



**MANUKAU
INSTITUTE OF
TECHNOLOGY**

Te Whare Takiura o Manukau

Manukau Institute of Technology

ANNUAL REPORT 2017







ANNUAL REPORT 2017

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ABOUT MIT

► Our Purpose and Vision

***Our Purpose:** Our purpose is to get people into great jobs.*

***Our Vision:** To be widely recognised as the leading Institute of Technology in New Zealand.*

Established:

1970

► What We Offer

238 PROGRAMMES

1,707 COURSES

10 CAMPUSES

► Our Mission and Goals

Our Mission:

Our mission is to deliver vocationally focused tertiary education, research and technology transfer that ensures Auckland's economy, graduates, employers and communities have the capability and skills to achieve their potential.

We recognise that we have a special obligation to serve the people, communities and employers of Counties Manukau and that achieving significantly improved tertiary education outcomes in this sub-region is critical to both our mission and to the future economic and social prosperity of the nation.

Five key goals:

1. Improved employability and progression
2. Increased participation
3. Improved success and retention, with a focus on Māori, Pasifika and under 25 students
4. Enhanced experience and satisfaction
5. Increased consultancy and industry training.



NORTHERN
MOTORWAY

1

MIT WARKWORTH

11 Glenmore Drive, Warkworth

**NORTH
SHORE**

**RANGITOTO
ISLAND**

**WAIHEKE
ISLAND**

MIT QUEEN STREET

Pathway Centre (English) and Hospitality
246 Queen Street, Auckland (exited 2017)

NEW ZEALAND MARITIME SCHOOL

Level 3, 2 Commerce Street, Auckland

**AUCKLAND
CITY CENTRE**

16
NORTH-WESTERN
MOTORWAY

1

FLORAMAX FLOWER AUCTION HOUSE

Floristry
3 Monahan Road, Mt Wellington, Auckland (exited 2017)

20
SOUTH-WESTERN
MOTORWAY

WAITAKERE

MIT MANGERE

Plumbing & Gasfitting
9B Mahunga Drive, Mangere, Auckland

MIT OTARA

Consumer Services, Creative Arts, Education & Social Sciences,
Engineering & Trades, Nursing & Health Studies
Otara Road, Otara, Auckland

KO AWATEA

Nursing Learning Hub
Middlemore Hospital, Hospital Road, Otahuhu, Auckland

MANUKAU

AUCKLAND
INTERNATIONAL
AIRPORT

MIT KOLMAR

Sport & Recreation
Sutton Crescent, Papatoetoe, Auckland

MIT MANUKAU

Business & Information Technology
Cnr Davies and Manukau Station Road, Manukau, Auckland

1
SOUTHERN
MOTORWAY

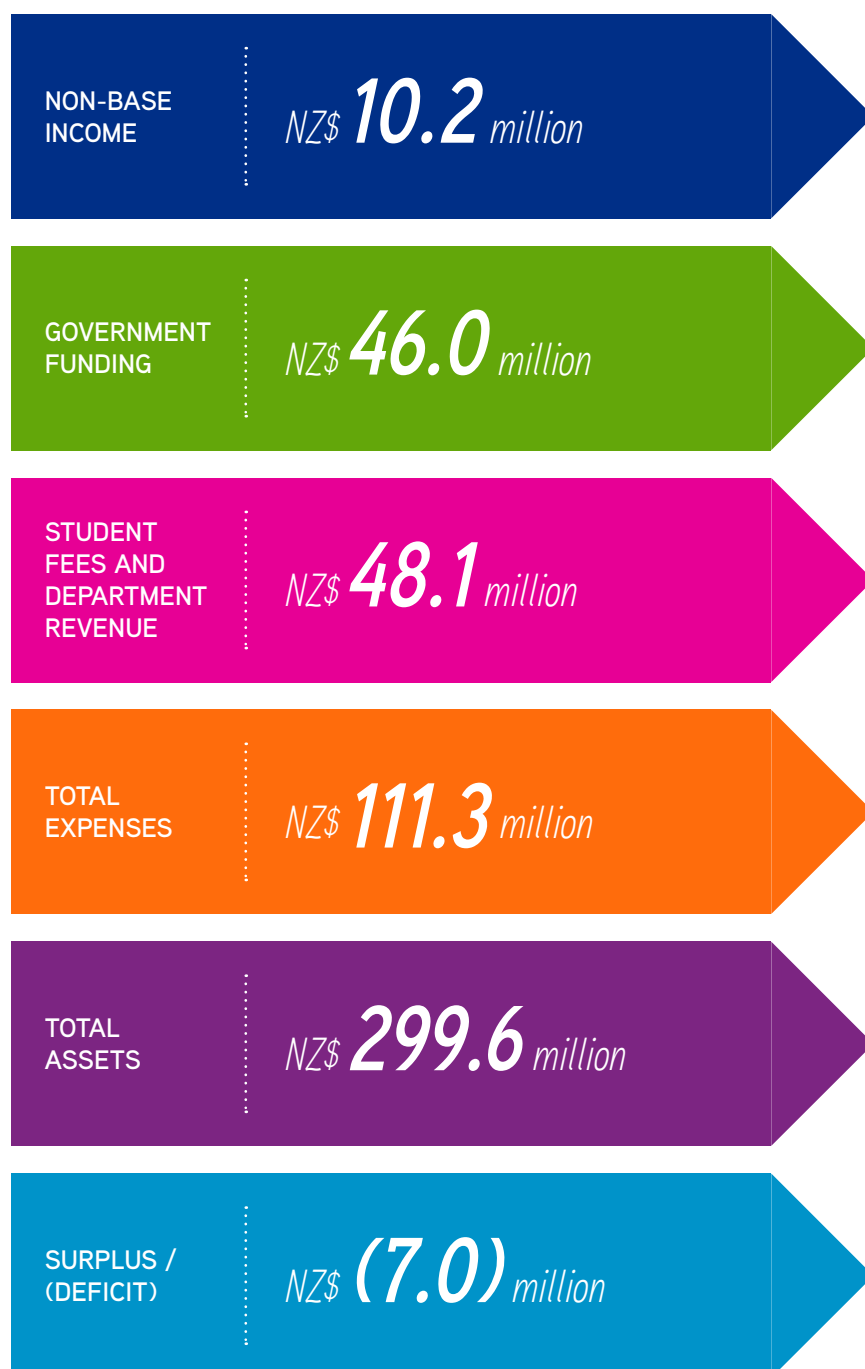
AUCKLAND,
NEW ZEALAND

MIT PUKEKOHE

Motorsport Centre
159A & C Manukau Road, Pukekohe, Auckland

2017 AT A GLANCE

► Financial Overview



► Our People

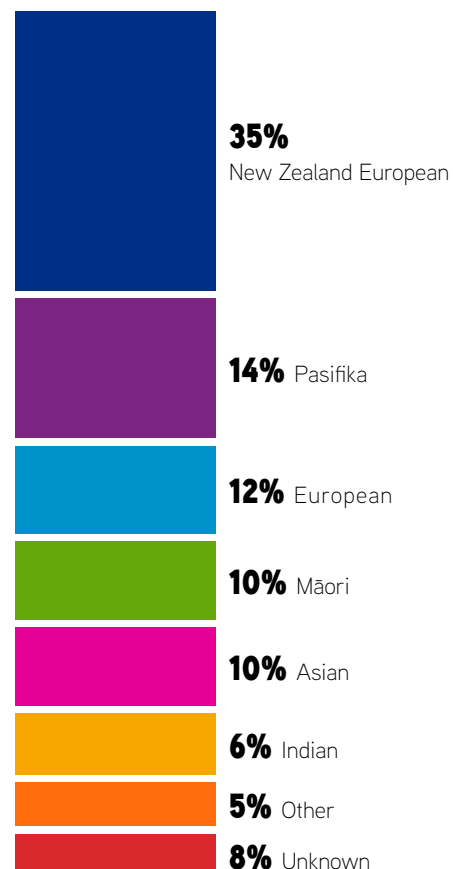
181

New staff members

59% Female staff
41% Male staff



ETHNIC DIVERSITY ON STAFF



► Student Participation

14,545

Total enrolled students

6,532

EFTS
(Equivalent Full-Time Student)

43%

Female students



57%

Male students

► Employability and Progression

**Graduates in
employment or
further study:**

77%

STUDENTS
UNDER 25*

49%

PASIFIKA
STUDENTS*

37%

MĀORI
STUDENTS*

18%

*Not mutually exclusive.

EFTS weighted SAC calculation.

► Success and Retention

THE FOLLOWING WERE AWARDED:

919

Diplomas and Graduate Diplomas

476

Degrees

80%

Successful Course
Completion

2,537

Certificates
and Awards

EFTS weighted SAC calculation.

81%

OVERALL
STUDENT
SATISFACTION



GRADUATE PROFILE ALEX STEELE

“If that was my time and what I was doing with my life, I would have been upset,” says Alex Steele recalling the Christchurch Earthquake in 2011.

Alex had forged a successful career in insurance in the Garden City after working in London as an assistant operations manager at Buckingham Palace.

While on her OE, Steele recruited and co-managed 450 staff at Clarence House, the Queen’s Gallery and the Royal Mews, facilities that host 8,000 visitors each day.

During this time she was formally introduced to the Queen and Prince Philip while also meeting other members of the Royal family informally.

But after witnessing the critical role emergency services and healthcare workers played in responding to the disaster Alex decided to retrain.

“I had to decide between going into medicine or nursing. I decided on nursing because it was the caring aspect and the

relationship building I was interested in.” I decided on nursing because it was the caring aspect and the relationship building I was interested in.”

relationship building I was interested in,” says Steele who now works in the general surgical ward at Mercy Ascot Hospital.

It was a life changing decision. Alex chose MIT as the place to train for her new career.

“It was awesome. I loved it. I can’t speak highly enough of MIT. The lecturers know you. They give out their cell phone numbers and showed a genuine interest in me. It’s such a supportive environment. A lot of nurses told me MIT had a good reputation. I was impressed as it was the only place that made me sit an entrance exam.”

MIT trains highly-skilled adaptable health professionals.

The nursing programme combines coursework with ‘hands-on’ clinical experience gained in the workplace.

As well as her excellent work background, Alex also had an honours degree in history from Canterbury University, earning a full scholarship to support her nursing training before graduating top of the class.

“It was one of the best decisions I’ve ever made,” she says reflecting on her big call. “It was quiet on nightshift last night and we were talking about nursing as a career. It’s the best job I’ve ever had. I’m lucky that I’ve been in different careers and been paid different salaries, while also seeing a bit of the world.”

“I’m really really happy.”

MIT ACADEMIC RECEIVES PRESTIGIOUS GRANT

Making technology accessible to everyone is a key part of future-proofing equality.

That's why MIT is proud of the work Dr Reza Shahamiri is doing on a Massey University project aimed to allow people with speech disorders to use voice activated technologies.

More than one hundred thousand people in this country have a communication disability according to the NZ Speech-Language Therapists' Association.

These have many causes including degenerative illnesses, cancer, stroke and brain injury.

This year, the Faculty of Business and IT senior lecturer along with Dr Andrew Gilman, Associate Professor Helen Southwood and Ms Wanting Ji, led by Professor Ruili Wang from Massey University, were awarded \$200,000 from Callaghan Innovation through the NSC Science for Technology Innovation Seed Projects fund.

"We are very happy and grateful to receive the support from Callaghan Innovation to initiate this project. We are currently working on the prototype that enables us to secure the next level of MBIE funding for development. For MIT, it's a great opportunity to work with Massey University. For this sort of research we need a team of experts solving different pieces of the puzzle. Each of us has specific skills, and together will can put these pieces together to solve the problem innovatively. These sorts of collaborations better develop our capacity with cutting edge technologies and helps learning from each other. Then, we can bring this new knowledge into classrooms to equip our students with the state-of-the-art skills that the industry needs. This highlights MIT's point of difference and gives us advantage over other institutes. Furthermore, participation in national and international projects better demonstrates the capabilities that MIT has, and brings



visibility for the amazing work that we do at MIT," says Dr Shahamiri.

By mid-2019, the team will deliver the initial prototype able to recognise impaired speech and make it intelligible to others.

The project team is drawn from a wide range of disciplines including machine learning (a branch of Artificial Intelligence) scientists, software engineers, signal processing specialists, and language pathologists.

The technology has the potential to dramatically increase the quality of life for millions of people worldwide.

It's estimated the market for such an innovation could be as big as as \$3.5M in this country and up to \$5 billion in the United States alone.

Research conducted at MIT adds significant value, not just in terms of the knowledge and opportunities it creates, but

"we can bring this new knowledge into classrooms to equip our students with the state-of-the-art skills that the industry needs."

also through enhancing the reputation of the institute.

It attracts students eager to learn from the best and encourages partnerships with industry and other tertiary providers both in New Zealand and internationally.

MIT thanks its staff who through their commitment, skills and vision are making a big difference.

EXPANDING THE 'THIN BLUE LINE'

MIT is working to fill a range of skill shortages by meeting the needs of New Zealand.

One of these is in policing with the new government aiming to add 1800 more officers to the force by 2020.

The recent recruitment drive led to a new police viral video that's now been viewed millions of times. The clip emphasised not just the need for new staff, but also the growth of cultural diversity within the organisation.

MIT's School of Sport's police studies programme came out of discussions between the institute and the Counties-Manukau Police on how the two organisations could work more closely together.

The New Zealand Certificate in Study and Career Preparation – Police studies was developed through that partnership.

It includes communication skills, swim certification, physical training, applied maths and computer skills.

"The idea is to allow students the opportunity to train and be the best applicants for the New Zealand police as possible and that they can train in their community, to come back to their community as quality police officers," says School of Sport practice leader Michelle Parsons.

A replica of the Police College in Porirua's physical training course has been built at NL block and will allow students to see the fitness needed to join the force.

"It's in the exciting, everything is new stage. Everything is fun. For the students the contextualisation of the learning is the most important part. It's applied, it's not generic," says Michelle.

The first cohort completed the programme in the second semester of this year and for many it was a big challenge.

Because the end of the course coincided with the coalition deal being announced, MIT received national media coverage on Newshub's main evening bulletin and RadioLive in October.

Our institute and NZ Police are looking forward to strengthening their relationship next year.

School of Sport has been asked to collaborate with the recruitment drive in Auckland on providing better prepared applicants for the college.

It's a great example of MIT creating training that will help get students into great jobs while also delivering benefits for our partners and the country as a whole.

"The idea is to allow students the opportunity to train and be the best applicants for the New Zealand police as possible and that they can train in their community, to come back to their community as quality police officers."





NEW EXECUTIVE STRUCTURE TO IMPROVE STUDENT OUTCOMES

In 2017, MIT made significant changes to its executive structure to best meet the needs of students and the community.

All academic functions were brought together under the leadership of the Executive General Manager (EGM) – Academic, in order to deliver and maintain the highest standards of teaching quality and performance.

Student and industry facing teams were consolidated under the EGM Student Journey to oversee an end-to-end experience for students.

While finance, strategy, facilities management, and property were combined to form Strategy and Support Services led by the EGM - Strategy and Support Services.

In addition, the following new roles were created: Deputy Chief Executive (DCE) Māori, DCE Pasifika, and EGM Technology.

After an extensive recruitment process one internal, and two external candidates were appointed to these roles.

Peseta Sam Lotu-liga was appointed to the DCE - Pasifika role, Dr Robert Sullivan (the internal candidate) was appointed DCE - Māori and Jenna Woolley was appointed EGM - Technology.

The new roles highlight MIT's strategic direction and create a framework for success for MIT's priority learner groups; Māori, Pasifika and under 25s.

Peseta Sam – a former MP and Cabinet Minister – says that the core focus of his role is to improve Pasifika economic and social outcomes through success in education.

“The goal is to light paths of success for our students,” he says. “What MIT offers are highly practical and useful skills and qualifications which open doors, create opportunities and lead to great jobs. You determine your own future through hard work and commitment.”

“Pacific people migrated here to lead better lives and we all know the key to this is higher education. Our role is to deliver better educational outcomes for learners, their families and our communities.”

MIT's new DCE Māori, Robert Sullivan also has ambitious goals for his team. “We want to raise aspirations and reach beyond parity for Māori. It's important that we look at education in a holistic sense and that our outcomes go beyond academic metrics to incorporate cultural elements that help to create better rounded graduates.”

As an internal appointment Robert is acutely aware of the legacy before him and says that he is “keen to build on the korowai of aroha (cloak of love) that Papa Kū (MIT's former Kaiākau, Kūkupa Tirikātene) and the marae team have woven over the past few years.”

“What MIT offers are highly practical and useful skills and qualifications which open doors, create opportunities and lead to great jobs.”

Complementing the DCE Māori and DCE Pasifika roles is the EGM Technology position, designed to provide MIT with the technology needed to provide a richer, more personalised experience for students.

“It's exciting that MIT has recognised technology as a foundation to create a better future for our rangatahi,” says EGM Technology, Jenna Woolley.

Prior to joining MIT, Jenna worked at Network for Learning (N4L) the crown company charged with providing safe, secure and uncapped broadband for all schools.

“I come from an environment where technology has enabled parity, creating opportunities that otherwise wouldn't exist, so I'm looking forward to bringing that experience to MIT to help our academic staff and students succeed.”

TAKING TEACHING INTO THE FUTURE

Teaching has always been about connecting students to knowledge.

But the way we receive and share information is changing, as is the place that non-compulsory study occupies in our lives.

Tertiary providers need to be flexible enough to train and upskill our community while they remain in employment.

In the past that's meant night classes, in the future it's more likely to mean the increased use of online platforms.

It's why MIT has invested in developing a new qualification to help staff get the best results in future learning environments.

The Graduate Certificate in Activity-Based Learning deepens educational experiences by providing our people with the skills to look beyond traditional lecture-based delivery.

"There's nothing wrong with a lecture because sometimes you have to do that. But it's to broaden your way of looking at your own practice. It gives you an opportunity to stop, take stock, evaluate where you are and participate in professional development," says Una Lightfoot, Tertiary Teaching Unit programme leader.

"It gives you an opportunity to stop, take stock, evaluate where you are and participate in professional development."

The 17-week course is delivered by the Faculty of Education and Social Sciences.

The certificate focuses on the fundamentals of teaching, evaluation, along with assessment design and development for activity-based learning.

"It gives an opportunity to explore exciting new ways of teaching and learning, opportunities to connect with others and it is most likely overall to provide a better experience for their students," saying Una Lightfoot.

It harnesses the 'real-world' experience of our teaching staff, with a portfolio of evidence collected in the workplace used to assess the course.

"It's a very common assessment practice now for students to produce a portfolio of evidence so if teachers have been through the process they can offer an even better experience to their students because they have gone through it themselves," she says.

Course delivery began in 2017, but there will be monthly intakes for the certificate in 2018.







CHAIRMAN OF COUNCIL REVIEW

Peter Winder

Chairman of Council

2017 was a challenging year for MIT, and indeed for all those involved in vocational training. Technological change is disrupting many sectors, meaning that we need to think quite creatively about the nature of our qualifications and the aptitude, skills and knowledge that our students need to be successful. Employment rates are running at very high levels, meaning that students face a very real choice between earning money now, or investing time in education and training.

For our graduates to succeed, they need to leave the institute not only 'work-ready' but also as 'life-long learners', able to adapt to rapidly changing work environments. For MIT to be the institute of choice for students, we need to offer them the best learning environments and the best teaching – delivered in ways that allow our students to achieve a balance between study, work and family.

During 2017 we spent significant effort to redesign courses to deliver more content on-line, to offer nights and weekend classes, shorter blocks, increasing content taught in the workplace and reviewing our offering to ensure that it meets the needs of employers. We have made progress, and this change will be a major focus of our work for 2018.

We've also had a real focus on academic standards and on equipping our academic staff with the tools they need to be effective. One leg of the change was the new Graduate Certificate in Activity-Based Learning. Let me take this opportunity to congratulate Tertiary Teaching programme leader Una Lightfoot and all those who have contributed to the developing the certificate. The other leg was a reorganisation of the Academic Centre and the appointment of a new senior leadership team to drive performance.

Our need to offer the best learning environments, and to make the most out of our considerable investment in property has driven a complete review of our property assets and their use. As

“For our graduates to succeed, they need to leave the institute not only ‘work-ready’ but also as ‘life-long learners’.”

a result of the review Nursing will this year move from the Ōtara campus to MIT Manukau. We have consolidated delivery on the North Ōtara Campus and the Faculty of Creative Arts exited Lovegrove Crescent at the end of 2017 and has been re-established there. We are now urgently exploring potential sites for a new, state of the art Engineering and Trades facility.

It was great to see MIT successfully complete its first partnership project in the Kingdom of Tonga with the introduction of a Certificate in Technical Skills at secondary level. The programme is based on our principles of 'multiple pathways' and 'managed transitions'. This year it allowed 750 students in Year 10 to study short courses in four different trades. The result is either reengagement

“In 2017, the chief executive led a major Academic Review with the purpose of finding the organisational structure to achieve the best outcomes in a changing tertiary sector.”

with schooling or further vocational training. MIT is also offering professional development to staff involved in the programme.

During 2017 the Council of MIT had a strong focus on health and safety, addressing both management systems, practices and procedures. Initiatives focused on strengthening a proactive health and safety culture. The result was that employee incidents were reduced by a third. Student incidents were also greatly reduced from 46 in 2016, to 16 for 2017. Congratulations to the team driving those changes.

2017 saw changes within MIT Council; Bernadette Pone and David Wong-Tung ended their terms – thank you both for your excellent contributions – and we welcomed Peter Parussini and Uluomatootua (Ulu) Aiono. Both appointments bring valued skills and experience to Council. Peter has an extensive background in corporate communications for NZ Rugby, Telecom, TVNZ and currently ANZ. Ulu has held senior governance positions on a number of boards and councils including AUT, Ōtāhuhu College, Habitat for Humanity

New Zealand and Alliance Health Plus. He currently is a board member and treasurer of the RiseUp Trust and Chairman of the Alliance Community Initiatives Trust (ACIT).

2017 was the first full calendar year in which Gus Gilmore has been our Chief Executive. He has done an outstanding job of steering the organisation through major change in a very difficult trading environment. The Council is deeply thankful for the work that he is doing and for the way in which he is leading the staff of the Institute. In 2017, the Chief Executive led a major Academic Review with the purpose of finding the organisational structure to achieve the best outcomes in a changing tertiary sector. There was a high level of engagement with the process with 220 submissions received in total. The review led to major change to the previous Faculty structure of the institute and ultimately to significant change in key management roles. The goal of this change is to ensure the institute responds quickly to student needs, industry needs and opportunities for innovation while delivering best practice across the disciplines.

Following the review, we farewelled a number of staff who contributed a great deal to the position MIT currently enjoys. I'd like to thank them for their hard work and assure them that through all the change, the institute's commitment to educational excellence remains.

Finally, we began 2018 with the very sad news that our Kaiākau, Kūkupa Harakore Tirikātene, affectionately known as Papa Kū, had passed away. A mighty tōtara had fallen. Papa Kū was a man of mana and matauranga who in his long career in education had guided the paths of many. He was much loved and had for many years provided inspirational leadership to our staff and students. Much of MIT's special character and focus on Māori and Māori achievement, including the marae that he nurtured and cherished, flow from his leadership and his deep concern for people. Papa Kū will be sorely missed. In recognition of his legacy it is fitting to end this reflection on the last year with the whakatauki that Papa Kū used in addressing and welcoming every student that came to MIT.



Peter Winder
Chairman of Council

Te Whāriki **Kia mōhio ai tātou ki a tātou**

E kore e taea e te whenu kōtahi
Ki te raranga I te whāriki
Kia mōhio ai tātou
Mā te mahi tahi o ngā whenu
Ka oti tēnei whāriki
I te ōtinga
Me titiro tātou ki ngā mea pai
Kā putā mai
Ā tāna wā, me titiro hoki
Ki ngā raranga I makere
Nā te mea, he korero ano kei reira.

The Tapestry of Understanding

The tapestry of understanding
cannot be woven
by one strand alone
only by the working together of weavers
will such tapestry be completed
when it is completed
let us look at the goodness
that comes from it.
In time we should also look
at those dropped stitches
because they also have a message.





CHIEF EXECUTIVE REPORT

Gus Gilmore
Chief Executive

Graduations are always a highlight in any academic year. Seeing 3932 graduates receives their certificates, diplomas and degrees reminds us all why we are here. Student success is the measure of our success and I was delighted to see that over 80% completed courses in 2017. Although down slightly on the previous year it was still a very strong result.

There were a number of achievements in 2017, however a few really stood out. First, was to see the return of Te Reo being taught at MIT. Our Marae, Ngā Kete Wānanga is well known in Auckland and it was great to see classes start up again after an absence. This is the first of a number of new initiatives to target Māori student success. Secondly, we have developed new Pasifika language courses and we will start delivering Samoan and Tongan languages in 2018.

Our Student Journey team has developed new programmes to add extra support

to our students in 2018. We have looked at global best practice in pastoral care and will progressively roll out a series of programmes to assist each and every student at MIT to achieve their goals.

It was a challenging year financially. Our enrolments were down significantly, which has meant we recorded a sizeable deficit. Student demand is driven by two main factors: Firstly, the demographics of students leaving high school, and secondly, the employment levels in the economy. Both conspired against us to see demand drop which meant some \$8m less revenue than we were budgeting for. The team did a very good job at reducing costs wherever they could but it simply wasn't enough.

2017 was a transformational year for MIT. We took the opportunity to restructure most of our core operations in order to better position us for the future. We established four new executive roles which are all focused on student success and support. Our two new Deputy Chief Executive roles are about driving parity outcomes for Māori and Pasifika students.

“we believe our purpose is to transform lives and get graduates into great jobs.”

Our new Executive General Manager Technology role is there to enable a better student experience through technology, and finally, the Executive General Manager Academic is there to lead our academic teams and ensure we reach those educational success measures we have set ourselves. We have disestablished the faculty model and established three new campus operations underpinned by Directors and Heads of Practices. These academic management roles will mean we are closer to students, better positioned to support tutors and lecturers, and drive greater collaboration across MIT.

During my time at MIT I often get asked why study at MIT versus any other institution? That's a really easy question to answer. I often talk about the unique features we have at MIT. The expertise

and diversity of our staff, the rich cultural experience students get, or the high course completion and qualification completion rates. However, the ultimate test is the success of our graduates once they leave MIT. Recently the Ministry of Education released a data set on graduate outcomes. I was delighted to read that MIT sits at the very top of a small number of institutions where its graduates achieve a higher median income and most are in meaningful employment.

This is an area MIT focuses on, we believe our purpose is to transform lives and get graduates into great jobs. The table below is an extract from that data set that exemplifies the successes our graduates have after graduation.

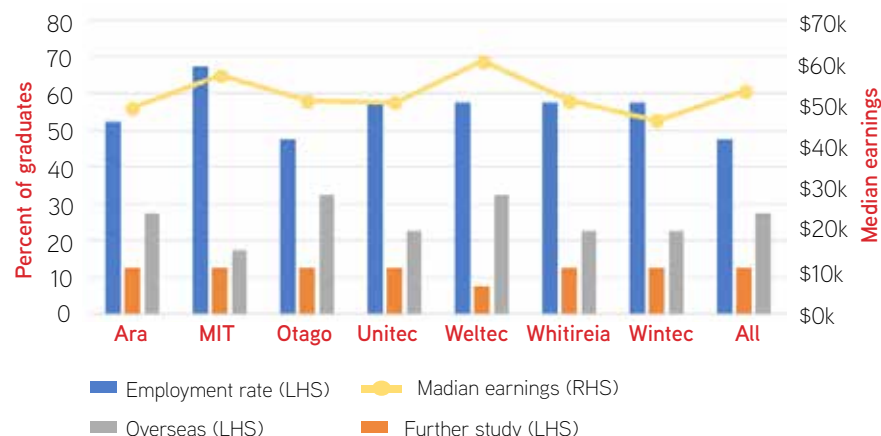
We will build on these strong results in the next two years, rolling out new initiatives to get graduates ready for employment and to be strong contributors to the communities they live in. These include a Drivers Licence programme as over 75% of jobs require employees to have a driver's licence, cultural competence training and embedding sustainability into all our core programmes.

During 2017 a small group of committed staff put in place a robust set of plans to focus on sustainability. These included programmes to reduce energy consumption, preserve natural resources and to begin to embed the core principles of sustainability into everything we do.

Next year we continue this work with a particular emphasis in the following areas:

- Rainwater collection, recycling, composting food waste and sponsoring eVelocity
- Supervised student capstone projects for sustainability reporting
- Promoting sustainable energy planning and reducing carbon emissions
- Growing edible gardens around the Ōtara North Campus
- Collaborative community gardening at the Sikh Temple, Takanini and;
- Organising solar energy projects for students.

MIT leads sector in employment outcomes



Source: Roger Smyth, Education Central, 'Does it really matter where you study?'

“As a public institution we are committed to serving all members of the community.”

The year was also highlighted by a number of cornerstone partnerships. We worked closely with a number of Industry training organisations (ITO) to help apprentices gain their qualifications. MIT offers managed apprenticeships as well as partnering options with ITOs. Both options are with a view to better serve industry in New Zealand and collectively leverages the unique skills ITOs and Institutes of Technology (ITP) have. We believe that with a new funding mechanism even greater results can be achieved in the vocational training area and more trainees can get through the system more quickly.

As a public institution we are committed to serving all members of the community. We continue to teach in prisons and believe education for prisoners is critical to their rehabilitation so they can make a successful reintegration back into their community.

Our Marae is open seven days a week as is our Pasifika Community Centre. Our local communities use these important meeting spaces regularly at 'peppercorn' rates.

In 2017 we welcomed the PEC Trust into MIT. PEC plays an important role in the Pasifika community in Auckland. It's ongoing language and cultural training adds richness to MIT, Ōtara and South Auckland.

Finally, our teaching facilities are all in the process of being upgraded both in terms of physical appearance, along with our AV and IT equipment. We have just started these processes and over the next three years will continue to make MIT a better place to study and learn. Blended learning is an important part of learning at MIT with a large number of our students combining study and work. Having flexible learning options available is critical. We will invest further in this area as students continue to tell us how important flexible programmes and delivery are to their busy lives.

Gus Gilmore
Chief Executive

Financial Overview

This overview provides brief commentary on MIT's financial performance for the year ended 31 December 2017.

Operating Performance

It has been a challenging year for MIT. The net result is a deficit of \$5.4m before one-off operating expenditure items, against a budgeted deficit of \$1.4m. The total net deficit is \$7m. This includes one-off restructure costs of \$2.6m, as well as one-off revenue from the sale of properties of \$0.7m. The restructure costs relate to the reorganisation of the executive leadership team, some support service teams and the academic leadership team.

Government funding and domestic revenues continue to trend below budget primarily due to lower SAC domestic delivery. This has impacted all faculties. In addition MIT lost some of its SAC levels 1 and 2 funding during the competitive funding round. This trend is consistent across tertiary institutes in New Zealand, reflecting the buoyant economy and high levels of employment. International revenues were also below budget running against the trend of recent years due to changing student visa criteria. A positive impact for the year is reflected in better than budgeted non-base income from Industry Training Organisations and customised training, up 22.5% from budget. MIT remains committed to achieve growth in domestic enrolments, particularly targeted towards our priority groups of Maori, Pasifika and under 25's.

Non-essential expenditure has been managed where possible, coming in at \$4.4m below budget before one off items.

During the year MIT have rolled out a number of initiatives with a view to making MIT more responsive to the changing needs of students and the employment market, in order to develop a financially sustainable future.

Financial Position

MIT's total asset base is consistent with the valuation undertaken as at 31 December 2015. This year an additional property (\$7.2m) has been classified under current assets held for sale. The two properties in this category in 2016 were successful sold during the year returning \$0.7m in profit on sale. This property has also been identified as surplus to requirements and the funds realised will be used to fund MIT's capital programme.

Two significant capital programmes undertaken this year are to be completed in 2018. These are the Nursing move to MIT Manukau and the Quad renewal project in the Otara Campus. A business case to renew the Quad at the Otara Campus was approved. The intention is to create a more student centric learning environment as well as to revitalise the space to increase its usage. In addition, to work towards fully utilising the Manukau Campus, a project to create a leading edge teaching facility for our nursing practice commenced in 2017. Both programmes are designed to meet MIT's goal as a major tertiary provider.

Long-term debt is \$2.5m lower than budgeted. Some of this can be attributed to the timing of the commencement of the capital programmes. One of the debt facilities was due to expire at the end of December 2017. Accordingly, a new debt facility was negotiated to replace this. A realignment of borrowing requirements has also resulted in a reduction of debt funded requirements from \$25m to \$20m.

The Future

The fees free program the government announced in late 2017 is being rolled out in 2018 and MIT like most other tertiary educators in New Zealand is yet to fully appreciate what this will mean in terms of student numbers and associated revenue.

This year has seen significant capital programmes underway and a full review and redesign of both the academic and support services. All activities are intended to create the innovation and opportunities for MIT to deliver vocationally focussed tertiary education, research and technology transfer that ensures Auckland's economy, graduates, employers and communities have the capability and skills to achieve their potential. MIT recognises that we have a special obligation to serve the people, communities and employers of Manukau and that achieving significantly improved tertiary education outcomes in this region is critical to both our mission and to the future economic and social prosperity of the nation.

MIT is confident on meeting its goals with the building blocks that have been initiated this year.

Financial Performance Summary and Key Statistics

Five Year Financial Performance Summary

All in \$000s	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014	ACTUAL 2013
FINANCIAL PERFORMANCE					
Government Funding	46,041	54,786	57,127	55,872	58,157
Other Income	57,342	59,147	54,365	48,817	49,616
Operating Expenditure	(108,822)	(112,554)	(108,455)	(108,132)	(107,373)
Surplus/(Deficit) from Operations Excluding One Off Items	(5,439)	1,379	3,037	(3,443)	400
One Off Net Operating Expenditure	(1,591)	(1,512)			
Total Surplus/(Deficit) from Operations	(7,030)	(133)	3,037	(3,443)	400
Non-Operating Expense	0	0	29,921	1,454	0
Net Surplus/(Deficit) for the Year	(7,030)	(133)	32,958	(1,989)	400
FINANCIAL POSITION					
Current Assets					
Cash Equivalents and Other Financial Assets	2,084	3,727	4,247	5,002	1,917
Receivables and Inventory	5,489	4,046	4,317	3,439	4,692
Assets held for sale	7,271	4,087	0	0	0
	14,844	11,860	8,564	8,441	6,609
Non-Current Assets					
Property, Plant and Equipment	280,383	293,880	301,926	279,076	247,173
Intangible Assets	3,863	4,041	3,717	3,382	4,566
Total Assets	299,090	309,781	314,207	290,899	258,348
Current Liabilities					
Payables, Accruals and Provisions	28,868	24,667	30,294	33,768	40,149
Trust Funds	605	597	578	569	553
Borrowings	7,000	5,000	10,000	0	0
Derivative financial instruments	27	28	0	0	0
	36,500	30,292	40,872	34,337	40,702
Non-Current Liabilities					
Provisions	278	377	399	431	447
Borrowings	20,000	29,500	23,000	40,000	264
Derivative financial instruments	1,536	1,806	1,922	1,186	0
Total Liabilities	58,314	61,975	66,193	75,954	41,413
Net Assets	240,776	247,806	248,014	214,945	216,935
Equity					
Capital Contributions and Retained Earnings	108,820	115,850	116,058	112,910	116,354
Other Comprehensive Income	1,454	1,454	1,454	1,454	0
Revaluation Reserves	130,502	130,502	130,502	100,581	100,581
Total Equity	240,776	247,806	248,014	214,945	216,935
CASH FLOW SUMMARY					
Net Cash Flows – Operating Activities	6,065	8,171	13,277	16,887	13,144
Net Cash Flows – Investing Activities	(208)	(10,191)	(6,768)	(41,802)	(30,168)
Net Cash Flows – Financing Activities	(7,500)	1,500	(7,264)	28,000	12,092
Net (Decrease)/Increase in Cash	(1,643)	(520)	(755)	3,085	(4,932)
Bank and Cash at beginning of the year	3,727	4,247	5,002	1,917	6,849
Bank and Cash at end of the year	2,084	3,727	4,247	5,002	1,917
KEY STATISTICS					
Financial					
Current Assets to Current Liabilities	0.41:1	0.26:1	0.21:1	0.24:1	0.16:1
Total Liabilities to Total Assets	19%	20%	21%	26%	16%
Proportion of Government Grants to Total Income Excluding Interest from Investments	45%	48%	51%	53%	54%
Students					
SAC, International, TOPS and Youth Training, ITO and Self Funded	6,532	7,278	7,570	7,179	7,692
Ratio of Students to Tutorial Staff	20.0:1	22.3:1	24.0:1	21.0:1	21.9:1

1. The actual FTEs as at 31 December 2017 were used in calculating this ratio.

There are no group financial results as Enterprise MIT Limited ceased trading in December 2016 and all programmes and courses previously delivered by Enterprise MIT Limited were delivered by MIT in 2017.



GOVERNANCE

Governance and Accountability

Statutory role

Manukau Institute of Technology (MIT) is a polytechnic established pursuant to section 162 of the Education Act 1989 (the Act).

MIT is also a Crown Entity for the purposes of schedule 13A of the Act and schedule 4 of the Crown Entities Act 2004.

Governance structure

Council

The governing body of MIT is the MIT Council. It comprises eight members appointed in accordance with section 222AA of the Act; four members appointed by the Minister for Tertiary Education, Skills and Employment and four members appointed by the Council.

Council Committees

Pursuant to section 193(3) of the Act, the MIT Council 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 Council. The standing committees of the MIT Council are the:

- Audit and Compliance Committee
- Chief Executive Review Committee
- Executive Committee
- Student Appeal Committee
- Academic Board

These committees are formally constituted with terms of reference.

MIT Rūnanga

The Rūnanga was established as an Advisory Group to Council under Sections 193 and 222 of the Act. The Council requires the Rūnanga to perform key tasks in the following areas:

Community Engagement

- To consult with the wider Māori community on issues pertaining to Māori tertiary education and MIT's role in it
- To bring to MIT the voice of the Māori community
- To increase engagement with the wider Māori community with an emphasis on bringing the community into the life of MIT to work together in the interests of increasing Māori participation at MIT across all levels (including higher levels of education and qualification) and
- To advise the wider Māori community of MIT on strategic aspirations pertaining to Māori.

Council Advisory

- To recommend policy development and strategic directions relevant to Māori at MIT to the Council in the annual strategic planning cycle.

Te Tiriti o Waitangi

- To provide the Council with advice pertaining to MIT's Te Tiriti o Waitangi obligations.

Membership

- Membership of the MIT Rūnanga comprises representatives from:
 - a) Five members appointed by Council where nominations are drawn from a general call for applications from the Māori community
 - b) Four members appointed – one from each of the following:
 - (i) One representative appointed by the recognised tribal authority Te Whakakitenga o Waikato
 - (ii) One representative appointed by Manukau Urban Māori Authority

(iii) One representative from the Ōtara Community

(iv) One representative appointed by/from local secondary schools and/or wharekura

c) Three ex-officio members, the Kaiākau and the CEO MIT (or delegated appointee); the chair of Te Komiti Tangata Whenua.

Governance Philosophy

Division of Responsibility between Council and Management

The MIT Council 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 Council's approved strategy.

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

Both the MIT Council 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 Council acknowledges its responsibility to ensure that the organisation complies with all relevant legislation. The Council 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. As part of this programme, management provides the Audit and Compliance Committee with the results of an annual verification of MIT's compliance with specific legislative requirements.

Risk Management

The MIT Council 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 Council. 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.

2017 Highlights and Developments

This year MIT made great progress in a number of areas. Particular highlights included:

- Achieved a SAC course completion rate of 80.1% which is significantly higher than the TEO median average of 77% in 2016. (2017 figures not yet available).
- For SAC students the Pasifika retention rates have surpassed the retention rate for the total student population
- Further growth of 7% in Non-Base income reflects demand for in work learner training
- EFTS enrolments have dropped by 10% overall, this part of a broader trend across the ITP sector.
- Anticipated changes to legislation affecting International students has impacted 2017 enrolments which are down 2.6%.

Council Fees

All in \$000s	ACTUAL 2017	ACTUAL 2016
P Winder <i>Chairman</i>	40	40
B Monk <i>Deputy Chairman</i>	25	25
J Hannan	20	20
B Pone <i>Term expired 30 April 2017</i>	6	20
K Schaffler	20	20
J Tattersall	20	20
R Tuwhangai	20	20
D Wong-Tung <i>Term expired 30 April 2017</i>	6	20
P Parussini <i>(Appointed 01/05/2017)</i>	14	0
U Aiono <i>(Appointed 12/06/2017)</i>	12	0
Total	183	185

Council and Standing Committee Attendance

	COUNCIL		AUDIT AND COMPLIANCE		CHIEF EXECUTIVE REVIEW		EXECUTIVE		STUDENT APPEAL	
	HELD	ATTENDANCE	HELD	ATTENDANCE	HELD	ATTENDANCE	HELD	ATTENDANCE	HELD	ATTENDANCE
Peter Winder, <i>Chairman</i>	10	10	3	3	1	1	0	0	0	0
Brian Monk, <i>Deputy Chairman</i>	10	8	3	3	1	1	0	0	0	0
John Hannan	10	10	3	3	1	1	0	0	2	2
Bernadette Pone <i>Term expired 30 April 2017</i>	10	3	0	0	0	0	0	0	0	0
Kira Schaffler	10	9	3	2	0	0	0	0	2	2
Jill Tattersall	10	8	0	0	0	0	0	0	2	2
Rachael Tuwhanagi	10	9	3	1	0	0	0	0	2	2
David Wong-Tung <i>Term expired 30 April 2017</i>	10	3	0	0	0	0	0	0	0	0
Peter Parussini <i>(Appointed 01/05/2017)</i>	10	5	0	0	0	0	0	0	0	0
Uluomato'totua (Ulu) Aiono <i>(Appointed 12/06/2017)</i>	10	6	1	1	0	0	0	0	0	0

The Council meets monthly from February to November and at other times as required. Standing Committee Meetings x 10 (February 2017 – November 2017). Sub Committee Meetings x six (Audit & Compliance Committee Meetings Student Appeal and the CE Review Committee Meetings).

Council Members Register of Interests

COUNCILLOR	INVOLVEMENTS WITH OTHER ENTITIES	LAST UPDATED
P Winder <i>Chairman</i>	Director, McGredy Winder and Co Limited Director, The Sound of Music Education Limited Crown Manager, Kaipara District Council Trustee, Silo Theatre Company Committee Member on State Services Commission's Risk and Audit Committee Director, EnterpriseMIT Limited Chair, EnterpriseMIT Limited	27 October 2016
B Monk <i>Deputy Chairman</i>	Chief Financial Officer, Watercare Services Limited Trustee, Watercare Harbour Clean Up Trust Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust Director, Hunua Forests Limited	27 April 2017
U Aiono		29 June 2017
J Hannan	Partner, DLA Piper	27 April 2017
P Parussini	ANZ Bank New Zealand	25 May 2017
K Schaffler		27 April 2017
J Tattersall	Chair, Kiwa Digital Limited Consultant, Cognition Education	27 April 2017
R Tuwhangai	Chair, MIT Rūnanga Board Trustee, Manalive Trust Managing Director, Māori and Pasifika Support Services Professional Learning and Development Facilitator, University of Auckland Board Trustee, Auckland Community Law Centre New School's Governance Facilitator, Ministry of Education	18 October 2017
B Pone <i>Term expired 30 April 2017</i>	Member, Pacific Community Advisory Board – MIT Director, EnterpriseMIT Limited	14 July 2016
D Wong-Tung <i>Term expired 30 April 2017</i>	Honorary Independent Special Projects Advisor and Consultant to the Prime Minister of Samoa Trustee, Best Pacific Foundation Commissioner, NZ-Samoa Trade and Investment Commission Trustee, Youthline Director, Puriri Nurseries Limited Director, Pacific 28 Limited Director, Kauri Connect Limited Director, Oravida NZ Limited Director, Kauri Orewa Limited Director, Kauri 139 Limited Director, Kauri Ruakaka Limited Director, NZG Limited Director, JWT Investments Limited Director, Kauri McArthur Ridge Limited Director, EnterpriseMIT Limited	14 July 2016

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 Council Member at MIT

Representatives of Council on other MIT Boards/Committees

COUNCILLOR	INTEREST	LAST UPDATED
P Winder	Chairman, EnterpriseMIT Limited	31 December 2017
B Monk	Director, EnterpriseMIT Limited (until 1 May 2017)	31 December 2017
J Hannan	Director, EnterpriseMIT Limited (until 1 May 2017)	31 December 2017
K Schaffler	Director, EnterpriseMIT Limited (until 1 May 2017)	31 December 2017
J Tattersall	Director, EnterpriseMIT Limited (until 1 May 2017)	31 December 2017
R Tuwhangai	Director, EnterpriseMIT Limited (until 1 May 2017)	31 December 2017

Note: The following Council Members Terms expired on 30 April 2017

B Pone	Member, Pacific Community Advisory Board – Manukau Institute of Technology (until 30 April) Director, EnterpriseMIT Limited (until 30 April 2017)	1 May 2017
D Wong-Tung	Director, EnterpriseMIT Limited (until 30 April 2017)	1 May 2017

Council Delegations

Pursuant to section 222(1) of the Education Act 1989, the MIT Council 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 193(3) of the Act.

The following table summarises Council Delegations which are to be exercised in accordance with the provisions of the Education Act 1989, other relevant legislation and Council Approved Statutes:

COUNCIL 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 Board	Courses/Programmes of Study, Quality Assurance, Research, Sub-Committees, Academic Policies, Incidental and Assessment.
Executive Committee of Council	To act with the full powers of the Council during the extended summer holiday period and at other times when (in either case) urgent matters arise.
Student Appeals Committee of Council	Student Appeals.
Chief Executive Review Committee of Council	Oversight of the Chief Executive's conditions of employment and performance-related matters.

The Audit and Compliance Committee has no formal delegation. The Audit and Compliance Committee acts under its terms of reference to advise the MIT Council on audit and compliance requirements.

Council Membership

as at 31 December 2017

Chairman



Peter Winder
MA (Hons), MCILT
Ministerial Appointment

Deputy Chair



Brian Monk
BCom ACA
Ministerial Appointment

Members



John Hannan
LLB (Hons) (1st Class), BA
Council Appointment



Rachael Tuwhangai
M.Ed, M.ProfSt (LangTch),
PGDipEd (Counselling), DipTchg
Ministerial Appointment



Kira Schaffler
Higher Diploma of Education
Council Appointment



Jill Tattersall
MA (Hons)
Council Appointment



Peter Parussini
Master of Communications,
Diploma in Chinese (Mandarin),
Certificate in Journalism
Council Appointment
Appointed 1 May 2017



Uluomatootua Aiono
Uluomato'totua (Ulu) Aiono ONZM
BSc (Computer Science), MBA
Ministerial Appointment
Appointed 12 June 2017

Equal Educational Opportunities

The Institute strives to provide equitable educational access, appropriate support service and barrier-free facilities for all students. Manukau Institute of Technology (MIT), through its Equal Educational Opportunities Policy, seeks to create an environment in which all students have an equal opportunity to access education to achieve their potential. The areas of content and delivery of programmes, policies and procedures, provision of support services, staff training, provision of a hardship fund and scholarships, and student representation are designed and monitored in line with MIT's commitment to all students.

In 2017 scholarships provided totalled \$224,000 and included 65 tertiary scholarships as well as various other grants supporting community initiatives and supporting the transition of students into tertiary study. Hardship assistance totalled a further \$13,039 – 97 hardship applications were processed. This confirms MIT's strong commitment to supporting tertiary study in the southern region of Greater Auckland.

MIT receives equity funding to support tertiary students with disabilities. Disability Support delivers integrated and specialist support services to registered students which are individually designed to ensure access to all aspects of tertiary life. This funding is used to meet specific objectives set each year and covers recruitment of new students, provision of specialist equipment and employment of support staff who offer one-on-one support in the classroom. In 2017, MIT supported 431 students with disabilities. The MIT coordinator for disability support continues to work closely with many community agencies. Disability Support implemented a wraparound service at MIT where we believe that services and supports should be flexibly arranged to meet the unique needs of the students. This has been a success as we look at the increased retention and success of students as they progress towards employability or higher studies.

MIT Disability Support continues to work closely with the Ministry of Social Development and Workbridge employment consultants to support students with

significant disabilities into mainstream employment and Internship programmes.

MIT provides a range of amenities and support services for all students. This includes a state-of-the-art library with an information commons giving easy access to computing facilities. The Learning Support Centre delivers a range of learning and language support, 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. The Health and Counselling Centre provides medical and counselling services as well as organising and participating in activities promoting general health and well being.

The MIT Children's Education Centre is situated on North campus 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 Equal Employment Opportunities 2017

Organisational Leadership and Culture

MIT will be best positioned to succeed today and tomorrow if we can effectively respond to the challenges and changes we face in our sector. To do this, we need to develop an organisation that is forward looking and flexible.

2017 saw a sea change in how MIT is organised and operates. In February, the executive team was restructured. Numerous changes were made to bring different functions and capabilities to the leadership table of the organisation. New roles introduced to the executive team included Deputy Chief Executive Māori, Deputy Chief

Executive Pasifika and Executive General Manager Technology. These appointments emphasise the importance of driving educational outcomes for Māori and Pasifika, and the crucial role technology plays in the current and future state of tertiary education.

Diversity was a significant theme of this structure change, which impacted all roles in the executive team. Three of the appointments were female, including the promotion from within the organisation of two existing female leaders. Māori and Pasifika representation was assured by the appointment of Deputy Chief Executive Māori and Pasifika roles. The team spans a range of ages from late 30s to mid-70s and comes from a range of backgrounds including

education, large commercial organisations and politics.

During the latter part of the year, a major restructure of our academic leadership took place. MIT had been structured in a style similar to a traditional university, with seven Faculties running largely independently. This change reorganised our academic areas under three General Managers, each with responsibility for one of MIT's major campuses. However, this change was really about shifting from an organisational model focussed on hierarchy and silos, to one that promotes collaboration and giving lecturers at the front line of education a greater ability to make decisions about the things that affect the success of their students.

Extensive consultation was undertaken across the organisation as this approach was developed, including workshops and feedback questionnaires which were completed by over 250 staff. During the formal consultation process, an amazing 220 submissions were received from staff and students. A dedicated team is now working with the newly appointed academic leaders and their teams to support them as they transition into this new, more collaborative way of working.

Substantial investment was made in leadership development during the year. Two Leadership Days were held – these involved bringing together all people leaders and staff in senior roles for a day to talk about the challenges we are facing, the direction we are heading in and how we can lead and support our people as these changes occur. With over 120 participants, these days were lively and at times robust discussions about how MIT is going and what it needs to do to succeed. Eighty leaders also participated in a 'Leadership 101' training programme during September. Focussed on fundamental leadership practices, the goal of this programme was to set a standard for what good leadership looks like at MIT and to encourage managers to work together to discuss and continue to develop their leadership capabilities. This work provides a foundation for further leadership and staff capability development which is planned for 2018.

Investment in Māori and Pasifika Leadership

MIT took a significant stride forward in engaging with our Māori and Pasifika communities, with the appointment of Dr Robert Sullivan as Deputy Chief Executive Māori, and Peseta Sam Lotu-liga as Deputy Chief Executive Pasifika. These appointments have had an immediate positive impact on staff engagement with Māori and Pasifika culture and practices.

Robert's first major initiative has been to spearhead the development and launch of the Whakaohongia Kōrerorero programme. With 30 attendees across MIT including most members of the Executive Leadership Team, this 17-week programme has provided an

introduction to te reo, pronunciation and a grounding in Māori culture and world view. A version of this programme will be available to all staff on an ongoing basis.

Likewise, Sam has engaged with the Pasifika Education Centre to make their Koloa 'A E Pasifika (Introduction to Pasifika Knowledge and Competency) programme available to all MIT staff.

MIT has also allocated resource for three full time equivalent employees to act as Māori Partners and Pasifika Partners. These roles work directly with Academic teams to help them identify and respond to the needs of Māori and Pasifika, ensuring the institutes strategies and aspirations for these groups are fully embedded into each of the programmes we deliver. This investment is part of a Māori Education Strategy and Pasifika Education Strategy that Robert and Sam are responsible for driving in their roles.

Health and Safety

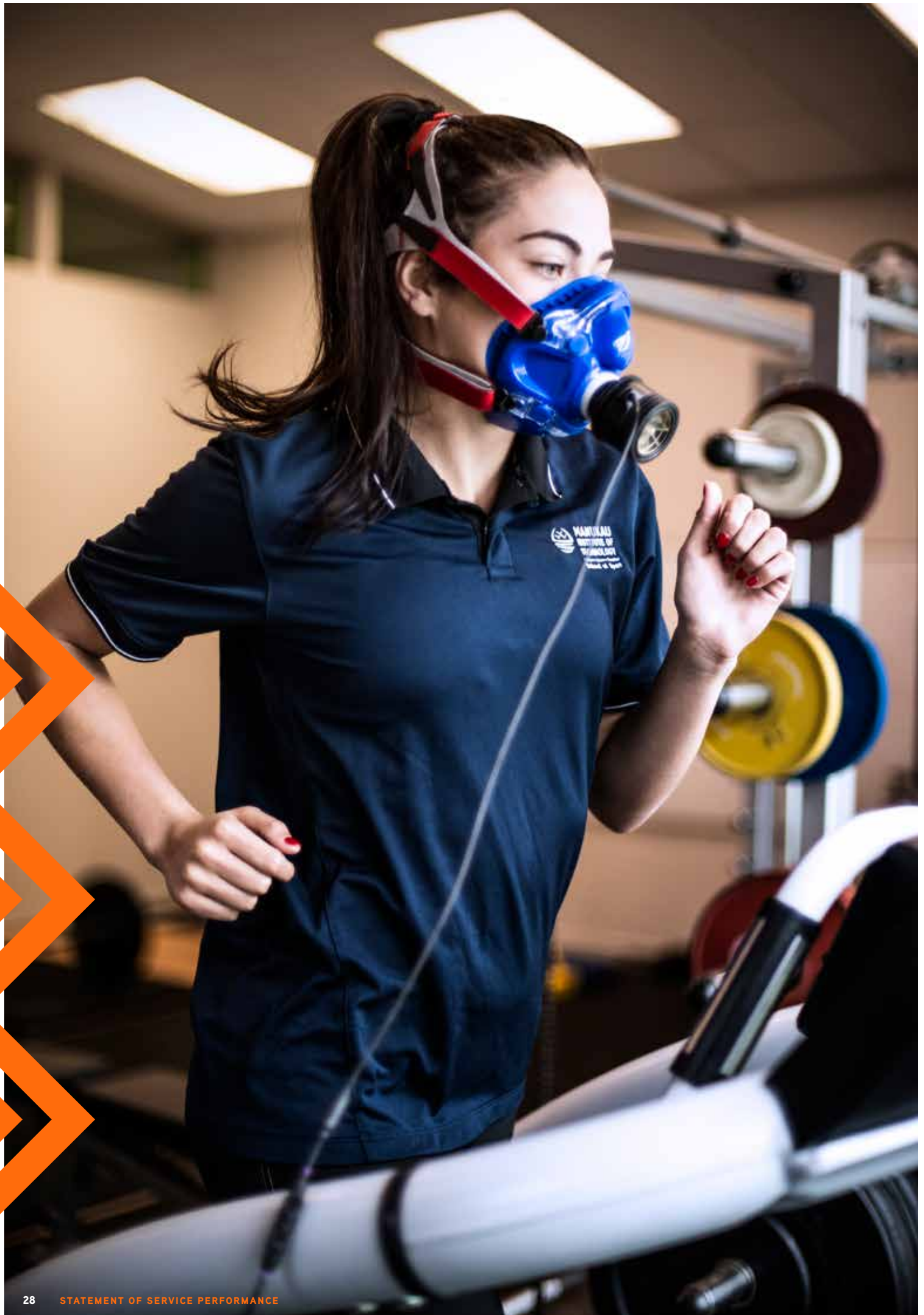
2017 was a very successful year for Health and Safety at MIT. During 2016, the number of safety incidents at MIT reduced by 45%. ACC benchmarking data for the year through until 31 March 2017 showed that MIT had significantly reduced its number of claims and costs of claims from previous years and was now in line with standards for the tertiary sector.

2017 saw a further reduction in incidents by another 44%, with ACC claim costs falling by a dramatic 70% during the 12 months to December. We expect that the ACC benchmarking data through until 31 March 2018 will show MIT achieving at or near best-in-class standard for our sector.

A particular highlight in December was achieving the Joint Accreditation System of Australia and New Zealand 4801 standard for Health and Safety. This was a comprehensive, independent audit of MIT's Health and Safety system. During six days of audit activity, an audit team reviewed MITs safety documentation and processes, visited work sites and spoke to staff to ensure that MIT's Health and Safety practices aligned with Health and Safety best practices.

Success in this area has been due to a disciplined focus on Health and Safety right

through the organisation. At a Governance level, MITs Council have shown a personal commitment by participating in monthly safety visits and tracking Health and Safety outcomes at their monthly meetings. A new approach to running safety committees in all areas of the institute, supported by strong coaching from our Health and Safety team, has resulted in substantial progress being made on the ground to identify and manage risks, and ensure that resources are put in place to maintain safe work practices. MIT have invested significantly in our Health and Safety representatives, with 57 representatives across the institute trained by an expert provider to the NZQA standard.



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 2017 Financial Year.

The Operating Environment

Manukau Institute of Technology 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

Manukau Institute of Technology is committed to delivering service through its exceptionally strong and committed academic and allied staff supporting each other in integrated roles.

Our Strategic Plan

Purpose

Our purpose is to get people into great jobs.

Vision

Our vision is to be widely recognised as the leading ITP in New Zealand.

In particular, we will be known for:

- Our success in meeting Auckland's vocational education and training needs;
- Our success in meeting the needs of our students and communities;
- The strength of our partnerships with community and other providers;
- The employability and progression of our graduates; and
- Our innovation and entrepreneurship

Mission

Our mission is to deliver vocationally focused tertiary education, research and technology transfer that ensures Auckland's economy, graduates, employers and communities have the capability and skills to achieve their potential.

We recognise that we have a special obligation to serve the people, communities and employers of Counties Manukau and that achieving significantly improved tertiary education outcomes in this sub-region is critical to both our mission and to the future economic and social prosperity of the nation.

Areas of Focus

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

Measures of Success

Our success will be measured by the following five goals:

- Improved employability and progression;
- Increased participation;
- Improved success and retention;
- Enhanced experience and satisfaction; and
- Increased consultancy and industry training.



*"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

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 level 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 Strategic Plan and Investment Plan are aligned to the Strategy.

Our Investment Plan 2015-2017

Our Investment Plan 2015-17 confirms our strong commitment to the Tertiary Education Strategy and restates a number of aspects of our Strategic Plan.

Specific performance commitments are made in the Investment Plan in relation to Participation and Educational Performance. These two areas are a subset of our strategic goals and as a consequence the reporting against the Strategic Plan and the Investment Plan in the following sections are combined.

Our Performance

Participation levels have dropped by 10% compared to 2016 this is part of a broader trend of reducing enrolments affecting the majority of Tertiary Education Organisations. SAC levels 1 and 2 enrolments were particularly affected with a 65% drop in enrolments as a consequence of delayed confirmation of funding to deliver non trades programmes. Anticipated changes in legislation affecting International students has seen good growth in prior years turn into a decline of 2.6%. Lower participation has also had a knock on effect on retention rates with the overall retention rate dropping by 1.1% to 66.2%

A SAC course completion rate of 80.1% represents a good result when compared to the TEO median average for 2016 of 77% although it is slightly lower than the high standard reached in 2016 of 81.9%. Whereas the qualification rate has increased in the largest funding categories.

For SAC funded students, the retention rate for Pasifika has been higher than the retention rate for the total student population for the last 2 years which reflects the work put into connecting with our priority groups

Non Base revenue continues to increase with strong growth in delivering training to the in work learner.

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 2017	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
To increase the number of domestic EFTS	1	6,076	5,501	6,219	6,627	6,561
To increase the number of International EFTS		1,081	1,032	1,059	961	617
To increase the number base SAC EFTS	1	5,194	4,200	5,021	5,435	5,409

Overall there has been a decline in enrolments by 10%, mainly due to reduced SAC enrolments -16%. There has been strong growth of 36% in Industry Training Organisations (ITO) Off Job Training, which has also contributed to the growth in Non-Base income, whilst Adult Community Education enrolments have declined due to less programmes offered as a consequence of reduced viability. International EFTs enrolments, whilst increasing in many Faculties, were affected by reduced enrolments in areas without level 5+ programmes, in response to anticipated changes to immigration policy. Overall International EFTS dropped by 2.6%

The decline in SAC EFTS has been most noticeable at levels 1 and 2 with a reduction of 65%. This was impacted by delayed funding for non-trades programmes and an increasing trend of students staying at school longer to obtain qualifications at these levels. Based on interim 2017 data released by TEC for 2017 there is a trend across the ITP sector of reduced enrolments in SAC and YG.

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 2017	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
Māori						
SAC levels 1 and 2	1	1.6%	1.1%	2.5%	2.2%	1.5%
SAC levels 3 and above	1	17.0%	17.1%	15.8%	15.6%	16.0%
SAC levels 4 and above	1	13.0%	14.9%	13.3%	12.6%	12.2%
Pasifika						
SAC levels 1 and 2	1	3.1%	1.9%	3.0%	2.8%	2.4%
SAC levels 3 and above	1	34.0%	34.8%	32.6%	32.0%	32.2%
SAC levels 4 and above	1	28.0%	29.4%	27.7%	25.4%	24.7%
Under 25						
SAC levels 3 and above	1	49.0%	46.4%	44.2%	45.8%	48.1%
SAC levels 4 and above	1	39.0%	40.2%	38.5%	38.0%	37.7%

The trend of increased participation for Maori, Pasifika and under 25 priority groups in programmes at levels 3+ has continued and reflects MIT's commitment to connect with the local Maori and Pasifika communities and focus on improving the educational outcomes for these groups through initiatives like Maori and Pasifika Trades Training.

The decline in participation at levels 1 and 2 is related to the delayed funding in non-trades programmes which disproportionately impacted these priority groups.

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 career.

FUNDING TYPE AND LEVEL	NOTE	TARGET 2017	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
All Students						
All Funding Types	2,3	83%	81%	83%	81%	80%
SAC levels 1 and 2	2,3	84%	72%	75%	75%	77%
SAC levels 3 and above	2,3	83%	81%	83%	81%	80%
SAC levels 4 and above	2,3	84%	81%	83%	83%	82%
Youth Guarantee level 1	2,3	69%	74%	100%	100%	89%
Youth Guarantee level 2	2,3	69%	81%	76%	67%	66%
Youth Guarantee level 3	2,3	70%	75%	76%	78%	78%
Māori						
SAC levels 3 and above	2,3	80%	75%	77%	76%	74%
SAC levels 4 and above	2,3	79%	77%	78%	78%	77%
Pasifika						
SAC levels 3 and above	2,3	79%	77%	78%	77%	75%
SAC levels 4 and above	2,3	80%	77%	78%	78%	76%
Under 25						
SAC levels 3 and above	2,3	81%	78%	81%	79%	77%
SAC levels 4 and above	2,3	81%	79%	81%	81%	80%

In 2016 the median course completion rate for TEOs for SAC funding was 77% and MIT's course completion rate of 83% was only lower than 2 other TEOs. Whilst it is disappointing that the 2017 result has dipped below the performance for the prior year it still represents a good result. MIT is committed to driving improvements in future results to maintain these high standards. The underlying reasons for the change in performance will be investigated.

To increase the number of successful qualification completions

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

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2017	INTERIM 2017	INTERIM 2016	INTERIM 2015	INTERIM 2014	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
To increase the number of graduates for qualifications at Level 4 and above	2,3	2,950	2,669	2,848	2,827	2,406	2,939	2,799	2,516
To increase the total number of graduates	2,3	5,000	3,932	4,591	4,813	4,490	4,782	4,840	4,611

The number of graduates can only be finalised after April once all graduation results are known and the interim results for 2016 should be compared to the interim results for 2017. The drop in the number of graduates is mainly driven by the drop in participation levels. Overall the number of graduates in 2017 is 14% lower than 2016 and over the same period EFTs have reduced by 10%, whereas for levels 4+ the EFTS have dropped by 9% and the number of graduates has only dropped by 6%. Graduate numbers are also affected by the mix of multiyear programmes studied and the timing of programme delivery.

To increase the qualification completion rate of SAC and Youth Guarantee 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.

KEY PERFORMANCE INDICATORS	NOTE	TARGET 2017	INTERIM 2017	INTERIM 2016	INTERIM 2015	INTERIM 2014	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
All Students									
SAC levels 1 and 2	2,3	57%	58%	57%	56%	65%	67%	55%	65%
SAC levels 3 and above	2,3	74%	72%	69%	73%	73%	74%	76%	73%
SAC levels 4 and above	2,3	75%	73%	69%	73%	76%	75%	77%	76%
Youth Guarantee levels 1 and 2	2,3	72%	22%	72%	61%	56%	73%	64%	58%
Youth Guarantee level 3	2,3	68%	67%	67%	72%	70%	68%	71%	72%
Māori									
SAC levels 3 and above	2,3	71%	62%	66%	63%	61%	74%	62%	62%
SAC levels 4 and above	2,3	71%	63%	66%	63%	62%	75%	63%	62%
Pasifika									
SAC levels 3 and above	2,3	68%	71%	66%	67%	70%	72%	69%	70%
SAC levels 4 and above	2,3	68%	72%	65%	65%	74%	71%	69%	74%
Under 25									
SAC levels 3 and above	2,3	69%	65%	62%	63%	66%	67%	66%	67%
SAC levels 4 and above	2,3	69%	65%	62%	63%	68%	66%	67%	70%

The overall qualification rate in 2016 was 72.5% which has increased to 73.9% in 2017 which is a good result mainly through increased performance in the largest funding groups at SAC levels 3 and above. The qualification completion rates for Youth Guarantee levels 3 and above have been maintained whereas there has been a significant drop at Youth Guarantee levels 1 and 2. Although this is a small funding group with only 62 EFTS which can lead to more volatility in results these results will be investigated.

The qualification completion measure is based on Tertiary Education Commission's Education Performance Indicator and results for this measure can be impacted by changes in enrolment patterns for programmes lasting more than 1 year and is particularly significant this year given the drop in participation rates.

The qualification completion rates in SAC levels 3 and above for the Pasifika priority group of 5% is greater than the increase for the total student population of 3% and indicates that the gap in performance levels between these groups is closing, which is a key area of focus for MIT.

To increase the retention rate of 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 2017	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
All Students						
SAC levels 1 and 2	2,3	50%	49%	61%	47%	35%
SAC levels 3 and above	2,3	73%	69%	71%	71%	67%
Youth Guarantee level 1	2,3	68%	100%	100%	100%	0%
Youth Guarantee level 2	2,3	68%	70%	68%	37%	55%
Youth Guarantee level 3	2,3	75%	69%	73%	71%	74%
Māori						
SAC levels 1 and 2	2,3	50%	47%	59%	37%	31%
SAC levels 3 and above	2,3	72%	66%	66%	68%	66%
Pasifika						
SAC levels 1 and 2	2,3	50%	50%	57%	48%	35%
SAC levels 3 and above	2,3	72%	71%	73%	70%	67%

There has been a decline in retention rates for most funding categories, with increases limited to Youth Guarantee levels 1 and 2 which relate to 62 EFTS enrolments in 2017.

The retention rate for SAC levels 1 and 2 have continued the improvements seen from 2013 to 2015 though they are lower than 2016 which is an outlier in the long term results.

Overall the general trend is impacted by the wider ITP trend of declining enrolments. Also based on a survey of 2016 graduates there has been an increase in the proportion in employment of 1.8% and a decrease in graduates going into higher education of -5.0% indicating a movement away from education and into employment.

For the prior 2 years the retention rate for Pasifika students has been better than the total student population which can be attributed to our success in engaging with this priority group. However we will be monitoring closely to ensure the decline from the 2016 result does not continue.

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 2017	INTERIM 2017	INTERIM 2016	INTERIM 2015	INTERIM 2014	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
All Students										
SAC levels 1 to 3 to a higher level	2,3,4	55%	47%	51%	50%	49%	47%	51%	50%	49%
Youth Guarantee level 1 to a higher level	2,3,4	61%	23%	60%	13%	NA	23%	60%	13%	NA
Youth Guarantee level 2 to a higher level	2,3,4	77%	59%	69%	85%	72%	59%	69%	85%	72%
Youth Guarantee level 3 to a higher level	2,3,4	55%	61%	55%	50%	43%	61%	55%	50%	43%
Māori										
SAC levels 1 to 3 to a higher level	2,3,4	55%	46%	52%	57%	53%	46%	52%	57%	53%
Pasifika										
SAC levels 1 to 3 to a higher level	2,3,4	55%	44%	47%	51%	56%	44%	47%	51%	56%

Progression from level 1 to 3 programmes to higher levels has been affected by the good economic conditions. Smaller EFTS numbers in Youth Guarantee levels 1 and 2 can give volatile results, however the year on year improvement in progression levels for level 3 Youth Guarantee reflects the growing and successful engagement with these students to improve educational outcomes.

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 2017	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
To increase the proportion of graduates moving into employment or higher education within six months of programme completion	5	89%	77%	79%	83%	86%

In 2017 there were 2% less graduates going into higher education or employment. At levels 5 and above 85% of graduates went into higher education or employment, an increase of 1.1% on 2016. This clearly demonstrates that outcomes are better for graduates of higher level programmes and why encouraging students to progress to higher levels of study is important to MIT

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 2017	ACTUAL 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
To maintain student satisfaction above 8.0	6	8.4	8.1	8.1	8.0	8.0

The results are based on a voluntary course survey done at the end of each course. A score of 10 can only be achieved if all students strongly agree that the overall course is good. The overall performance level from 2016 has been maintained but the response rate dropped by 8%.

5. Increased Non-Base Revenue

To increase non-base revenue

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

KEY PERFORMANCE INDICATORS All in \$000s	NOTE	TARGET 2017 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
To increase non-base revenue and recoveries		19,500	22,473	21,067	18,214	16,808

There has been a further 7% increase in revenue in 2017 building on the 16% growth achieved in 2016. Engineering continues to be the strong performer in this area as there is increasing demand for training from in work learners. There has also been growth in training provided as a result of collaboration with other TEOs to support their programme delivery.

Notes to the Statement of Service Performance:

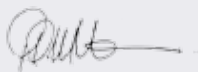
1. SAC and Youth Guarantee EFTS are dependent on funding levels from TEC.
2. Investment Plan Indicator. Please also note that in some cases the historic results as published in the MIT Investment Plan 2015-17 differ slightly from the result published in this Annual Report and previous Annual Reports. 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 2018 SDR and the final results will not be available until April 2018 when the final graduation results are known.
4. The interim results for 2012 to 2017 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 MIT's 2016 graduates.
6. This result is based off the student satisfaction survey undertaken during the 2017 year.

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 group financial statements, statement of service performance 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 and performance reporting;
and
- 3: We are of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of this Institution for the year ended 31 December 2017.



Peter Winder
Chairman of Council



Brian Monk
Deputy Chair of Council



Gus Gilmore
Chief Executive

Date: 29 March 2018

Independent Auditor's Report

To the readers of Manukau Institute of Technology's financial statements and statement of service performance for the year ended 31 December 2017

The Auditor General is the auditor of Manukau Institute of Technology (the Institute). 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 Institute on his behalf.

Opinion

We have audited:

- the financial statements of the Institute on pages 39 to 63, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Institute on pages 29 to 35.

In our opinion:

- the financial statements of the Institute on pages 39 to 63:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance of the Institute on pages 29 to 35 presents fairly, in all material respects, the Institute's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017.

Our audit was completed on 29 March 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis of opinion

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

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

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

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

The Council is responsible on behalf of the Institute for preparing financial statements

that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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

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

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

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

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

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

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

For the budget information reported in the financial statements and statement of service performance, our procedures were limited to checking that the information agreed to:

- the Institute's Council approved budget for the financial statements; and
- the investment plan for the statement of service performance.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute'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 Institute to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities to express an opinion on the financial statements and the statement of service performance. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 4 to 27 and pages 65 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 Institute in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



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 year ended 31 December 2017

All in \$000s	NOTE	ACTUAL 2017	BUDGET 2017	ACTUAL 2016
REVENUE				
Government Funding	2	46,041	54,817	54,786
Student Fees and Department Revenue	3	55,569	56,469	57,782
Other Revenue		2,398	520	1,289
Unrealised Gains on Derivatives	10	271	0	88
Interest Revenue		70	0	76
Total Revenue		104,349	111,806	114,021
EXPENDITURE				
Employee Benefit Expenses	4	70,558	69,815	69,505
Depreciation and Amortisation Expense	11,12	13,784	13,759	13,418
Interest Expense		1,381	1,882	1,655
Other Expenses	4	25,656	27,761	29,576
Total Expenditure		111,379	113,217	114,154
Surplus/(Deficit)		(7,030)	(1,411)	(133)
Total Comprehensive Revenue and Expense		(7,030)	(1,411)	(133)

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 year ended 31 December 2017

All in \$000s	NOTE	ACTUAL 2017	BUDGET 2017	ACTUAL 2016
Balance at 1 January		247,806	245,797	248,014
Adjustment to Opening Equity	18			(75)
Adjusted Opening Equity		247,806	245,797	247,939
Other Comprehensive Revenue and Expense				
Surplus/(Deficit)	18	(7,030)	(1,411)	(133)
Other Comprehensive Revenue	18	0	0	0
Total Comprehensive Revenue and Expense		(7,030)	(1,411)	(133)
Non Comprehensive Revenue Items				
Other Contributions from the Crown		0	0	0
Total Non-comprehensive Revenue		0	0	0
Balance at 31 December		240,776	244,386	247,806

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

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2017

All in \$000s	NOTE	ACTUAL 2017	BUDGET 2017	ACTUAL 2016
ASSETS				
Current Assets				
Cash and Cash Equivalents	6	2,084	5,846	3,727
Student Fees, Prepayments and Other Receivables	7	4,820	6,604	3,709
Inventory	8	669	447	337
Assets Held For Sale	9	7,271	-	4,087
Total Current Assets		14,844	12,897	11,860
Non Current Assets				
Property, Plant and Equipment	11	280,383	295,461	293,880
Intangible Assets	12	3,863	3,509	4,041
Total Non Current Assets		284,246	298,970	297,921
Total Assets		299,090	311,867	309,781
LIABILITIES				
Current Liabilities				
Trade and Other Payables	13	16,654	18,620	11,947
Employee Entitlements	14	3,549	4,286	4,159
Revenue Received in Advance	16	8,665	11,230	8,561
Trust Funds	17	605	589	597
Borrowings	19	7,000	0	5,000
Derivative Financial Instruments	10	27	0	28
Total Current Liabilities		36,500	34,725	30,292
Non Current Liabilities				
Employee Entitlements	14	278	450	377
Borrowings	19	20,000	29,500	29,500
Derivative Financial Instruments	10	1,536	2,806	1,806
Total Non Current Liabilities		21,814	32,756	31,683
Total Liabilities		58,314	67,481	61,975
Net Assets		240,776	244,386	247,806
EQUITY				
General Funds	18	108,820	112,430	115,850
Other Comprehensive Revenue and Expense	18	1,454	1,454	1,454
Property Revaluation Reserve	18	130,502	130,502	130,502
Total Equity		240,776	244,386	247,806

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

The accompanying notes form part of these financial statements.



Peter Winder
Chairman of Council



Brian Monk
Deputy Chair of Council



Gus Gilmore
Chief Executive

Date: 29 Month 2018

Statement of Cash Flows

for the year ended 31 December 2017

All in \$000s	NOTE	ACTUAL 2017	BUDGET 2017	ACTUAL 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Government Funding		46,041	54,817	53,809
Receipts from Student Fees and Other Revenue		57,288	56,999	57,539
Interest Revenue Received		70	0	76
Goods and Services Tax (Net)		5	0	(593)
Payments to Employees		(69,620)	(69,667)	(72,500)
Payments to Suppliers		(26,338)	(27,718)	(28,505)
Interest Paid		(1,381)	(1,882)	(1,655)
Net Cash Inflow from Operating Activities		6,065	12,548	8,171
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Property, Plant and Equipment		4,716	0	0
Purchase of Property, Plant and Equipment		(4,280)	(9,460)	(9,225)
Purchase of Intangible Assets		(644)	291	(966)
Net Cash Outflow used in Investing Activities		(208)	(9,169)	(10,191)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Borrowings		15,000	0	4,000
Repayment of Borrowings		(22,500)	(3,000)	(2,500)
Net Cash Flows from Financing Activities		(7,500)	(3,000)	1,500
Net (Decrease)/Increase in Cash and Cash Equivalents		(1,643)	379	(520)
Cash and Cash Equivalents at Beginning of the Year		3,727	5,467	4,247
Cash and Cash Equivalents at End of the Year	6	2,084	5,846	3,727

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	ACTUAL 2017	ACTUAL 2016
Net Surplus/(Deficit) for the Year	(7,030)	(133)
Add/(Less) Non Cash Items:		
Depreciation and Amortisation Expense	13,784	13,418
Bad Debt Provision Movement	0	573
Other net Losses/(Gains)	(271)	(88)
Add/(Less) Items Classified as Investing or Financing Activities:		
Net Loss/(Gain) on Disposal of Property, Plant and Equipment	(275)	25
Add/(Less) Movements in Working Capital:		
(Increase)/Decrease in Accounts Receivable and Other Receivables	(1,111)	(1,187)
Increase/(Decrease) in Inventories	(332)	885
Increase/(Decrease) in non capital Trade and Other Payables	1,897	(2,132)
Increase/(Decrease) in Provisions	(709)	(282)
Increase/(Decrease) in Fees in Advance	104	(2,927)
Increase/(Decrease) in Trust Funds	8	19
Net Cash from Operating Activities	6,065	8,171

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 year ended 31 December 2017

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1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Manukau Institute of Technology is a TEI that is domiciled and operates in New Zealand. The relevant legislation governing the Institute's operations includes the Crown Entities Act 2004 and the Education Act 1989.

The Institute has contributed assets to the jointly controlled venture of Ko Awatea Education Facility; these are included in the financial statements as jointly controlled assets. All joint ventures are incorporated and domiciled in New Zealand.

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.

The 2016 comparative figures are the group position at 31 December 2016. MIT's subsidiary, Enterprise MIT Limited ceased trading in December 2016 and all programmes and courses previously delivered by Enterprise MIT Limited were delivered by MIT in 2017. There is therefore no group position for 2017.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern and historical cost basis, except where modified by the revaluation of land, buildings, and certain financial instruments (including derivative instruments) to fair value.

Statement of compliance

The financial statements of the Institute have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice 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

There are no standards issued and not yet effective that are relevant to the Institute.

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".

Budget figures

The budget figures for the Institute are those approved by the Council at the start of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

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 expended 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 discussed below:

(a) Property revaluations

Note 11 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings.

(b) Long Service Leave

Note 14 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 year ended 31 December 2017:

- (a) Crown-owned land and buildings - refer to Note 11.
- (b) Distinction between revenue and capital contributions - refer to Note 2.
- (c) Research leave - refer to Note 14.

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

Government grants

Student Achievement Component (SAC) funding is the Institute's main source of operational funding from the Tertiary Education Commission (TEC). The Institute 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)

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

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 needs to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and past practice of the funder.

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 2017	ACTUAL 2016
Government funding classified as non-exchange transactions			
Student Disability Grant		169	182
Literacy Funding		1,500	1,667
Youth Guarantee		4,922	6,522
Other Government Grants		313	800
Māori and Pacific Islands Grant		327	329
Student Achievement Component (SAC) Funding		38,433	44,905
Performance Based Research Fund		377	381
Total Government Funding Excluding Department Funding		46,041	54,786

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.

3: STUDENT FEES AND DEPARTMENT REVENUE

Accounting policy

Student tuition fees

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

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

All in \$000s	NOTE	ACTUAL 2017	ACTUAL 2016
Student fees and department revenue classified as exchange transactions			
Student Fees – International Students		15,937	16,848
Departmental Revenue (Non-Base Revenue and Recoveries)		13,778	14,629
Total Student Fees and Department Revenue classified as Exchange Transactions		29,715	31,477
Student fees and department revenue classified as non-exchange transactions			
Student Fees – Domestic Students and Other Departmental Revenue		25,854	26,305
Total Student Fees and Department Revenue classified as Non-Exchange Transactions		25,854	26,305
Total Student Fees and Department Revenue		55,569	57,782

4: EXPENDITURE

Accounting policy

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, 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 2017	ACTUAL 2016
Employee Benefits Expense			
Salaries and Wages		69,554	67,807
Defined Contribution Plan Employer Contributions		1,530	1,533
Councillors and Board Fees	26	183	220
Increase/(Decrease) in Employee Benefit Liabilities	14	(709)	(56)
Total Employee Benefits Expense		70,558	69,505
Other Expenditure			
Auditors' Remuneration			
Fees to Principal Auditor for Financial Statement Audit		163	271
Other Services		0	0
Total Auditors' Remuneration		163	271
General Costs			
Operating Lease Payments	24	2,479	2,590
Bad and Doubtful Debts – Written Off	7	0	67
Net Increase/(Decrease) Bad and Doubtful Debts Provision	7	0	573
Course Delivery Contracts		928	1,435
Donations		7	11
Loss on disposal of property, plant and equipment		0	25
Administrative, Materials and Consumables Expenses		22,079	24,604
Total General Costs		25,493	29,305
Total Other Expenditure		25,656	29,576

Employer contributions to defined contribution plans include contributions to KiwiSaver and the Government Superannuation Fund.

5: ANALYSIS OF DEPARTMENT COSTS

All in \$000s	2017				2016
	ACTUAL REVENUE	ACTUAL EXPENDITURE	ACTUAL NET COST	BUDGET NET COST	ACTUAL NET COST
Faculty of Consumer Services	7,983	10,220	2,237	(506)	(519)
Faculty of Business and Information Technology	15,945	19,261	3,316	2,080	2,365
Faculty of Engineering and Trades	23,600	30,607	7,007	5,712	5,321
Faculty of Education and Social Sciences	17,200	22,174	4,974	3,883	5,307
Faculty of Creative Arts	2,125	5,363	3,238	1,902	2,244
New Zealand Maritime School	9,285	11,175	1,890	(196)	(293)
Faculty of Nursing and Health Studies	14,155	12,579	(1,576)	(1,067)	(2,186)
Total Department Costs	90,293	111,379	21,086	11,808	12,239
Included in the department net cost are the following overheads:					
Property			17,076	17,531	17,042
Administration			44,611	44,593	44,166
Total Overheads Allocated			61,687	62,124	61,208

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 2017 have been netted off against overhead expenditure allocation. Total recoveries of \$570,144 (2016: \$976,944).

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	ACTUAL 2017	ACTUAL 2016
Cash at Bank and on Hand		1,309	507
Call Deposits		775	3,220
Total Cash and Cash Equivalents		2,084	3,727
Weighted Average Effective Interest Rate		1.5%	2.0%

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 \$605k (2016: \$597k) 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. Refer to note 17.

Cash at bank includes funds on call deposit that earn interest at floating rates based on the daily bank deposit rates. Short 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 AND OTHER RECEIVABLES

Accounting policy

Debtors and other receivables

Short-term debtors and other short-term receivables are recorded at their face value, less any provision for impairment.

All in \$000s	ACTUAL 2017	ACTUAL 2016
Receivables classified as exchange transactions		
Student Fees and Sundry Receivables	1,949	2,447
Prepayments	1,913	1,351
Other Receivables	35	82
Total Receivables classified as exchange transactions	3,897	3,880
Receivables classified as non-exchange transactions		
Student Fees and Sundry Receivables	1,448	837
Other non-exchange Receivables	0	487
Total Receivables classified as non-exchange transactions	1,448	1,324
Total Student Fees and Other Receivables (excluding Impairment)	5,345	5,204
Less Provision of Impairment for Receivables	(525)	(1,495)
Total Student Fees and Other Receivables	4,820	3,709

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.

All in \$000s	2017			2016		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Impairment						
Ageing profile for student fees receivable at year end.						
Not Past Due	0	0	0	0	0	0
Past Due 1 – 30 Days	457	0	457	220	(14)	206
Past Due 31 – 60 Days	1,304	0	1,304	614	(4)	610
Past Due 61 – 90 Days	590	0	590	184	0	184
Past Due over 90 Days	1,046	(525)	521	2,266	(1,477)	789
Total Impairment	3,397	(525)	2,872	3,284	(1,495)	1,789

All in \$000s	ACTUAL 2017	ACTUAL 2016
Movements in the provision for impairment of student receivables		
At 1 January	1,495	922
Additional Provisions made during the Year	0	573
Provisions Reversed during the Year	(4)	0
Receivables Written-off during the Year	(966)	0
At 31 December	525	1,495

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 2017	ACTUAL 2016
Building Stock	543	161
Hospitality Stock	64	98
Staff Services Stock	29	24
Cafeteria Stock	33	54
Total Inventory	669	337

Inventories are valued at the lower of cost or net realisable value. Nil was written down of inventories held for distribution (2016: \$nil). No inventories are pledged as security.

9: ASSETS HELD FOR SALE

Accounting policy

Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. The asset is measured at the lower of its carrying amount and fair value less costs to sell.

Write-downs of the asset are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised.

A non-current asset is not depreciated or amortised while classified as held for sale.

All in \$000s	ACTUAL 2017	ACTUAL 2016
Property Held For Sale	7,271	4,087
Total Assets Held For Sale	7,271	4,087

As part of a review of building assets a property has been identified as being surplus to future requirements. The authority to dispose of property is required under s192 of the Education Act, having been sought and received, means the property can now be marketed for sale and is presented as held for sale within current assets in the 2017 Financial Statements. The property is expected to sell within twelve months.

This property is Z block, 50 Lovegrove Crescent Otara. In addition 3 Ashton Avenue (Book value \$484k) is undergoing a disposal process but does not meet all the requirements to be disclosed as land held for sale as at 31 December 2017.

10: 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 2017	ACTUAL 2016
Non-Current Liability Portion		
Interest Rate Swaps	1,563	1,834
Total Current Liability Portion	27	28
Total Non-Current Liability Portion	1,536	1,806
Total Derivative Financial Instruments	1,563	1,834

The fair value of interest rates swaps has been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The changes in the fair value of interest rate swaps are recognised in the Statement of Comprehensive Revenue and Expense.

The notational principal amounts of the outstanding interest rate swap contracts totalled \$28 million (2016: \$33 million). The fixed rate of interest rate swaps vary from 4.55% to 4.94%.

11: 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 buildings and Land improvements 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 2015. The next revaluation is due 31 December 2018. 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.

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.

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% - 91%)
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%)
Office Equipment	10 Years (10%)

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

The Institute has secured the use of the property by means of a license to occupy land from the Ministry of Education for a period of 30 years from 13 March 2010 at nominal rent. This has been recognised as an intangible asset (Note 12).

All in \$000s	1 JAN 2017			2017				31 DEC 2017		
	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 – Crown	31,250	0	31,250	0	0	0	0	31,250	0	31,250
Land – Institute	14,673	0	14,673	0	0	(2,726)	0	11,947	0	11,947
Land Improvements	8,405	(426)	7,979	37	0	(22)	(431)	8,417	(853)	7,564
Buildings – Crown	48,242	(2,005)	46,238	(1)	0	0	(2,010)	48,241	(4,015)	44,226
Buildings – Institute	182,605	(5,123)	177,482	2,565	0	(1,300)	(5,231)	183,779	(10,262)	173,517
Library Collection	5,586	(4,047)	1,539	335	0	0	(369)	5,921	(4,416)	1,505
Computer Hardware	24,528	(16,148)	8,379	2,641	0	(23)	(2,886)	27,140	(19,029)	8,111
Plant and Equipment	19,890	(13,479)	6,411	885	0	(149)	(1,262)	20,615	(14,730)	5,885
Motor Vehicles	1,966	(1,248)	718	149	0	(19)	(184)	1,991	(1,327)	664
Furniture and Fittings	6,700	(3,402)	3,298	276	0	0	(589)	6,976	(3,991)	2,985
Total Property, Plant & Equipment	343,845	(45,878)	297,967	6,887	0	(4,239)	(12,962)	346,277	(58,623)	287,654
Property transferred to Assets Held for Sale			4,087							7,271
Total Property, Plant and Equipment after transfer			293,880							280,383

There is \$242k accumulated depreciation writeback included in the net book value of disposals.

All in \$000s	1 JAN 2016			2016				31 DEC 2016		
	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 – Crown	31,250	0	31,250	0	0	0	0	31,250	0	31,250
Land – Institute	14,673	0	14,673	0	0	0	0	14,673	0	14,673
Land Improvements	8,377	0	8,377	29	0	0	(426)	8,405	(426)	7,979
Buildings – Crown	47,983	0	47,983	259	0	0	(2,005)	48,242	(2,005)	46,238
Buildings – Institute	178,069	0	178,069	4,535	0	0	(5,123)	182,605	(5,123)	177,482
Library Collection	5,147	(3,665)	1,482	439	0	(0)	(382)	5,586	(4,047)	1,539
Computer Hardware	28,340	(19,223)	9,117	2,168	0	(9)	(2,905)	24,528	(16,148)	8,379
Plant and Equipment	20,080	(13,175)	6,905	1,352	0	(634)	(1,202)	19,890	(13,479)	6,411
Motor Vehicles	1,936	(1,225)	711	236	0	(51)	(178)	1,966	(1,248)	718
Furniture and Fittings	6,251	(2,894)	3,358	512	0	(38)	(533)	6,700	(3,402)	3,298
Total Property, Plant & Equipment	342,107	(40,182)	301,926	9,530	0	(732)	(12,754)	343,845	(45,878)	297,967
Property transferred to Assets Held for Sale										4,087
Total Property, Plant and Equipment after transfer										293,880

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.

The most recent valuation of land and buildings was performed by P Todd (BPA SPINZ MRICS), independent registered property and plant and machinery valuer, of Darroch Limited at a fair value of \$280,354,000. The effective date of the revaluation was 31 December 2015. The next revaluation is due 31 December 2018.

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Restrictions on the 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. 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 \$2.425 million (2016: \$2.438 million), computer hardware is \$0.433 million, furniture and fittings is \$0.181 million and motor vehicles is \$0.042 million.

Restrictions on title

Under the Education Act 1989, 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.

Ko Awatea

The Institute has a 31% share of Ko Awatea as jointly controlled assets.

Interest in jointly-controlled assets, whereby the venturers have a contractual arrangement that involves joint control and ownership of assets dedicated to the purposes of the joint venture. The Institute recognises its share of the jointly-controlled assets in the financial statements, classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly-controlled assets are accounted for on an accruals basis. Revenue from the sale or use of the Institute's share of jointly-controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Institute and the amount can be measured reliably.

The details of the assets by categories are as below:

Furniture and Fittings	\$152k	(2016: \$152k)
Plant and Equipment	\$213k	(2016: \$213k)
Computer Hardware	\$411k	(2016: \$385k)
Computer Software	\$9k	(2016: \$9k)
Total Property, Plant and Equipment	\$784k	(2016: \$759k)

The accumulated depreciation for 2017 is \$700k (2016: \$668k), which brings the asset book value to \$84k (2016: \$90k). \$351,616 was incurred as the MIT share of the operating costs of the joint venture (2016: \$150,992).

12: INTANGIBLE ASSETS

Accounting policy

Software acquisition and development

Acquired computer software licenses 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 the software development employee related costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Course development costs

Costs that are directly associated with the development of new educational courses are recognised as an intangible asset to the extent that such costs are expected to be recovered. The development costs primarily consist of employee costs.

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	2-10 years
Software	(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 11. The same approach applies to the impairment of intangible assets.

	1 JAN 2017			2017				31 DEC 2017		
	COST OR FAIR VALUE	ACCUMULATED AMORTISATION	NET CARRYING VALUE	ADDITIONS/ RECLASSIFICATIONS	REVALUATION	NET BOOK VALUE OF DISPOSALS	AMORTISATION	COST OR FAIR VALUE	ACCUMULATED AMORTISATION	NET CARRYING VALUE
All in \$000s										
Computer Software	5,639	(2,565)	3,074	661		(17)	(775)	6,280	(3,337)	2,943
Other Intangible Assets	1,250	(283)	967	0			(47)	1,250	(330)	920
Total Intangible Assets	6,889	(2,848)	4,041	661	0	(17)	(822)	7,530	(3,667)	3,863

There is \$3k accumulated depreciation writeback included in the net book value of disposals.

	1 JAN 2016			2016				31 DEC 2016		
	COST OR FAIR VALUE	ACCUMULATED AMORTISATION	NET CARRYING VALUE	ADDITIONS/ RECLASSIFICATIONS	REVALUATION	NET BOOK VALUE OF DISPOSALS	AMORTISATION	COST OR FAIR VALUE	ACCUMULATED AMORTISATION	NET CARRYING VALUE
All in \$000s										
Computer Software	4,689	(1,982)	2,707	995	0	(21)	(620)	5,639	(2,565)	3,074
Other Intangible Assets	1,250	(240)	1,010	0	0	0	(43)	1,250	(283)	967
Total Intangible Assets	5,939	(2,222)	3,717	995	0	(21)	(663)	6,889	(2,848)	4,041

Work in Progress

At the end of the period the total amount of intangible assets work in progress is \$160,437 consisting entirely of computer software (2016: \$293,231).

Other Intangible Assets

Other intangible assets include the license to occupy land at 52 Otara Rd 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.

13: TRADE AND OTHER PAYABLES

Accounting policy

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

All in \$000s	ACTUAL 2017	ACTUAL 2016
Payables under exchange transactions		
Trade Payables	4,526	3,414
Accrued Expenses	2,264	1,653
Other Payables	103	136
Total Payables under Exchange Transactions	6,893	5,203
Payables under non-exchange transactions		
Other Payables	9,314	6,292
Net GST Payable/ (Receivable)	447	452
Total Payables under Non-Exchange Transactions	9,761	6,744
Total Trade and Other Payables	16,654	11,947

Total Trade and Other Payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value approximates fair value. Included in Trade Payables above are retentions of \$77k (2016: \$539k) related to the relocation of the Faculty of Nursing and Health Studies to MIT Manukau (MITM) building project.

14: 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.

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 25 Employee Benefits. Accordingly, a liability has not been recognised for such leave.

All in \$000s	ACTUAL 2017	ACTUAL 2016
Employee Entitlements		
Accrued Pay	356	52
Annual Leave	2,781	2,662
Sick Leave	249	280
Long Service Leave	143	247
Retirement Leave	135	129
Restructuring Provision	163	1,166
Total Employee Benefit Liabilities	3,827	4,536
Current Portion	3,549	4,159
Non-Current Portion	278	377
Total Employee Benefit Liabilities	3,827	4,536

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 \$11,691 higher / lower (2016: \$21,491).

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 \$10,192 higher / lower (2016: \$18,219).

15: SEVERANCE AND REDUNDANCY PAYMENTS

The total value of compensation paid in respect of redundancies and severance to employees during the financial year was \$2.4m (2016: \$1.6m). This includes \$0.2m payable in the 2018 year.

16: REVENUE RECEIVED IN ADVANCE

All in \$000s	ACTUAL 2017	ACTUAL 2016
Students' Fees	7,903	7,717
Other Revenue Received in Advance	762	844
Total	8,665	8,561
Current Portion	8,665	8,561
Total	8,665	8,561

During 2010, the Institute received a grant from Manukau City Council for the construction of the MIT Pasifika Centre. The grant is recognised as revenue received in advance. The Institute will be required to pay all or part of the grant up to a maximum of \$500,000 should the conditions of the contract not be met.

17: TRUST FUNDS

Accounting policy

Manukau Institute of Technology 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 2017	ACTUAL 2016
Opening Balance	597	578
Interest Received	8	19
Less Grants Awarded	0	0
Total Trust Funds	605	597
Represented by:		
G F Dawson Memorial Fund	11	11
J M Grant Memorial Fund	9	9
MIT Students' Trust Fund	487	480
Young Memorial Fund	98	97
Total Trust Funds	605	597

Restrictions on use

Manukau Institute of Technology 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;
- Capital contributions; and
- Property revaluation reserve.

Property revaluation reserves

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

All in \$000s	ACTUAL 2017	ACTUAL 2016
General Funds		
At 1 January	115,850	116,058
Opening Balance Adjustment	0	(75)
Surplus/(Deficit) for the year	(7,030)	(133)
Capital Contributions from the Crown	0	0
Balance as at 31 December	108,820	115,850
Property Revaluation Reserves		
Balance as at 1 January	130,502	130,502
Land Net Revaluations Gain	0	0
Buildings Net Revaluations Gain	0	0
Balance as at 31 December	130,502	130,502
Fair value through Other Comprehensive Income Reserve		
Balance as at 1 January	1,454	1,454
Gains on property valuations	0	0
Gains on property valuations	0	0
Balance as at 31 December	1,454	1,454
Total Equity	240,776	247,806
Property Revaluation Reserves		
Property Revaluation Reserves consist of:		
Land	41,052	41,052
Buildings	89,450	89,450
Total Property Revaluation Reserves	130,502	130,502

Capital Contributions

Capital Contributions - Capital contributions received in 2017 were nil (2016: nil)

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 2017	ACTUAL 2016
Current Portion	7,000	5,000
Non-Current Portion	20,000	29,500
Total	27,000	34,500
Weighted Average Effective Interest Rate	6.37%	5.92%

Borrowings

The Institute has a revolving cash facility of \$35m (2016 \$45m), a liquidity facility of nil (2016 nil) and a working capital overdraft facility of \$10m (2016 \$5m) with ANZ Bank providing funding for capital projects and liquidity. Certain covenants are required to be met in relation to the facilities. The maturity date of the existing facility is 31 December 2019 with an option to extend the expiry date, subject to the agreement of the lender. Under Ministry of Education consent to borrow dated 18 June 2014 MIT is required to stepdown the maximum aggregate borrowing limits.

Bank Covenants

	ACTUAL	REQUIRED	HEADROOM
Maximum Total Debt to Total Debt plus Equity Ratio	10.08%	<25%	14.92%
Minimum Interest Cover Ratio	5.97	>2x	3.7
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 less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and 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 2017	ACTUAL 2016
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		2,084	3,727
Student Fees and Other Receivables		3,397	3,284
Total Loans and Receivables		5,481	7,011
Financial Liabilities			
Financial Liabilities Measured at Amortised Costs			
Creditors and other payables		16,654	11,947
Borrowings		27,000	34,500
Total Financial Liabilities Measured at Amortised Cost		43,654	46,447
Financial Liabilities Measured at Fair Value			
Derivative financial instruments		1,563	1,834
Total Financial Liabilities Measured at Fair Value		1,563	1,834

Financial Instruments Risks

Manukau Institute of Technology'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
2017							
Trade and other payables	16,654	16,654	16,654	0	0	0	0
Borrowings	27,000	28,363	392	7,392	20,580	0	0
Total Financial Liabilities at Amortised Cost	43,654	45,017	17,046	7,392	20,580	0	0
Derivative financial instruments	1,563	1,563	27	0	164	620	752
Total Financial Liabilities at Fair Value	1,563	1,563	27	0	164	620	752
2016							
Trade and other payables	11,947	11,947	11,947	0	0	0	0
Borrowings	34,500	36,558	483	15,483	546	20,046	0
Total Financial Liabilities at Amortised Cost	46,447	48,505	12,430	15,483	546	20,046	0
Derivative financial instruments	1,834	1,834	28	0	116	244	1,446
Total Financial Liabilities at Fair Value	1,834	1,834	28	0	116	244	1,446

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 10. 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 cash inflows and outflows, surplus cash is invested into the 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 2017	ACTUAL 2016
The maximum credit exposure for each class of financial instrument is as follows:			
Cash and Cash Equivalents		2,084	3,727
Trade and Other Receivables		3,397	3,284
Total Credit Risk On Loans and Receivables		5,481	7,011
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-		2,084	3,727
Short Term Deposits:			
AA-		0	0
Counter parties without Credit Ratings			
Loans to subsidiary			
Existing counter party with no defaults in the past		0	0
Existing counter party with defaults in the past		0	0
Total Loans to Related Parties		0	0
Debtors and other receivables			
Existing counter party with no defaults in the past		3,397	3,284
Existing counter party with defaults in the past		0	0
Total debtors and other receivables		3,397	3,284
Trade and Other Receivables		3,397	3,284

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 Manukau Institute of Technology 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, Manukau Institute of Technology 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 Manukau Institute of Technology's interest bearing investments are disclosed in Note 10.

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

NOTE	PROFIT/(LOSS) OTHER EQUITY	
	+100BPS	-100BPS
All in \$000s		
Interest Rate Risk 2017		
Financial Assets		
Cash and Cash Equivalents	21	(21)
Short Term Deposits	0	0
Financial Liabilities		
Derivative Financial Instruments	(16)	16
Borrowings	(270)	270
Total Sensitivity to Interest Rate Risk	(265)	265
Interest Rate Risk 2016		
Financial Assets		
Cash and Cash Equivalents	37	(37)
Short Term Deposits	0	0
Financial Liabilities		
Derivative Financial Instruments	(18)	18
Borrowings	(345)	345
Total Sensitivity to Interest Rate Risk	(326)	326

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 2017 Institute				
Financial Liabilities				
Derivative Financial Instruments	1,563	0	1,563	0
31 December 2016 Institute				
Financial Liabilities				
Derivative Financial Instruments	1,834	0	1,834	0

21: MAJOR BUDGET VARIATIONS

All in \$000s	ACTUAL 2017
Explanations for major variations from the 2017 Institute budget are as follows:	
Statement of Comprehensive Revenue and Expense	
Budget Surplus/(Deficit)	(1,411)
Revenue Variances	
Government Funding	(8,929)
Student Fees and Departmental Revenue	(747)
Other Revenue and Interest Revenue	1,948
Expenditure Variances	
Employee Benefit Expenses	(778)
Depreciation and Amortisation	(25)
Interest Expense	501
Other Gains/(Losses)	271
Other Operating Expenditure	2,140
Net Surplus/(Deficit) for the Year	(7,030)

The unfavourable revenue variances are mainly due to the decline in domestic student numbers particularly SAC Level 1 and 2 delivery, being 62% less than budget. International student fees declined as immigration restrictions became more stringently applied. Other revenue favourable variance is largely due to the gain on the sale of Q Block and the Tyreforce sites properties as well as unbudgeted miscellaneous recoveries. Employee benefit expenses variance is unfavourable mainly due to restructuring costs. Savings in interest payable is due to average debt during the year being lower than budgeted debt position. Other gains/(losses) favourable variance relates to the unrealised gain on the interest swap transactions. Other expenditure is under spent due to cost savings measures to mitigate some of the impacts of the reduced revenues.

Statement of Financial Position

Cash and Cash Equivalents and Other Financial Assets

The main reason for lower cash and cash equivalents compared to budget is the assumption in the budget that the former MIT Enterprise Limited short term investments remain intact. However at the end of last year this was taken into MIT consolidated funds and utilised to reduce debt.

Property, Plant and Equipment and Intangible Assets

The reason why actual fixed assets are less than budget is due to the budget assuming a higher opening balance based on the 2016 capital forecast at that time being higher than what actually transpired and also assuming 100% budgeted capital expenditure for 2017.

Trade and Other Payables

Trade and other payable is lower than budget due to a combination of cost savings required during the year as a result of reducing revenue, as well as extensions to project time frames.

Employee Entitlements

Both short term and long term benefits are less than budget due to the exit of some long serving staff as a result of the restructures in the Executive leadership team, some service support teams, and the academic leadership team.

Revenue Received in Advance

Revenues received in advance are less than budget reflecting the general decline in revenues particularly from international students who are more likely to pay in advance to satisfy visa conditions.

Borrowings

Borrowings are less than budget mainly due to capital expenditure coming in lower than budget.

22: CAPITAL EXPENDITURE PROJECT PERFORMANCE TO BUDGET

All in \$000s	ACTUAL 2017	BUDGET 2017
Annual Allocations (Renewals)		
Facilities Annual Replacements	832	2,165
Furniture Annual Allocation	77	130
Information Technology Allocation	1,517	1,624
Vehicle Replacement	107	108
Library Annual Allocation	336	390
Academic Departments	829	712
Teaching Resources	32	0
Business Systems	62	250
Building Fit-Out	124	100
Total Annual Allocation	3,916	5,479
Investment Committee Projects		
Futures@MIT	90	50
MIT Enterprise Network Upgrade	864	1,143
MIT Capital Assets Management System	167	290
HRIS/Payroll Project - Phase 2	76	469
Library Management System	0	123
PMO Resources	30	195
Unallocated	0	230
Total Investment Committee Projects	1,227	2,500
Major Projects		
A Block Strengthening	0	1,000
MIT Manukau	69	0
Nursing move to MIT Manukau	1,513	0
Quad Upgrade	640	0
NT Building refit	99	0
Total Major Projects	2,321	1,000
Total Capital Expenditure	7,464	8,979

Major Capital Variances

A capital allocation of \$3.134m was subsequently approved to relocate the Otago based Faculty of Nursing and Health Studies to MIT Manukau (MITM) building. This was partly funded by the cancellation of the A Block Strengthening budget of \$1.0m. There was also unplanned expenditure for the redevelopment of the Quad teaching and staff spaces on the Otago North campus.

Due to the number of initiatives in progress during the year there has been a deferral of some facilities annual replacement program.

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 Act 1989, 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.

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 2017	ACTUAL 2016
Leases as Lessee		
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year	1,375	1,482
Later than one year and not later than five years	2,342	3,209
Later than five years	0	0
Total Leases as Lessee	3,717	4,691

The Institute leases a number of premises for teaching purposes. The leases run for periods ranging from one to ten 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 the year \$2,479,440 (2016: \$2,578,201) was recognised as an expense in the Statement of Comprehensive Revenue & Expense in respect of operating leases.

During the year \$511,860 (2016: \$315,486) was recognised as revenue in the Statement of Comprehensive Revenue & Expense in respect of operating leases.

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

All in \$000s	ACTUAL 2017	ACTUAL 2016
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	45	100
Later than one year and not later than five years	64	204
Later than five years	0	0
Total Leases as Lessor	109	304

25: COMMITMENTS AND CONTINGENCIES

All in \$000s	ACTUAL 2017	ACTUAL 2016
Capital Commitments		
Capital commitments denote approved capital expenditure contracted for at year-end but not yet incurred.		
Approved and Committed		
Buildings Institute	1,854	772
Other Plant, Property and Equipment	1,891	416
Intangible assets	153	135
Total Capital Commitments	3,898	1,323

Commitments relate to annual capital projects. There are contingent liabilities of approximately \$75k as at balance date (2016: nil). 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 Institutes interest in the land was valued at \$10.8 million (Valuation date 31 December 2016)

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 TEs and undertaken on the normal terms and conditions for such transactions.

All in \$000s	ACTUAL 2017	ACTUAL 2016
Key Management Personnel Compensation		
<i>Council members</i>		
Full-time equivalent members	1.5	1.5
Remuneration	183	185
<i>Directors and Chief Executive</i>		
Full-time equivalent members	11.0	7.0
Remuneration	2,224	2,084
Total Full-time equivalent members	12.5	8.5
Total Key Management Personnel Remuneration	2,407	2,269

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

All in \$000s	ACTUAL 2017	ACTUAL 2016
Councillor Fees		
Peter Winder (Chairman)	40	40
Brian Monk (Deputy Chairman)	25	25
John Hannan	20	20
Bernadette Pone (Term Expired 30/04/2017)	6	20
Kira Schaffler	20	20
Jill Tattersall	20	20
Rachael Tuwhangai	20	20
David Wong-Tung (Term Expired 30/04/2017)	6	20
Peter Parussini (Appointed 01/05/2017)	14	0
Uluomatootua S. Aiono (Appointed 12/06/2017)	12	0
Total Council Members' Remuneration	183	185

No Councillors received compensation or other benefits in relation to cessation (2016: nil).

27: EARLY CHILDHOOD EDUCATION CENTRE

All in \$000s	ACTUAL 2017	BUDGET 2017	ACTUAL 2016
Statement of Comprehensive Revenue and Expense			
Revenue			
Government Funding	832	795	710
Equity Funding	53	0	48
Payment Fees (including WINZ)	451	520	426
Other Income	5	0	0
Total Revenue	1,341	1,315	1,184
Expenses			
Employee Benefit Expenses	1,064	1,066	1,065
Other Expenses	277	249	119
Total Expenses	1,341	1,315	1,184
Total Comprehensive Income	0	0	0
Equity Funding Statement			
Revenue			
Equity Funding	53	0	48
Expenditure			
Centre Resources	21	0	0
Text Books	2	0	8
Staff Training	3	0	6
Contract Staff	27	0	34
Total Expenditure	53	0	48

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: EVENTS AFTER BALANCE DATE

There have been no events after balance date.



GENERAL

Compulsory Student Service Fees

for the year ended 31 December 2017

The Compulsory Student Services Fee (CSSF) was set at \$171 (GST exclusive) per full-time student in 2017 (\$171.00 2016). 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.

2017									
All in \$000s	Total	Advocacy & 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	508	41	26	26	215	6	166	10	18
Other									
Total Revenue	508	41	26	26	215	6	166	10	18
Expenditure	1,526	124	77	77	646	19	498	30	55
Surplus/(Deficit)	(1,018)	(83)	(51)	(51)	(431)	(13)	(332)	(20)	(37)

2016									
All in \$000s	Total	Advocacy & 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	540	42	35	29	154	4	216	16	44
Other									
Total Revenue	540	42	35	29	154	4	216	16	44
Expenditure	1,350	105	88	72	384	10	541	40	110
Surplus/(Deficit)	(810)	(63)	(53)	(43)	(230)	(6)	(325)	(24)	(66)

The administration of Compulsory Student Services Fees is integrated within the 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 2017

CAMPUS	ADDRESS	ACTIVITY
Institute Property		
South	Newbury Street and Ōtara Road Ōtara, Manukau	Consumer Services (Baking and Patisserie, Hairdressing), Education and Social Sciences (Employment Programmes, Foundation Studies, Literacy and Numeracy, English for Speakers of Other Languages), Engineering and Trades (Civil Engineering, Electrical Engineering, Mechanical Engineering, Building Trades, Mechanical Trades, Fabrication, Welding, Refrigeration, Automotive and Vehicle Technology), Nursing and Health Studies.
North	Alexander Crescent and Ōtara Road, Ōtara, Manukau	Consumer Services (Catering, Hospitality, Hotel Services and Horticulture), Education and Social Sciences (Education, School of Sport), Engineering and Trades (Building and Construction, Horticulture) and Te Tari Mātauranga Māori.
MIT Manukau	Corner Manukau Station Road and Davies Avenue, Manukau	Business and Business Administration and Technology, Information Communications Technology and Tourism.
Lovegrove	Lovegrove Crescent, Ōtara, Manukau	Visual and Performing Arts and Creative Writing
SSTS	Ōtara Road	School of Secondary-Tertiary Studies
School of Sport	Ōtara Road	School of Sport

Other Premises

Auckland City	Union House, 2 Commerce Street and 132 Quay Street 246 Queen Street (L3, L7) (exited 2017)	Maritime and Logistics Early Childhood Education
Mangere	Unit 9B Mahunga Drive	Plumbing
Pukekohe	159 Manukau Road	Motorsport
Mt Wellington	3 Monahan Road, Mt Wellington (exited 2017)	Floristry
Ōtara	Otara Recreational Centre, Newbury Street	High Performance Lab
Otahuhu	Middlemore Hospital, Hospital Road	Nursing
Papatoetoe	Sutton Crescent	Sport

Library Collection

Number of Titles in the Library Collection:	2017	2016	2015	2014	2013	2012
Books	47,855	52,424	56,397	59,344	68,491	62,276
Serials	1,765	2,117	2,373	2,240	4,402	4,531
Videos	1,489	1,770	2,290	3,057	3,486	3,441
Total Number of Titles	51,109	56,311	61,060	64,641	76,379	70,248

Staffing

Staff Employed for year:	2017	2016	2015	2014	2013	2012
Tutorial	272	327	322	342	353	359
Administration	414	406	411	411	422	428
Total Equivalent Full-time Staff	686	733	733	753	775	787



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

NZQA New Zealand Qualifications Authority

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



**MANUKAU
INSTITUTE OF
TECHNOLOGY**

Te Whare Takiura o Manukau

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