equivalents		(11,945)	(4,926)
Cash and Cash Equivalents at Beginning of the Year		22,924	5,734
Cash and Cash Equivalents at End of the Year	*6*	10,979	808

Explanations of major variances against budget are provided in Note 21.

The accompanying notes form part of these financial statements.

RECONCILIATION FROM NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

All in $000s	ACTUALS 9 MONTHS ENDED 31 DECEMBER 2020
Net Surplus/(Deficit) for the Year	(44,188)
before separately disclosed expenditure	0
Distribution from the Crown	6,131
Add/(Less) Non Cash Items:	
Depreciation and Amortisation Expense	9,916
Bad Debt Provision Movement	173
Other Losses/(Gains)	(262)
Add/(Less) Items Classified as Investing or Financing Activities:	
Net Loss/(Gain) on Disposal of Property, Plant and Equipment	391
Add/(Less) Movements in Working Capital:	
(Increase)/Decrease in Accounts Receivable and Other Receivables	42,581
(Increase)/Decrease in Inventories	668
Increase/(Decrease) in Trade and Other Payables	(4,157)
Increase/(Decrease) in Provisions	2,022
Increase/(Decrease) in Fees in Advance	(10,187)
Increase/(Decrease) in Trust Funds	4
Net Cash from Operating Activities	3,092

Explanations of major variances against budget are provided in Note 21.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

1: Statement of Accounting Policies

REPORTING ENTITY

Manukau Institute of Technology Limited is a crown entity company that is domiciled and operates in New Zealand. It is a wholly owned subsidiary of Te Pūkenga. The relevant legislation governing the Institutes operations includes the Crown Entities Act 2004, the Education and Training Act 2020 and the Companies Act 1993.

The primary objective of the Institute is to provide tertiary education services for the benefit of the community. It does not operate to make a financial return. Accordingly, the Institute has designated itself as public benefit entities (PBEs) for the purposes of complying with general accepted accounting practice.

BASIS OF PREPARATION

The Education and Training Act 2020 (schedule 1, clause 21) states that all Te Pūkenga subsidiaries will continue in existence until 31 December 2022. Thereafter the rights, assets, and liabilities of MIT will be transferred to Te Pūkenga New Zealand Institute of Skills and Technology (Te Pūkenga). There are mechanisms in the legislation to vary this date.

Despite these provisions, the financial statements have been prepared on a going concern basis, as the disestablishment is more than 12 months after the date the financial statements are issued, and because the operational delivery of the functions of MIT will continue through Te Pūkenga after 31 December 2022. Consequently, there have been no changes to the recognition and measurement, or presentation of information in these financial statements.

Reporting period

Manukau Institute of Technology Limited came into effect on the 1 April 2020 and therefore the Financial Statements have been prepared for the nine months from 1 April to 31 December 2020.

No comparison period is disclosed. An exception is Note 27 Early Childhood Education Centre which is disclosed for the twelve months ended 31 December 2020.

Statement of compliance

The financial statements of the Institute have been prepared in accordance with the requirements of the Crown Entities Act 2004, Companies Act 1993 and the Education and Training Act 2020, which include the requirement to comply with New Zealand generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE Standards.

These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of the Institute is New Zealand dollars (NZ$).

Standards issued and not yet effective and not early adopted

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

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted. The main changes compared to PBE IPSAS 29 that are relevant to the Institute are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

The Institute intends to adopt PBE IPSAS 41 for the 31 December 2021 financial year. The Institute has not yet assessed in detail the impact of the new standard.

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Institute does not intend to early adopt the amendment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. The Institute has not yet determined how application of PBE FRS 48 will affect its statement of service performance. MIT has not adopted this standard early.

VESTING

As part of the reform of the delivery of vocational education in New Zealand, the Education (Vocational Education and Training Reform) Amendment Act 2020 converted the Manukau Institute of Technology into the Manukau Institute of Technology Limited on 1 April 2020. On this date, the rights, assets, and liabilities of Manukau Institute of Technology vested in Manukau Institute of Technology Limited for no consideration.

The Manukau Institute of Technology Limited has applied PBE IPSAS 40 PBE Combinations to account for the vesting of the assets and liabilities. The carrying amount of assets, liabilities, and equity reserves included in Manukau Institute of Technologys final disestablishment report as at 31 March 2020 were carried forward to become the opening balances for the Manukau Institute of Technology Limiteds statement of financial position at 1 April 2020. No adjustments were made to the amounts reported as at 31 March 2020. The opening 1 April 2020 balances are presented in the statement of financial position.

BUDGET FIGURES

The budget figures for Manukau Institute of Technology Ltd have been derived from the budget approved by the Manukau Institute of Technologys Council at the start of the 2020 financial year. Those budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. The approved budget was for the full 2020 year but, to be consistent with the nine-month reporting period, the month-by-month budget from April to December 2020 has been used for the nine-month period for the statement of comprehensive revenue and expense and the statement of cash flows. The student achievement component (SAC) and fees-free funding was recognised by the predecessor ITP. Therefore, no budget amount has been included in the statement of comprehensive revenue and expense.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Institute is exempt from income tax. Accordingly, no provision has been made for income tax.

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 or service potential 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 expenditure 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".

Cost allocation

The cost of service for each significant activity of the Institute has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be attributed to a specific significant activity in an economically feasible manner. Direct costs are charged directly to significant activities. Indirect costs are allocated to academic departments only based on the floor space used for teaching purposes and administration costs based on the proportion of the salary costs expensed to the academic departments.

Critical accounting estimates and assumptions

In preparing these financial statements, the Institute has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) Property Revaluations

Note 10 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings.

(b) Long Service Leave

Note 13 provides information about the estimates and assumptions exercised in the measurement of long service leave.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the nine months ended 31 December 2020:

(a) Distinction between revenue and capital contributions - refer to Note 2.

(b) Research leave - refer to Note 13.

(c) Accounting for Concessionary/Peppercorn leases Refer to Note 11

REVENUE

Revenue is measured at the fair value.

The specific accounting policies for significant revenue items are explained below:

(a) Government grants - refer to Note 2

(b) Performance-Based Research Fund (PBRF) - refer to Note 2

(c) Research revenue - refer to Note 2

(d) Student tuition fees - refer to Note 3

(e) Donations, bequests, and pledges

Donations and bequests are recognised as revenue when the right to receive the fund or asset has been established, unless there is an obligation in substance to return the funds if conditions of the donation or bequest are not met. If there is such an obligation, they are initially recorded as revenue in advance and then recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

(f) Other Revenue

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

(g) Interest

Interest revenue is recognised using the effective interest method.

2: Government Funding

Accounting policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Student Achievement Component funding

Student Achievement Component (SAC) funding is the main source of operational funding from the Tertiary Education Commission (TEC). MIT 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.

Performance-Based Research Fund (PBRF)

MIT considers funding received from Performance-Based Research Fund (PBRF) to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 425 of the Education and Training Act 2020. MIT recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the financial year. PBRF revenue is measured based on the funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Critical judgements in applying accounting policies

Distinction between revenue and capital contributions

Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the Institute accounts for the funding as a capital contribution directly in equity. Information about capital contributions recognised in equity is disclosed in note 18.

All in $000s	NOTE	ACTUAL 9 MONTHS TO 31 DECEMBER 2020
Government funding classified as non-exchange transactions		
Student Disability Grant		0
Literacy Funding		0
Youth Guarantee		245
Other Government Grants		3
Māori and Pacific Islands Grant		0
Student Achievement Component (SAC) Funding		149
Performance Based Research Fund		1
Total Government Funding Excluding Department Funding		398

The Student Achievement Component (SAC) operational bulk grant is based on equivalent full time student (EFTS) levels and the funding category levels for those EFTS and specific service grants. There are no unfulfilled contingencies for Government funding recognised as revenue.

Other Government funding is included as department income as the funding has been subject to a competitive tender process for training contracts. The funding is provided by the Tertiary Education Commission and Industry Training Organisations.

In March the Government announcement that there would be no funding decreases as a result of underdelivery of EFTS provided for in the Investment Plan required that a majority of the 2020 Government funding was disclosed in the MIT Financial Statements for the three months to 31 March 2020. Government funding earned in the nine months to 31 December 2020 reflects revenue not included in that announcement and attributed to this reporting period.

3: Student Fees and Department Revenue

Accounting policy

Tuition fees

Domestic student tuition fees are subsidised by Government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Fees-free revenue

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

Targeted Training and Apprenticeship Fund (TTAF)

MIT considers TTAF revenue is non-exchange revenue and recognises revenue when the course withdrawal date for an eligible student has passed.

Research revenue

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred. For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Other grants received

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

Donations, trust funds, endowments, bequests, and pledges

Donations, trust funds, endowments, and bequests for the benefit of MIT Ltd are recognised as an asset and revenue when the right to receive the funding or asset has been established, unless there is an obligation in substance to return the funds if conditions are not met. If there is such an obligation, they are initially recorded as revenue in advance and then recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

Sales of goods

Revenue from the sale of goods is recognised when the product is sold to the customer.

Accommodation services

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

Interest and dividends

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment. Dividends are recognised when the right to receive payment has been confirmed.

All in $000s	NOTE	ACTUAL 9 MONTHS TO 31 DECEMBER 2020
Student fees and department revenue classified as exchange transactions		
Student Fees – International Students		11,344
Departmental Revenue (Non-Base Revenue and Recoveries)		10,159
Total Student Fees and Department Revenue classified as Exchange Transactions		21,503
Student fees and department revenue classified as non-exchange transactions		
Student Fees – Domestic Students and Other Departmental Revenue		9,778
Revenue from Fees-Free		123
Total Student Fees and Department Revenue classified as Non-Exchange Transactions		9,901
Total Student Fees and Department Revenue		31,404

4: Expenditure

Accounting policy

Superannuation schemes

Defined contribution schemes

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

Borrowing costs

Borrowing costs are expensed in the financial year in which they are incurred.

All in $000s	NOTE	ACTUAL 9 MONTHS TO 31 DECEMBER 2020
Employee Benefits Expense		
Salaries and Wages		43,539
Defined Contribution Plan Employer Contributions		1,008
Councillors and Board Fees	*26*	161
Increase/(Decrease) in Employee Benefit Liabilities	*13*	2,022
Total Employee Benefits Expense		46,730
Other Expenditure		
Auditors' Remuneration		
Fees to Principal Auditor for Financial Statement Audit		222
Total Auditors' Remuneration		222
General Costs		
Operating Lease Payments	*24*	1,642
Bad and Doubtful Debts - Written off		8
Net Increase/(Decrease) Bad and Doubtful Debts Provision	*7*	173
Course Delivery Contracts		1,710
Donations		4
Loss on Disposal of Property, Plant and Equipment		391
Administrative, Materials and Consumables Expenses		15,819
Total General Costs		19,747
Total Other Expenditure		19,969

Employer contributions to defined contribution plans include contributions to KiwiSaver and the National Provident Fund.

5: Analysis of Department Costs

				9 MONTHS ENDED 31 DECEMBER 2020
All in $000s	ACTUAL REVENUE	ACTUAL EXPENDITURE	ACTUAL NET COST	BUDGET NET COST
Manukau Campus	23,187	23,834	647	(2,216)
Ōtara Campus	21,132	29,195	8,063	9,329
Technology Park Campus	22,901	24,048	1,147	5,877
Total Department Costs	67,220	77,077	9,857	12,990
Included in the department net cost are the following overheads:				
Property			11,543	14,959
Administration			33,682	40,459
Total Overheads Allocated			45,225	55,418

Overheads are allocated in accordance with notes to the financial statements, summary of significant accounting policies, allocation of overheads. Department recoveries for services provided during 2020 have been netted off against overhead expenditure allocation. Total recoveries of $31k.

6: Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

All in $000s	NOTE	9 MONTHS ENDED 31 DECEMBER 2020
Cash at Bank and on Hand		358
Call Deposits		621
Term Deposits with Maturities less than 3 Months at Acquisition		10,000
Total Cash and Cash Equivalents		10,979
Weighted Average Effective Interest Rate		0.5%

The carrying value approximates fair value. None designated at fair value. Assets recognised in a non-exchange transaction that are subject to restrictions. The Institute holds $621k included in cash and cash equivalents of trust funds which are subject to restrictions. The restrictions generally specify how the trust fund is to be used in providing awards to students.

Cash at bank includes funds on call deposit that earn interest at floating rates based on the daily bank deposit rates. Term deposits are made for short varying periods up to three months and earn interest at the respective term deposit rates. The carrying value of cash at bank and on hand, and call deposits approximate their fair value.

7: Student Fees, Prepayments and Other Receivables

Accounting policy

Debtors and other receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Institute applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery.

All in $000s	9 MONTHS ENDED 31 DECEMBER 2020
Receivables classified as exchange transactions	
Student Fees and Sundry Receivables	638
Prepayments	1,377
Other Receivables	184
Total Receivables classified as exchange transactions	2,199
Receivables classified as non-exchange transactions	
Student Fees and Sundry Receivables	1,973
Other non-exchange Receivables	682
Total Receivables classified as non-exchange transactions	2,655
Total Student Fees and Other Receivables (excluding Impairment)	4,854
Less Provision of Impairment for Receivables	(812)
Total Student Fees and Other Receivables	4,042

Student fees receivables are non-interest bearing and generally should be paid on enrolment and no later than at graduation. The carrying value of Student Fees and Other Receivables approximates their fair value.

	9 MONTHS ENDED 31 DECEMBER 2020		
All in $000s	GROSS	IMPAIRMENT	NET
Impairment			
Ageing profile for student fees receivable at year end.			
Not Past Due	0	0	0
Past Due 1 – 30 Days	760	(17)	743
Past Due 31 – 60 Days	552	(63)	489
Past Due 61 – 90 Days	190	(28)	162
Past Due over 90 Days	1,109	(704)	405
Total Impairment	2,611	(812)	1,799

All in $000s	9 MONTHS ENDED 31 DECEMBER 2020
Movements in the provision for impairment of student receivables	
At 1 April	639
Additional Provisions made during the period	812
Provision adjustments during the period	84
Receivables Written-off during the period	(723)
Balance as at 31 December 2020	812

All receivables greater than 30 days in age are considered to be past due. The impairment assessment is performed on an individual basis, based on analysis of past collection history and debt write-offs.

8: Inventory

Accounting policy

Inventories held for distribution or consumption in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the year of the write-down.

All in $000s	ACTUAL 9 MONTHS ENDED 31 DECEMBER 2020
Building Stock	249
Hospitality Stock	69
Staff Services Stock	25
Cafeteria Stock	33
Total Inventory	376

Inventories are valued at the lower of cost or net realisable value. There was no write down of inventories held for distribution.
No inventories are pledged as security.

9: Derivative Financial Instruments

Accounting policy

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from the Institute's financing activities. In accordance with its treasury policy, the Institute does not hold or issue derivative financial instruments for trading purposes. The Institute has elected not to apply hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of forward foreign exchange derivatives is classified as non-current. The portion of the fair value of an interest rate derivative that is expected to be realised or settled within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

All in $000s	ACTUAL 9 MONTHS ENDED 31 DECEMBER 2020
Interest Rate Swaps	
Total Derivative Financial Instruments	0

The derivatives were traded on 31 August 2020 to a nil balance. Interest costs to the date of trade are included in the interest line item and the realised gain is separately disclosed in the Statement of Comprehensive Revenue and Expenditure.

10: Property, Plant and Equipment

Accounting policy

Property, plant, and equipment consists of the following asset classes: land, buildings, land improvements, plant and equipment, computer hardware, furniture and fittings, motor vehicles, library collection. Land is measured at fair value and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land and land improvements and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. The most recent valuation of land and buildings was performed by P Todd (BPA MRICS SPINZ), independent registered property, plant and machinery valuer, of Darroch Limited. The effective date of the revaluation was 31 December 2018. The next revaluation is due 31 December 2021. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued. Revaluation movements are accounted for on a class-of asset basis. On the basis of a desk top valuation land has been increased in value in 2020.

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 recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset, only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute 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 fair value as at the date of acquisition. Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute 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.

Additions over $2000 in value are capitalised.

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land 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:

Class of Asset	Rate
Buildings	
Structure	11 - 100 years (1% - 9.1%)
Fit out	6 - 29 years (3.5% - 16.7%)
Services	9 - 33 years (3% - 11.1%)
Land Improvements	7 - 40 years (3 - 14%)
Plant and Equipment	3 - 20 Years (5% - 33.3%)
Furniture and Fittings	5 - 12 Years (8.3% - 20%)
Motor Vehicles	4 - 10 Years (10% - 25%)
Computer Hardware	4 - 7 Years (14.3% - 25%)
Library Collection	3 -10 Years (10% - 33%)

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Library collection

The library collection that had been revalued to fair value prior to 31 December 2006, the date of the transition to NZ IFRS, is measured on the basis of deemed cost, being the revalued amount at the date of the revaluation. All purchases after this date are recorded at cost.

Impairment of property, plant, and equipment

Property, plant, and equipment held at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the assets is considered to be impaired and the carrying amount is written-down to the recoverable amount. The impairment loss is recognised in the surplus or deficit.

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.

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows.

Critical judgements in applying accounting policies
Crown-owned land and buildings

Property assets owned by the Crown and occupied by MIT under lease arrangements have been disclosed under Intangible assets. Apart from these disclosures all property assets are owned by MIT.

	1 APRIL 2020			9 MONTHS TO DECEMBER 2020					31 DECEMBER 2020		
All in $000s	COST OR FAIR VALUE	ACCUMULATED DEPRECIATION	NET CARRYING VALUE	ADDITIONS	RECLASSIFICATIONS	REVALUATION	NET BOOK VALUE OF DISPOSALS	DEPRECIATION	COST OR FAIR VALUE	ACCUMULATED DEPRECIATION	NET CARRYING VALUE
Land – Institute	19,577	0	19,577	0	0	3,422	0	0	22,999	0	22,999
Land Improvements	6,178	(390)	5,788	0	0	0	(7)	(235)	6,171	(625)	5,546
Buildings – Institute	198,408	(6,585)	191,823	16,939	0	0	(212)	(4,186)	215,001	(10,638)	204,363
Library Collection	4,197	(2,873)	1,324	88	0	0	0	(195)	4,285	(3,070)	1,215
Computer Hardware	25,703	(21,042)	4,661	3,501	0	0	(13)	(1,391)	29,008	(22,250)	6,758
Plant and Equipment	15,532	(10,067)	5,465	2,907	0	0	(171)	(839)	15,605	(8,244)	7,361
Motor Vehicles	1,230	(835)	395	0	0	0	(1)	(69)	1,229	(904)	325
Furniture and Fittings	5,947	(3,916)	2,031	2,368	0	0	(58)	(385)	7,266	(3,310)	3,956
Total Property, Plant & Equipment	276,772	(45,708)	231,064	25,803	0	3,422	(462)	(7,300)	301,564	(49,041)	252,523

Revaluations

An independent valuation was obtained to determine the fair value of land and buildings. Fair value is determined by reference to an open market basis, being the amount for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's - length transaction at the valuation date for land and buildings of a non-education specific nature. Where buildings have been designed specifically for educational purposes they are valued at optimised depreciated replacement cost which is considered to reflect fair value for such assets. As of 31 December 2020 land has been revalued out of cycle to reflect the material valuation movement since December 2018.

Land

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

Buildings

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

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

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For the Institute's earthquake prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

Excluded assets include:

- Loose plant and equipment and similar assets such as furniture, workbenches, computers and workshop tools.
- Underground services
- Carvings and all artwork including wall linings

Refer to Note 18 for revaluation reserves and explanations of revaluation movements.

Work in progress

At the end of the period the total amount classified as work in progress under the buildings asset category is $2,672K, plant and equipment is $723K, computer hardware is $2,370K, furniture and fittings is $784k, and is library $45k.

Restrictions on title

Under the Education and Training Act 2020, the Institute is required to obtain the consent from the Ministry of Education to dispose of land and buildings. For plant and equipment there is an asset disposal limit formula which provides a limit up to which a TEI may dispose of plant and equipment without seeking the approval from the Ministry of Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

There are also various restrictions in the form of historic designations, reserve, and endowment encumbrances attached to land. The Institute does not consider it practical to disclose in detail the value of land subject to these restrictions.

Leased assets

At the commencement of the lease term, MIT shall recognise assets acquired under finance leases as assets, and the associated lease obligations as liabilities in the statement of financial position. Although the legal form of a lease agreement is that the lessee may acquire no legal title to the leased asset, in the case of finance leases the substance and financial reality are that the lessee acquires the economic benefits or service potential of the use of the lease asset for the major part of its economic life in return for entering into an obligation to pay for that right, an amount approximating, at the inception of the lease, the fair value of the asset and the related finance charge. A finance lease gives rise to a depreciation expense for depreciable assets as well as a finance expense. The depreciation policy for depreciable leased assets shall be consistent with that for the depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be fully depreciated over the shorter of the lease term or its useful life.

11: Intangible Assets

Accounting policy

Software acquisition and development

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and relevant professional fees. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Course-related software and websites

Course-related software and website development costs are classified as software and accounted for in accordance with the accounting policy for software. Capitalised costs are tested for impairment and, once available for use, amortised in accordance with that policy.

Courses purchased from other organisations

Separately acquired courses and programmes (including trademarks and licences) acquired from outside of the Te Pūkenga group are initially recognised at historical cost. They have a finite useful life and, subsequent to initial recognition, should be carried at cost less accumulated amortisation and impairment losses. They are amortised over a period not exceeding 5 years.

Internally developed courses

Course development costs are expensed when incurred unless the course development costs are directly attributable to the design of identifiable and unique courses and programmes controlled by the group in which case they are recognised as intangible assets where all of the following criteria are met:

(a) The course material is identifiable and the use and redistribution of course material is controlled by the group through legal or other means.

(b) It is probable that the courses will generate future economic benefits attributable to the course and the cost can be reliably measured. This is the case when:

(i) it is technically feasible to complete the development so that the course or programme will be available for use and/or sale;

(ii) management intends to complete the development of the course or programme and use or sell it:

(iii) there is an ability to use or sell the course or programme;

(iv) it can be demonstrated how the course or programme will generate probable future economic benefits;

(v) there are adequate technical, financial and other resources available to complete development of the course or programme and to use or sell the course or programme; and

(vi) the expenditure attributable to the course or programme development can be reliably measured.

Capitalised course development costs related to courses that are not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Capitalised course development costs are amortised from the point at which the course or programme is ready for use and are amortised over a period not exceeding 5 years. They are carried at cost less accumulated amortisation and impairment losses. They are tested for impairment whenever there is an indication that the asset may be impaired.

Costs associated with maintaining courses and programmes are recognised as an expense as incurred.

Intellectual property development

Research costs are expensed as incurred in the surplus or deficit.

Development costs that are directly attributable to the design, construction, and testing of preproduction or pre-use prototypes and models associated with intellectual property development are recognised as an intangible asset if all the following can be demonstrated:

- It is technically feasible to complete the product so that it will be available for use or sale;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit. Development costs previously recognised as an expense cannot be subsequently recognised as an asset.

License to occupy land

Where the Institute has a license to occupy land at a nominal rent, the Institute recognises the intangible asset based on an independent valuation of the estimated market ground rent over the license term. Land with a license to occupy is amortised over the unexpired period of the license.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de recognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of Asset	Rate
Computer Software	2-10 years
	(10% - 50%)

Capitalised intellectual property development costs are still work in progress. The useful life of completed projects will be established at project completion.

Impairment of 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. For further details refer to the policy for impairment of property, plant and equipment in Note 10. The same approach applies to the impairment of intangible assets.

	1 APRIL 2020			9 MONTHS TO DECEMBER 2020					31 DECEMBER 2020		
All in $000s	COST OR FAIR VALUE	ACCUMULATED AMORTISATION	NET CARRYING VALUE	ADDITIONS/ RECLASSIFICATIONS	REVALUATION	COST OF DISPOSAL	DEPRECIATION ON DISPOSAL	AMORTISATION	COST OR FAIR VALUE	ACCUMULATED AMORTISATION	NET CARRYING VALUE
Computer Software	9,007	(5,183)	3,824	822	0	0	0	(973)	9,830	(6,157)	3,671
Other Intangible Assets	1,250	(437)	813	23	0	0	0	(36)	1,273	(472)	801
Lease Assets	1,587	(793)	794	811	0	(2,398)	2,397	(1,604)	0	0	0
Total Intangible Assets	11,844	(6,412)	5,431	1,656	0	(2,398)	2,397	(2,613)	11,103	(6,629)	4,472

Work in Progress

At the end of the period the total amount of intangible assets work in progress is $723k.

Other Intangible Assets

Other intangible assets include the license to occupy land at 52 Ōtara Road from the Ministry of Education for a period of 30 years at a nominal rent. The amount recognised as an intangible asset is based on an independent valuation. The valuation methodology adopted by the independent valuer, Darroch Ltd, is based on an estimated land value of $2m and an adopted ground rental percentage of 5.5%. The resultant estimated market ground rent has a land value growth of 2% per annum applied and a discount rate of 10% to determine the present value of the rental benefit, over the license term.

Intangible Lease

From December 2019 to December 2020 there was an intangible leased asset for the temporary occupation of Ōtara South Campus which is now in Crown ownership. It is a peppercorn lease valued at a fair market rate amounting to $1,587k and accounted for as a contribution from the Crown. $1,604k lease expenditure has been amortised which due to the timing of the TechPark deployment delayed as a result of Covid 19 increased by $811k.

MIT's existing accounting policy is to recognise an asset (intangible) at fair value, which is consistent with the general principles of PBE IPSAS 23. MIT considers the granting of the concessionary lease as a contribution from owners (the Crown) and therefore has accounted for it through equity rather than revenue. Other decisions include:

1) The lease is classified as operating primarily as ownership is not transferred at the end of the lease.

2) It is not a factor in the sale of surplus land to the Crown and is therefore not part of the sale agreement

12:Trade and Other Payables

Accounting policy

Short-term creditors and other short-term payables are recorded at the amount payable.

All in $000s	ACTUAL 31 DECEMBER 2020
Payables under exchange transactions	
Trade Payables	1,119
Accrued Expenses	3,981
Other Payables	5
Total Payables under Exchange Transactions	5,105
Payables under non-exchange transactions	
Other Payables	3,051
Net GST Payable/ (Receivable)	976
Total Payables under Non-Exchange Transactions	4,027
Total Trade and Other Payables	9,132

Total Trade and Other Payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value approximates fair value.

13: Employee Benefit Liabilities

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Restructuring

A provision for restructuring is recognised when either an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation of it has already started.

Critical judgements in applying accounting policies

Research leave

Teaching staff are entitled to research leave in certain circumstances. The substance of this leave is that it is leave from teaching duties to undertake research activity with staff continuing to earn their salary and other employee entitlements. The Institute is of the view that research leave is not the type of leave contemplated in PBE IPSAS 39 Employee Benefits. Accordingly, a liability has not been recognised for such leave.

All in $000s	ACTUAL 31 DECEMBER 2020
Employee Entitlements	
Accrued Pay	671
Annual Leave	4,989
Sick Leave	225
Long Service Leave	103
Retirement Leave	239
Restructuring Provision	733
Total Employee Benefit Liabilities	6,960
Current Portion	6,660
Non-Current Portion	300
Total Employee Benefit Liabilities	6,960

The present value of the long service obligations depends on factors that are determined on an actuarial basis using a number of assumptions.

Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rate used match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns.

If the salary inflation factor were to increase or decrease by 1% from that used, with all other factors held constant, the carrying amount of the long service leave liability would be an estimated $1,211 higher / lower.

If the discount rates used were to increase or decrease by 1% from that used, with all other factors held constant, the carrying amount of the long service liability would be an estimated $1,148 higher / lower.

14: Finance Lease Liability

Accounting policy

Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Institute will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

All in $000s	ACTUAL 31 DECEMBER 2020
Current Portion	360
Non-Current Portion	11,516
Total	11,876

All in $000s	ACTUAL 31 DECEMBER 2020
Finance Leases as Lessee	
Not later than one year	959
Later than one year and not later than five years	3,837
Later than five years	14,068
Total minimum lease payments as lessee	18,864
Future finance charges	6,989
Present value of minimum lease payments	11,875

All in $000s	ACTUAL 31 DECEMBER 2020
Present Value Of Minimum Lease Payments Payable	
Not later than one year	360
Later than one year and not later than five years	1,637
Later than five years	9,878
Total present value of minimum lease payments	11,875

15: Severances and Redundancy Payments

The total value of compensation paid in respect of redundancies and severance to employees during the financial year was $0.9m. This includes $0.47m payable in the 2021 year.

16: Revenue Received in Advance

All in $000s	ACTUAL 31 DECEMBER 2020
Student Fees	5,349
Other Revenue Received in Advance	296
Total	5,645
Current Portion	5,645
Term Portion	0

17: Trust Funds

Accounting policy

MIT receives bequests plus other funding to be held in trusts, which are required to be used for specific activities such as scholarships and awards. As the Institute administers these funds which have restricted use, they are treated as current liabilities and are not included in the Statement of Comprehensive Revenue and Expense.

All in $000s	ACTUAL 31 DECEMBER 2020
Opening Balance	619
Interest Received	4
Less Grants Awarded	0
Total Trust Funds	623
Represented by:	
G F Dawson Memorial Fund	10
J M Grant Memorial Fund	9
MIT Students' Trust Fund	500
Young Memorial Fund	104
Total Trust Funds	623

Restrictions on use

MIT holds these funds in trust for the purpose of providing out of the revenue derived an award for students.

18: Equity

Accounting policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- General funds; and
- Property revaluation reserve.

Property revaluation reserves

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

All in $000s	ACTUAL 31 DECEMBER 2020
General Funds	
At 31 March 2020	172,176
Surplus/(Deficit) for the year before separately disclosed expenditure	(44,187)
Capital Contributions from the Crown	811
Capital Distributions from the Crown	6,131
Balance as at 31 December 2020	134,931
Property Revaluation Reserves	
Balance as at 31 March 2020	99,803
Land Net Revaluations Gain	3,422
Balance as at 31 December 2020	103,225
Total Equity	238,156
Property Revaluation Reserves	
Property Revaluation Reserves consist of:	
Land	22,210
Land improvements	255
Buildings	80,760
Total Property Revaluation Reserves	103,225

Capital Contributions

Contribution from the Crown is the temporary peppercorn lease provided subsequent to the settlement of assets held for sale. The distribution from the Crown is the return of encumbrance on assets sold in December 2019, from the Crown.

Share Capital

On 1 April 2020, the Institute issued 100 shares to Te Pūkenga in accordance with clause 20(1)(c) of Schedule 1 to the Education and Training Act 2020. Each share carries one vote and an equal share in dividends and distribution of the Institutes surplus assets.

19: Borrowings

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

All in $000s	ACTUAL 31 DECEMBER 2020
Current Portion	0
Non-Current Portion	0
Total	0
Weighted Average Effective Interest Rate	0

Borrowings

The Institute has a working capital overdraft facility of $10m with ANZ Bank providing funding for capital projects and liquidity. Certain covenants are required to be met in relation to the facilities. Up until November the Institute had a revolving cash facility with the ANZ Bank. The removal was approved by the Board as there was no projected requirement for its use in the immediate future.

Bank Covenants

(1 January to 31 December 2020)	ACTUAL	REQUIRED	HEADROOM
Maximum Total Debt to Total Debt plus Equity Ratio	0%	<25%	25%
Minimum Interest Cover Ratio	23	>2x	21
Minimum Guaranteeing Group Cover	100%	>90%	10%

20: Financial Instruments

Accounting policy

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 Institute 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 Institute 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 expenses.

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

Financial assets at fair value through surplus or deficit
Currently the Institute does not hold any financial assets in this category.

Loans and receivables (including cash and cash equivalents and debtors 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 lessany provision for impairment. Gains and losses when the asset is impaired or de recognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expenses
Currently the Institute does not hold any financial assets in this category.

Impairment of financial assets
At each balance date, the Institute 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 debtors and other receivables)
Impairment of a loan or a receivable is established when there is objective evidence that the Institute 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 debtors 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.

All in $000s	NOTE	ACTUAL 31 DECEMBER 2020
Financial Instrument Categories		
The accounting policies for financial instruments have been applied to the line items below:		
Financial Assets		
Loans and Receivables		
Cash and Cash Equivalents		10,979
Student Fees and Other Receivables		2,611
Total Loans and Receivables		13,590
Financial Liabilities		
Financial Liabilities Measured at Amortised Costs		
Creditors and other payables		9,132
Finance Lease		11,876
Borrowings		0
Total Financial Liabilities Measured at Amortised Cost		21,008
Financial Liabilities Measured at Fair Value		
Derivative financial instruments		0
Total Financial Liabilities Measured at Fair Value		0

Financial Instruments Risks

MIT's activities expose it to a variety of financial risks including market risk (interest rate risk and currency risk), credit risk and liquidity risk. The Institute manages its financial instruments risk in accordance with relevant legislation and is risk adverse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Contractual Maturity Analysis of Financial Liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows:

All in $000s	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	LESS THAN 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-3 YEARS	MORE THAN 3 YEARS
31 December 2020							
Trade and other payables	9,132	9,132	9,132	0	0	0	0
Finance leases	11,876	18,864	480	480	959	959	15,986
Borrowings	0	0	0	0	0	0	0
Total Financial Liabilities at Amortised Cost	21,008	27,996	9,612	480	959	959	15,986
Derivative financial instruments	0	0	0	0	0	0	0
Total Financial Liabilities at Fair Value	0	0	0	0	0	0	0

Market Risk

Currency and Interest Rate Risk

The Institute is exposed to changes in interest rates on short term investments, bank deposits and term lending facilities. There is no significant exposure to currency and interest rate risk on the Institute's financial assets.

The interest rate on the Institute's investments is disclosed in Note 9. The Institute is exposed to interest rate risk on borrowings as disclosed in Note 19.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that 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. Borrowings at variable interest rates create exposure to cash flow interest rate risk.

Credit Risk

Credit risk is the risk a third party will default on its obligation to the Institute, thereby causing the Institute to incur a loss. Due to the timing of its cashinflows and outflows, surplus cash is invested into term deposits which give rise to credit risk. The Institute places its investments with institutions which have a high credit rating such as registered banks that have a Standard and Poor's credit rating of at least A-.

The Institute has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

All in $000s	NOTE	ACTUAL 31 DECEMBER 2020
The maximum credit exposure for each class of financial instrument is as follows:		
Cash and Cash Equivalents		10,979
Trade and Other Receivables		2,611
Total Credit Risk On Loans and Receivables		13,590
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 counter party default rates:		
Counter parties with Credit Ratings		
Cash and Cash Equivalents:		
AA-		10,979
Short Term Deposits:		
AA-		0
Counter parties without Credit Ratings		
Loans to subsidiary		0
Existing counter party with no defaults in the past		0
Existing counter party with defaults in the past		0
Total Loans to Related Parties		0
Debtors and other receivables		
Existing counter party with no defaults in the past		2,611
Existing counter party with defaults in the past		0
Total debtors and other receivables		2,611
Trade and Other Receivables		2,611

Trade and Other Receivables

Trade and receivables mainly arise from the Institute's operation functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. The Institute is not exposed to any material concentrations of credit risk. Trade and other receivables balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

Liquidity Risk

Management of Liquidity Risk

Liquidity risk is the risk MIT 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. The Institute aims to maintain flexibility in funding by keeping committed credit lines open.
In meeting its liquidity requirements, MIT maintains investments that must mature within the next 12 months.

The Institute manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

The maturity profiles of MIT's interest bearing investments are disclosed in Note 9.

Sensitivity Analysis

The tables below illustrate the potential profit and loss and equity (excluding retained surplus) impact for possible market movements in interest rates, with all other variables held constant, based on the Institute's financial instrument exposures at balance date.

All in $000s	NOTE	PROFIT/(LOSS) OTHER EQUITY +100BPS	PROFIT/(LOSS) OTHER EQUITY -100BPS
Interest Rate Risk 31 December 2020			
Financial Assets			
Cash and Cash Equivalents		110	(110)
Short Term Deposits		0	0
Financial Liabilities			
Derivative Financial Instruments		0	0
Borrowings		0	0
Total Sensitivity to Interest Rate Risk		110	(110)

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%.

Fair Value Estimation and Fair Value Hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. The fair values of all financial instruments equate to carrying values.

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in 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 techniques using observable inputs - Financial instruments with quoted process for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where 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.

All in $000s	VALUATION TECHNIQUE TOTAL	QUOTED MARKET PRICE	OBSERVABLE INPUTS	SIGNIFICANT NON-OBSERVABLE INPUTS
31 December 2020 Institute				
Financial Liabilities				
Derivative Financial Instruments	0	0	0	0

21: Major Budget Variations

All in $000s	ACTUAL 31 DECEMBER 2020
Explanations for major budget variations from the 2020 Institute budget are as follows:	
Statement of Comprehensive Revenue and Expense	
Budget Surplus/(Deficit)	(37,096)
Revenue Variances	
Government Funding	398
Student Fees & Departmental Revenue	(2,016)
Other Revenue and Interest Revenue	826
Gain on asset sales	0
Expenditure Variances	
Employee Benefit Expenses	(3,987)
Depreciation and Amortisation	(1,518)
Interest Expense	(122)
Other Gains/(Losses)	262
Other Operating Expenditure	(934)
Surplus/(Deficit)	(44,187)

The above variances compare the nine month actuals to the comparative nine month budget.

The Government revenue variance is additional payments over the initial investment plan funding.

Student fees and other revenue budget variation is due to timing differences between April to December budget phasing and actual.

Full year revenue exceeded budget.

Other revenue variance consists of miscellaneous revenue sources not known or unable to be quantified at time of budget

Employee benefits increases include additional teaching requirements due to Covid, and additional fixed term staff for courses attracting increased student numbers

Interest expense is less than budget due to the cancelling of the revolving debt facility now not required.

Operating expenses for the year are similar to budget with the variation mainly a timing difference with budget to March being higher than actual.

22: Capital Expenditure Project Performance

All in $000s	ACTUAL 31 DECEMBER 2020
Major Investment Projects	
Ōtara Upgrade (ND)	1,880
Quad Upgrade Phase 3	75
TechPark Fit Out	6,557
NP, NA, NB Block Upgrade	41
Wayfinding	4
Hairdressing	401
Bakery Relocation	706
Maritime	508
Fleximode	84
Timetabling Extension	569
Total Major Investment Projects	10,825
Annual Allocations	
Property & Campus Services Annual Replacement	1,001
Library	134
Technology Services	979
Academic Departments	84
Total Annual Allocations	2,198

Capital Commentary

Most major projects were completed at year end with the exception of minor carry overs for TechPark, Fleximode, Timetabling and the revised Maritime project. The larger Maritime project has been deferred with the extension of the Maritime leases.

23: Capital Management

The Institute's capital is its equity, which comprises general funds, and property valuation and fair value through comprehensive revenue reserves. Equity is represented by net assets.

The Institute is subject to the financial management and accountability provisions of the Education and Training Act 2020, which assets and liabilities, 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 borrowing.

The Institute 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 Institute's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. The objective of managing the Institute's equity is to ensure the institute effectively achieves the goals and objectives for which it has been established, while remaining a going concern.

24: Operating Leases

Accounting policy

Operating leases (Lessor or Lessee)

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense 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.

All in $000s	ACTUAL 31 DECEMBER 2020
Leases as Lessee	
Non-cancellable operating lease rentals are payable as follows:	
Not later than one year	3,346
Later than one year and not later than five years	10,648
Later than five years	60,333
Total Leases as Lessee	74,327

The Institute leases a number of premises for teaching purposes. The leases run for periods ranging from one to thirty years with an option to renew the lease after that date. The institute also leases office equipment where it is not in the best interests of the Institute to purchase these assets.

Lease payments are renegotiated at the time of renewal. The leased properties have not been sublet.

During nine months ending 31 December 2020 $1,642,000 was recognised as an expense in the Statement of Comprehensive Revenue and Expense in respect of operating leases.

During nine months ending 31 December 2020 $1,411,079 was recognised as revenue in the Statement of Comprehensive Revenue and Expense in respect of operating leases.

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expense during the year.

All in $000s	ACTUAL 31 DECEMBER 2020
Leases as Lessor	
The Institute leases its property purchased for strategic purpose pending future use by the Institute under operating leases.	
The future minimum lease payments under non-cancellable leases are as follows:	
Not later than one year	1,402
Later than one year and not later than five years	2,496
Later than five years	0
Total Leases as Lessor	3,898

25: Commitments and Contingencies

All in $000s	ACTUAL 31 DECEMBER 2020
Capital Commitments	
Capital commitments denote approved capital expenditure contracted for at year-end but not yet incurred.	
Approved and Committed	
Buildings Institute	855
Other Plant, Property and Equipment	1,194
Intangible assets	295
Total Capital Commitments	2,344

Commitments relate to annual capital projects. There are no contingent liabilities as at balance date. The Institute has a peppercorn lease with Auckland Council for the use of the Hayman Park land on Station Road Manukau. The intangible asset has not been recognized in MIT's accounts as the lease commencement date is yet to be determined and is subject to a new separate stratum leasehold title to be issued for the site by Auckland Council. The Institute's interest in the land was valued at $14.8 million (Valuation date 31 December 2020)

MIT has entered into a contract to lease the TechPark building to be constructed by Haydn & Rollett, for a period of 30 years with two rights of renewal for ten years each. The value of the operating lease commitment is $2.4m per year. The finance lease is disclosed in Note 14.

As lessee there are responsibilities to minimise impact to the lessors premises at the time of exit. Previously MIT had specific make good clauses in the Maritime lease agreements. Most of these were negotiated out during 2020 renegotiations. MITs requirements now are to ensure they remediate any damage caused by the removal of MIT owned property and to leave the premises clean and tidy. MIT intends to utilise MIT staff to manage the exit of the Maritime premises and will only outsource tasks that required specialised skills. On this basis MIT do not anticipate these costs being material and accordingly no commitment has been recognised for make good. MIT have entered into a lease agreement for Techpark. The agreement commenced on 1 September 2020 and will run for 50 years. As at 31 December 2020, the net present value of any make good provision is considered to be immaterial and accordingly no make good provision has been recognised.

26: Related Party Transactions and Key Management Personnel

The Institute is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier of client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Institute would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with Government agencies (for example Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

All in $000s	ACTUAL 31 DECEMBER 2020
Key Management Personnel Compensation	
Board members	
Full-time equivalent members	1.0
Remuneration	120
General Managers and Chief Executive	
Full-time equivalent members	6.5
Remuneration	1,595
Total Full-time equivalent members	7.5
Total Key Management Personnel Remuneration	1,715

The full time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for members to prepare for meetings.

All in $000s	ACTUAL 31 DECEMBER 2020
Board Fees	
Peter Winder (*Chair*)	30
Monique Cairns	15
Ziena Jalil	15
Fale (Andrew) Lesa (*Alternate member A&C*)	15
Peter Parussini	15
Robert Reid	15
Steven Renata	15
Total Board Members' Remuneration	120

No Board Members received compensation or other benefits in relation to cessation.

27: Early Childhood Education Centre

Note: this note discloses a full year expenditure and budget

All in $000s	ACTUAL 12 MONTHS TO 31 DECEMBER 2020	BUDGET 12 MONTHS TO 31 DECEMBER 2020
Statement of Comprehensive Revenue and Expense		
Revenue		
Government Funding	661	567
Equity Funding	41	0
Payment Fees (including WINZ)	136	333
Total Revenue	838	900
Expenses		
Employee Benefit Expenses	576	605
Other Expenses	262	295
Total Expenses	838	900
Equity Funding Statement		
Revenue		
Equity Funding	41	0
Expenditure		
Centre Resources	20	0
Contract Staff	21	0
Total Expenditure	41	0

Centre Resources are general resource products for staff training. Contract staff costs are to enable centre staff to attend courses and have non contact time.

28: Income Tax

As at balance date the Institute had been granted charitable status and as a result are exempt from company tax.

29: Covid 19

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and then remained in lockdown at Alert Level 3 until 13 May. During this period, the Institute closed all delivery sites and brought forward the mid-semester break to align with the new timing of the school holidays in New Zealand. Most staff moved to a "work from home" model, and teaching was changed to online delivery after the midsemester break.

After 13 May, when New Zealand moved to lower Alert Levels, students were able to attend classes on-site or continue to access classes remotely.

The effect on our operations is reflected in these financial statements based on the information available to the date these financial statements were approved. The main impacts on MIT's financial statements due to COVID-19 are explained below:

Revenue

The TEC stated that 2020 funding for Investment Plans and Fees Free will continue and that it will not recover 2020 funding because of either non-achievement of Education Performance Indicators or under-delivery during the 2020 year. As such COVID 19 has not impacted on Government funding.

A softer approach to student debt collection was implemented but Covid 19 has not resulted in any abnormal levels of uncollected debt.

Other revenue generated by contract to business's and individual students was impacted adversely in a number of schools but overall other revenue was positive to budget.

Students

Despite border closures, budgeted international student numbers were still achieved. Domestic numbers have increased buoyed on by the adverse economy and Government initiatives such as TTAF.

Suppliers

Suppliers were not adversely affected except where services were to be delivered in lockdown. The impacts of lockdown meant that in some situations timing of delivery was delayed in line with amended course dates.

Where required MIT have acquired additional personal protective equipment to allow for both staff and student to comply with the Covid-19 restrictions in line with the Government's guidelines.

Employees

The impact on employees and productivity was minimal as courses were delivered on line, and support services were also delivered via on line mechanisms. Where required MIT have altered working patterns or added additional staff to allow for Covid-19 restrictions in line with the Government's guidelines.

Liquidity

Facilities have been available throughout the year. In consideration of future cash flows and capital requirements the Board approved the closure of the $30m debt facility with the ANZ but has retained the $10m overdraft facility for operational cash management if required.

Property Asset fair value

The fair value assessment of MIT Ltd property showed an increase in land value that has followed general market trends. As such the fair value disclosure of land in the Financial Statements has increased by $3m.

30: Events After Balance Date

There have been no material events after balance date.

GENERAL

Compulsory Student Service Fees

twelve months to 31 December 2020

The Compulsory Student Services Fee (CSSF) was set at $304 (GST inclusive) per full-time student in 2020 ($300 in 2019). The Fee funds key services for students to assist their success, retention and overall wellbeing while studying at MIT. All students, except distance and exchange students, must pay the Fee and can borrow the amount against their student loan, alternatively, if eligible, this fee is covered under the fees free policy.

31 December 2020 All in $000s	Total	Advocacy and legal advice	Careers information, advice and guidance	Employment Information	Pastoral care	Financial Support and advice	Health and Counselling Services	Clubs and societies	Sports, recreation and cultural activities
Revenue									
Compulsory Student Fees	1,055	186	127	127	422	13	79	4	97
Total Revenue	1,055	186	127	127	422	13	79	4	97
Expenditure	958	169	115	115	383	12	72	4	88
Surplus/(Deficit)	97	17	12	12	39	1	7	0	9

31 December 2019 All in $000s	Total	Advocacy and legal advice	Careers information, advice and guidance	Employment Information	Pastoral care	Financial Support and advice	Health and Counselling Services	Clubs and societies	Sports, recreation and cultural activities
Revenue									
Compulsory Student Fees	1,116	181	103	103	517	3	120	3	86
Other									
Total Revenue	1,116	181	103	103	517	3	120	3	86
Expenditure	1,316	213	121	121	610	3	142	4	102
Surplus/(Deficit)	(200)	(32)	(18)	(18)	(93)	(0)	(22)	(1)	(16)

The administration of Compulsory Student Services Fees is integrated within MIT's normal operations. All income and expenditure associated with the provision of student services is separately accounted for in the Institute's accounting system.

Advocacy and Legal Advice

Advocacy support is provided to students who need help to resolve student issues. These can range from difficulties with their courses or attendance to misunderstandings with lecturers.
This extends to legal advice and providing support and advocacy for meetings where students go through a misconduct hearing.

Careers Information, Advice and Guidance

Careers information, individual CV support and workshops, interview practice, internship preparation and careers counselling are all provided to the students. This includes the provision of psychometric testing.

Employment Information

We have links with employers and are a central point for industry vacancies. The careers and employment team also prepare the students for interviews by offering advice on speaking, clothing and deportment.

Pastoral Care

Pastoral care is provided for students and involves support with WINZ and Studylink, accommodation, facilitating meetings with external providers, absenteeism, family and relationship issues and bullying. The chaplaincy team also provide some pastoral care.

Financial Support and Advice

A student financial assistance fund is available to assist students in overcoming financial barriers that are directly related to and adversely affect their current course of study.

Health and Counselling Services

The Health and Counselling Centre is available for students to access as needed. Doctors, nurses and counsellors offer a variety of services from medical assistance to guidance.

Clubs and Societies, Sports, Recreation and Cultural Activities

We support students to organise clubs, find venues and organise events. We also organise training facilities and coordinate teams to participate in competitions and events.

Statement of Resources

as at 31 December 2020

CAMPUS	ADDRESS	ACTIVITY
Institute Property		
Ōtara North	Alexander Crescent and Ōtara Road, Ōtara, Manukau	Early Childhood; Tertiary Teaching; English; Literacy and Numeracy; Pacific Languages; Te Reo Māori; Logistics; Social Work; Applied Sport and Recreation; Hairdressing; Arboriculture; Floristry; Landscaping, Nursery Production and Parks and Gardens; Baking and Patisserie; Culinary; Hospitality and Café, Barista and Restaurant; International Diplomas in Cookery and Baking; Employment Preparation; Police Studies and Security; Supported Learning (Inclusive Education); Animal Care; Foundation and Bridging Studies
Manukau	Corner Manukau Station Road and Davies Avenue, Manukau	Business; Digital Technologies; Nursing; Counselling; Health Support; Mental Health; Public Health and Health Promotion; First Aid - Short Courses
SSTS	Ōtara Road	School of Secondary-Tertiary Studies
School of Sport	Ōtara Road	Sport and Exercise Science
Other Premises		
Auckland City	Union House, 2 Commerce Street and 132 Quay Street, Auckland	Domestic Maritime; Marine Engineering; Nautical Foreign-Going
TechPark	58 Manukau Station Road, Manukau	Automotive Technologies; Civil Engineering; Electrical Engineering; Mechanical Engineering; Building, Construction and Carpentry; Construction Management; Electrical Trades; Mechanical Engineering Trades; Refrigeration and Air Conditioning
Ōtara	Ōtara Recreational Centre, Newbury Street	High Performance Lab
Warkworth	11 Glenmore Drive, Warkworth	New Zealand Maritime

Library Collection

Number of Titles in the Library Collection:	31 DECEMBER 2020	2019	2018	2017	2016	2015
Books	31,367	33,097	37,724	47,855	52,424	56,397
Serials	577	930	1,448	1,765	2,117	2,373
Videos	949	1,001	1,367	1,489	1,770	2,290
Total Number of Titles	**32,893**	**35,028**	**40,539**	**51,109**	**56,311**	**61,060**

Staffing

Staff Employed for year:	31 DECEMBER 2020	2019	2018	2017	2016	2015
Teaching Staff	280	282	300	272	327	322
Administration (Support Functions and Academic Admin)	374	351	364	414	406	411
Total Equivalent Full-time Staff*	**654**	**633**	**664**	**686**	**733**	**733**

Note these are FTE. Headcount is 690

Glossary of Terms

Course A self-contained block of study which may comprise one or more units of learning

EFTS Equivalent full-time student

- SAC Funded: student component funded (Ministry funded)
- Non-SAC Funded: Non-Ministry funded, including overseas, TOPs, STAR and self-funded students

Ethnic Students Students who identify on enrolment forms that they are of another ethnic group

ITO Industry Training Organisation

ITP Institutes of Technology and Polytechnics

ITPNZ Institutes of Technology and Polytechnics of New Zealand

Māori Students Students who identify on enrolment forms that they are Māori

NZIST New Zealand Institute of Skills and Technology

NZQA New Zealand Qualifications Authority

PCC Pasifika Community Centre

Pasifika Students Students who identify on enrolment forms that they are Pacific Islanders

PBRF Performance Based Research Fund

Programme The combination of courses or units of learning with which a student is required to be credited in order to be awarded a specified qualification by the Institute, school or department. This includes courses that stand alone.

Research Outputs Research outputs include books and sections in books, journal articles both referred and non-referred, consultancies, conference publications, art exhibitions and catalogues. Other scholarly activities, conference presentations (unless in proceedings) and material produced primarily for teaching purposes are not included.

SAC Student Achievement Component

SDR Single Data Return

Teaching Area Net area of all teaching space including laboratories, workshops, workrooms and classrooms

TEC Tertiary Education Commission

TEI Tertiary Education Institute

THS Tertiary High School

WINZ Work and Income New Zealand

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