

TAI POUTINI POLYTECHNIC
Annual Report
2019

2019 Snapshot



Tai Poutini Polytechnic turned
30 years old



Te Pūkenga

The Education Minister outlined
a new national system for
tertiary training



Our NZQA EER rating was lifted
to Category 3 following a range
of improvement initiatives



More than 1,200 West Coast secondary students had their eyes open to future career options at the two-day West Coast Pathways Roadshow in June. See pg5



Thirty-two students travelled south at the end of July to support the clean-up of the Fox River



Tai Poutini Polytechnic Hard Stone and Jade Carving student Sarah Harvey won national recognition at the ECC NZ Student Craft/Design Awards, winning The Village Goldsmith Jewellery Design Award and the ECC People's Choice Award



Coast Connect
Employment and Careers Hub

We launched our new
community focused careers hub
Coast Connect



The Education Minister formally
acknowledged our work in
achieving all 8 targets set when
Government provided capital in-
jection funding in 2018



of students surveyed said they
felt supported within the TPP
classroom environment



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He Mihi

He mihi tēnei ki ka tini mate o te motu, mai i te Muriwhenua ki te Murihiku, rātou katoa, kua karangahia e Tahu Kumea e Tahu Whakairo ki te pō nui, tukuna, rātou kia okioki rā i te moeka roa. E pōua mā, e tāua mā, haere atu rā, moe mai rā. Kāti rā, rātou, ki a rātou, tātou te huka ora ki a tātou, tēnā anō tātou katoa.

“He aha te mea nui o te ao?

He tangata! He tangata! He tangata!”

“What is the most important thing in the world?

It is People! It is People! It is People!”

Purpose of Report

This Annual Report has been produced to fulfil two main functions:

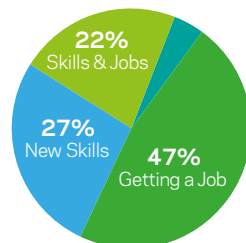
To meet the requirements of the Public Finance Act 1989, Education Act 1989, and Crown Entities Act 2004 by providing annual financial statements and non-financial information for significant activities; and

To provide information to Tai Poutini Polytechnic’s (TPP) stakeholders about its performance against financial and service performance indicators; and in compliance with Tertiary Outcomes Framework reporting and associated performance reporting commitments.

88%

of 2019 students know how well they are achieving.

Why students value gaining a qualification at TPP



93% of 2019 students felt engaged in their learning.

99%

of students said they felt supported within the TPP classroom environment.

90%

of 2019 students knew what their learning goals were and how well they were achieving them.



90% of students felt supported outside of the classroom by TPP Student Support & Wellbeing Services

Who We Are

Based on the South Island's stunning West Coast, Tai Poutini Polytechnic provides quality tertiary education focused on meeting the needs of regional employers and local residents. We also play a strong role in the local community, getting behind events and activities that promote our people and our region and supporting the economic development of the West Coast. Our popular programmes are delivered from campuses on the Coast and in other NZ locations. They include tourism and hospitality, outdoor education, agriculture, civil and mining, business, carving, building, automotive, scaffolding, emergency services and ski patrol.

Why We're Here

TPP delivers quality vocational training that meets the needs of the West Coast region. We are focused on tertiary education that meets the skills needs of local employers, helps get local people into real jobs and supports the economic development of the West Coast.

We also have an important role to support the wider community, and we work with groups and individuals to get behind activities and initiatives that are good for the West Coast.

The West Coast is a stunning place to live and visit, but its relatively low population and geographic isolation create some challenges for the delivery of tertiary education. TPP is very aware of the strategic and financial challenges it faces and, with the support of Government, we've been working to address them.

Coast Connect

TPP has been developing an exciting new concept that aims to change the way job seekers, industry and educational institutes connect and interact with each other by removing barriers and creating better opportunities, better prospects and better outcomes.

Coast Connect aims to link job seekers with training options to help get them into local jobs. This offers a fresh approach to training and job-seeking opportunities, with some great potential to help local people fill local jobs.

The ground work was laid in 2018 and launched in early 2019.

Tai Poutini Polytechnic Overview

Message from the Chief Executive and Crown Manager

2019 was a big year for Tai Poutini Polytechnic, and for the tertiary education and vocational training sector as a whole. We turned 30 years old in a year marked by ongoing change across the sector.

We started the year bedding-in internal changes announced in 2018 and welcoming a new Leadership Team to the organisation. These changes were a reflection of our new reality, acknowledging the responsibilities that come with ongoing financial support from government and preparing for changes in the wider sector.

Those changes were announced in March, with the Education Minister outlining a new national system for tertiary training. On the face of it, the changes proposed were significant and likely to have wide-ranging impacts both nationally and at a regional level. Our leadership team has spent much of the year working alongside Government to understand the breadth of the changes, what they mean for us, and working out how we might best leverage benefits for the West Coast. This work will be ongoing, and we believe the changes will result in some clear opportunities for our region.

We also received good news at the beginning of the year that our NZQA EER quality rating was lifted to Category 3 following a range of improvement initiatives. That work continues and we await more good results next year from a subsequent review at the end of 2019. This ongoing improvement is a credit to our staff who have worked above and beyond usual duties to implement change and new, better ways of working.

While all of these external events unfold, our staff have also gotten on with the business of guiding learners through their career journeys and supporting them to reach their goals.

We launched our new community focused Careers Hub – Coast Connect. We've had great engagement and we're spending time reaching out to the community, talking with businesses and industry to make connections and create opportunities.

It was also fantastic to see such a strong turn-out of local high school students, businesses, industry representatives, employers and training providers at our West Coast Pathways Roadshow and Careers Expo in June and September. The annual event is an opportunity for secondary students, and any job seekers, to find out what's out there all in one place and talk in-person to influencers about training and employment options.

There were a wide range of community support, charitable and assistance roles staff and students were involved in throughout 2019, which saw us reach out into the community and work with locals to bring great things to the West Coast. This included hosting volunteers for special lunches, making heart buns to support Christchurch's Muslim community following the horrific

attacks in March, baking cupcakes to support Daffodil Day, offering free defibrillator training across the community, the auction of our student-build Project House, getting behind the annual YES Business Challenge, the annual Bluelight breakfast, efforts to help Operation Tidy Fox and our support of events like TechWeek and Inspiring Communities – just to name a few!

We ended the year on a particularly pleasing note, with the Minister of Education formally acknowledging our work to achieve all eight targets set when Government provided capital injection funding in 2018. The Minister has acknowledged our "significant progress" and notes that the TEC and NZQA will continue to work with Tai Poutini Polytechnic as we carry on with our improvement programme.

Our final report to the Minister identified a number of key achievements since our previous update, including:

- NZQA conducted TPP's external evaluation and review (EER) report in December 2018. This has subsequently resulted in TPP moving from a Category 4 to a Category 3.
- A Programme Evaluation Process has been developed and trialled to provide a more consistent and more frequent self-assessment across programme areas.
- Self-assessment against NZQA self-assessment and educational performance rubrics completed and will feature in the 'testing' of staff capability and academic quality.
- Academic Board workplan has been self-assessed and revised to ensure consistent academic oversight to improve academic quality of teaching and delivery.
- Stage 3 implementation completed and new structure in place. New leadership team in place and induction, goal and expectation setting completed.
- Centralised monitoring of compliance accountabilities is in place and being monitored.
- Overall, Tai Poutini Polytechnic has realised significant cost savings for 2018, exceeding its savings target of \$5 million.

The acknowledgement we have achieved these targets is a significant milestone for Tai Poutini Polytechnic and I'd like to thank everyone for their efforts to address the targets set by Government. We've done a great job, but we know there is still further work ahead as we seek to further improve our EER rating and continue with the job ahead.

Thank you to all our community partners, staff and learners who have made this year a very positive one for Tai Poutini Polytechnic and our region.



Chief Executive
Alex Cabrera



Crown Manager
Murray Strong

2019 Snapshots

Career options inspire Coast students

More than 1,200 West Coast secondary students had their eyes opened to future career options at the two-day West Coast Pathways Roadshow in June.

With around 30 providers from around New Zealand attending the roadshow, students had a great opportunity to think about their job options and learn more about training and education choices.

The annual roadshow is a partnership between Tai Poutini Polytechnic, the West Coast Trades Academy, REAPs and regional high schools.

Greymouth High School student Ravyn Coburn said the roadshow was a good way to learn more about his future options. "I've spoken to heaps of people today and they've been really helpful. It's great to be able to talk about what's involved in different courses and what I need to do to get ready for training. I didn't really know there were so many options out there but the roadshow has helped me start thinking about what I want to do next."

Tai Poutini Polytechnic Leader – Engagement Mequa Hourston says this year's event attracted students from local highs, correspondence schools and home school students

"It's been great to speak directly to students, learn about their plans for the future and help steer them in the right direction so they can achieve their goals. This year we also invited local businesses to take part and it was a good opportunity to talk about the jobs available on the Coast right now, and what students need to do to prepare for them."

Keryn Gibbens, of the NZ Defence Force, says the event provides West Coasters with a great opportunity to learn more about options for their future. "We have been coming to the pathways expo over a number of years and have found it has been beneficial for NZDF and the community," he says.



Keryn Gibbens - NZ Defence Force, presenting career options to students at the 2019 West Coast Pathways Roadshow.

Students clean-up at Operation Tidy Fox



Tai Poutini Polytechnic Outdoor Education students helped clean-up the local environment when they joined other volunteers of Operation Tidy Fox this year.

Thirty-two students travelled south at the end of July to support the clean-up of the Fox River. The Department of Conservation coordinated the clean-up of the riverbed and coast after rubbish and waste covered the area downstream of the Fox Glacier landfill.

Outdoor Education Tutor Andrew Riley says it was an opportunity for students to contribute to the clean-up and have their eyes-opened to a significant environmental situation on their door step.

“The students were eager to help out and contribute to the massive volunteer effort underway,” he says.

Students stayed overnight on Gillespie Beach so they would be ready bright and early to support the clean-up efforts. Student Angus Watson says sacks were filled time and time again, with all manner of rubbish cleared.

“I knew that there was going to be a lot of rubbish, but I would never have guessed there was that much especially this far into the clean-up. It really opened up my eyes to how, even if you dispose of waste ‘properly’, it can still end up looking like food for a bird or fish, and that I need to be mindful of my plastic use,” Angus says.



Jade Carving student wins national award

Tai Poutini Polytechnic Jade and Hard Stone Carving student Sarah Harvey has won national recognition at the ECC NZ Student Craft/Design Awards 2019.

Ms Harvey was shortlisted as a finalist for her work, Suspension, a jade neck adornment inspired by the engineering principles of the suspension bridge. The awards ceremony was held in November and Suspension won both The Village Goldsmith Jewellery Design Award and the ECC People's Choice Award.

"It has been such a wonderful experience – I was both excited and humbled to win both categories and it's really given me a great start to a career in carving," she says.

The ECC NZ Student Craft/Design Awards are hosted by The Friends of The Dowse Art Museum, who have been supporting New Zealand tertiary education since 1986. The awards are designed to encourage innovation and creativity specifically in the areas of design and craft. The Friends of The Dowse offer these awards to provide an opportunity for students to step into creative industries with a coveted award to their name, and to gain financial assistance.

As well as the award prize, Ms Harvey says the fact that her work has been nationally recognised, along with the associated networking and publicity, is invaluable to her future.

"I've been a self-taught artist for a few years, but it wasn't until I took the leap and enrolled in Tai Poutini Polytechnic's jade carving programme two years ago that I started formal training and focusing on my art work full time.

"I've always loved art and sculpture and, while growing up in the UK, spent a lot of time visiting art galleries with my family. Since moving to the West Coast 12 years ago, I've regularly attended the annual Jade Exhibition and I've always thought I'd like to do the course one day.

"A good friend of mine was doing it part-time and let me have a go on her grinding wheel. I loved it! So I took a leap, jacked-in my job and started the course. It's been an amazing experience and I've learned so much. Winning the design and people's choice awards is a wonderful validation of the work I've put in and what I've learned so far."

Ms Harvey is setting up her own workshop and will be looking to make a career from her carving. She has set up a website since becoming a finalist in the Awards to help leverage the publicity and connections she's making - www.harventinedesign.nz



Sarah Harvey with her award-winning piece 'Suspension' - winner of The Village Goldsmith Jewellery Design Award and ECC People's Choice Award.

Outdoor education opens doors for Alie

“Studying outdoor education at Tai Poutini Polytechnic was an amazing experience. It was awesome – if there was a third year I’d go back.”

Tai Poutini Polytechnic graduate and 2018 Cave Creek Excellence Award winner Alie Henderson-Corporaal says the Outdoor Education and Instruction and Guiding programmes have opened up an endless range of options for her future.

“I grew up in Galatea, a small town near Rotorua. I always loved sports but at the end of high school I wasn’t sure exactly what I wanted to do. Then I heard about the Tai Poutini Polytechnic outdoor programmes and I just went from there.”

Alie says it was a big move from Rotorua to Greymouth, but she loved every moment.

“The bond between us as students is great, but also the tutors are amazing – they go above and beyond for the students and I will be forever grateful for that. I actually

went back to Greymouth recently and as I was driving over Arthur’s Pass I thought to myself: it feels like driving home.”

Alie was awarded the 2018 Cave Creek Excellence Award for the top Diploma student based on academic and practical performance. Since graduating she has been working with a rafting company near Taupo. She plans to travel overseas and says there are plenty of career options for her when she returns.

“The programme taught me much more than I expected and the skills are transferable. I didn’t realise the theory aspects of the course would be so significant, but there is a lot to learn about leadership and the whole mental side of working in the outdoors.

“I wanted to really knuckle down in my second year and make the most of it. Now I’m planning to put my training into practice and work in a range of jobs. Ultimately, I want to head into outdoor instruction for a school or Outward Bound. That’s my goal and I’m looking forward to the future.”



Tai Poutini Polytechnic graduate and 2018 Cave Creek Excellence Award winner Alie Henderson-Corporaal.



“The people in this line of work are pretty cool and I’m looking forward to a better future. It was the right choice to come here to TPP.”

SHAIZA THOMAS
CIVIL PLANT STUDENT

TPP Governance

Legal Status

TPP is a Polytechnic established under the Education Act 1989. It is governed by a Council. The Council has a significant leadership role particularly in setting institutional directions and strategy. Under the Education Act 1989 this role manifests itself in Council responsibility for the following functions:

- Appointing a Chief Executive;
- Long term planning for overall viability;
- Investment Plan development for negotiation with the Tertiary Education Commission (TEC); and
- Ensuring that TPP is managed in accordance with its Investment Plan.

Murray Strong was appointed as Crown Manager of Tai Poutini Polytechnic with effect from 12 December 2016. This is in accordance with section 222C of the Education Act 1989.

This appointment states that:

- The Crown Manager will work cooperatively with the council and will, where appropriate, engage with third party stakeholders; and
- The council will retain its primary duty of care as a person conducting a business or undertaking, under the Health and Safety at Work Act 2015, above and beyond all functions, duties and powers of the Crown Manager.

The Crown Manager is responsible for the following functions:

- All matters relating to the employment of the Chief Executive (though TPP remain the employer for contractual and legislative purposes);
- Preparation of TPP's proposed mix of provision activities on the West Coast
- Ensure that TPP is managed in accordance with all legislative requirements and funding agreements.
- Determine, subject to the State Sector Act 1988, TPP's policies in relation to its financial management, financial reporting, financial strategy, including reviewing existing budgets and preparing future budgets and undertake planning relating to TPP's long-term strategic direction.

Duties of the Council

The primary duty of the Council during the period of Crown Management, as detailed above, is responsibility as a person conducting a business or undertaking, under the Health and Safety at Work Act 2015.

The Council members are drawn from people highly experienced in the education sector and its governance, together with members who represent the West Coast region. The Council members are:

Appointed by the Minister of Tertiary Education

Andrew Robb (Chair)	15 December 2016 to 31 March 2020
Kevin Stratful	26 May 2016 to 31 March 2020
Raelyn Lourie	1 July 2016 to 31 March 2020
Andy England	1 May 2017 to 31 March 2020

Appointed by the TPP Council

Four positions currently vacant

Table 1: Attendance of Council Members at TPP Council Meetings

Name	Meetings eligible to attend	Actual number attended
Andrew Robb	5	5
Kevin Stratful	5	5
Raelyn Lourie	5	3
Andy England	5	5

Committees of the Council

Academic Board

The Council is required to establish and maintain an Academic Board in accordance with Section 182 of the Education Act 1989 to:

- a. Advise the Council on matters relating to courses of study or training, awards, and any other academic matters; and
- b. Exercise powers delegated to it by the Council.

It is chaired by the Chief Executive.

Directory

Table 2: Management Team as at 31 December 2019

Name	Position
Alex Cabrera	Chief Executive
David Mason	Te Kaiwhakahaere o Mātauranga Māori
Peter Bayliss	Leader - Academic
Heather Geddes	Leader - Corporate Support
Mequa Hourston	Leader - Engagement
Vanessa Rankin	Leader - Student Life
Vikki Roadley	Director - Recovery Activities
Bankers	ASB Bank
Auditors	Audit New Zealand (on behalf of the Controller & Auditor - General)
Solicitors	Hannan and Seddon Lawyers, PO Box 8 Greymouth

Statement of Responsibility

Under section 155 of the Crown Entities Act 2004, we hereby certify that:

1. We have been responsible for the preparation of these financial statements, the Statement of Service Performance and the judgement used therein;
2. We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. We are of the opinion that these financial statements and the Statement of Service Performance fairly reflect the financial position and operations of this institution for the year ended 31 December 2019.



Murray Strong
Crown Manager



Alex Cabrera
Chief Executive

Independent Auditor's Report

To the readers of Tai Poutini Polytechnic and group's financial statements and statement of service performance for the year ended 31 December 2019

The Auditor-General is the auditor of Tai Poutini Polytechnic (the Polytechnic) and group. The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Polytechnic and group on his behalf.

We have audited:

- the financial statements of the Polytechnic and group on pages 23 to 54, that comprise the statement of financial position as at 31 December 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Polytechnic and group on pages 17 to 21.

Opinion

Qualified opinion on the financial statements

In our opinion, except for the matters described in the *Basis for our opinion* section of our report, the financial statements of the Polytechnic and group on pages 23 to 54, which are prepared on a disestablishment basis:

- present fairly, in all material respects:
 - its financial position as at 31 December 2019; and
 - its 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.

Unmodified opinion on the statement of service performance

In our opinion, the statement of service performance of the Polytechnic and group on pages 17 to 21:

-
- presents fairly, in all material respects, the Polytechnic and group's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2019; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 19 August 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to other matters. In addition, we outline the responsibilities of the Board of Tai Poutini Polytechnic Limited (the Company) 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 for our opinion

Financial statements: Incorrect accounting for TEC funding in the comparative year information

We issued a qualified audit opinion on the financial statements for the year ended 31 December 2018, which is presented as comparative year information, in relation to the matters below:

Funding overclaimed: 2010 – 2015

An investigation by the Tertiary Education Commission (TEC) in 2017 found that the Polytechnic had overclaimed its SAC Funding in the years' 2010 to 2015 by a total of \$18,464,921 (GST exclusive). The Polytechnic had included the amounts overclaimed as revenue in the relevant years and therefore those years' revenues and results were overstated. If revenue had been recognised at the correct amounts, then the comparative year's opening equity as at 1 January 2018 would be lower by \$18,464,921 because the overclaimed revenue should have been recognised as a liability at that date.

In 2018, the TEC decided not to seek recovery of any of the amount overclaimed. As TEC made this decision to forgive the debt of \$18,464,921 during the 2018 financial year, the forgiveness should have been accounted for as a capital injection in the statement of changes in equity for the year ended 31 December 2018. Instead, the Polytechnic did not adjust the prior year financial statements for the effect of the overstated revenue, nor did it recognise a debt to TEC at the prior year balance dates.

Delivery to fewer students than funded for: 2016

In addition, in 2018 TEC also decided not to seek recovery of \$3,115,449 (GST exclusive) which arose from the Polytechnic having delivered courses to fewer students than it was funded for in 2016. This amount was correctly recorded as a revenue in advance liability as at 31 December 2016.

The Polytechnic decided to recognise the effect of TEC's decision by transferring the amount from revenue in advance to equity as part of the capital injection in the statement of changes in equity for the year ended 31 December 2017. The correct accounting treatment would have been for the Polytechnic to continue to record a liability in the opening 1 January 2018 statement of financial

position and derecognise the liability as a capital injection in the statement of changes in equity for the year ended 31 December 2018 when TEC made the decision to not seek recovery.

The cumulative effect of the above accounting treatment on the comparative year information is:

- opening equity at 1 January 2018 is overstated by \$21,580,370 in the Polytechnic and group's statement of changes in equity for the year ended 31 December 2018; and
- capital injections are understated by \$21,580,370 in the Polytechnic and group's statement of changes in equity for the year ended 31 December 2018.

Our audit opinion for the current year has been modified because of the effects of these matters on the comparability of the current period's figures and the comparative year figures.

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.

Emphasis of matters

Without further modifying our opinion, we draw your attention to the following disclosures:

The financial statements have been appropriately prepared on a disestablishment basis

The basis of preparation section in the accounting policies (Note 1) on page 26 and note 20 on page 49 about the financial statements being prepared on a disestablishment basis. We consider the disestablishment basis to be appropriate because the Polytechnic will cease as an entity and transfer its assets and liabilities to the Company on 1 April 2020 as a result of the reform of the institutes of technology and polytechnics sector.

Ongoing financial difficulties

Notes 20 and 21 on pages 51 to 52 outlines the Polytechnic's financial performance difficulties. The Company obtained a letter of support from its shareholder, Te Pūkenga, that it will provide financial support to the Polytechnic to ensure it can pay its liabilities as and when they fall due.

Impact of Covid-19

Note 21 on page 52 to the financial statements, which explains the impact of the Covid-19 pandemic on the Polytechnic.

The Polytechnic did not report within its statutory reporting deadline

Note 22 on page 53 of the financial statements outlines that the Polytechnic did not comply with the Education Act 1989 requirements to provide audited financial statements and a statement of service performance within four months of 31 December 2019.

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

The preparation of the financial statements and statement of service performance for the Polytechnic and group is the responsibility of the Board of the Company.

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

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

Up until 31 March 2020, the Council of the Polytechnic and group was 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. From 1 April 2020, the Board took over these responsibilities to enable completion of the financial statements and statement of service performance.

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

The Board's responsibilities arise from the Crown Entities Act 2004, Education Act 1989, and the Education (Vocational Education and Training Reform) Amendment Act 2020.

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

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

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

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

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 Polytechnic and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the disestablishment basis of accounting by the Board.
- 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 within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 2 to 11 and 54 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 Polytechnic and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: 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 Polytechnic or any of its subsidiaries.



Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of Service Performance

Student Satisfaction

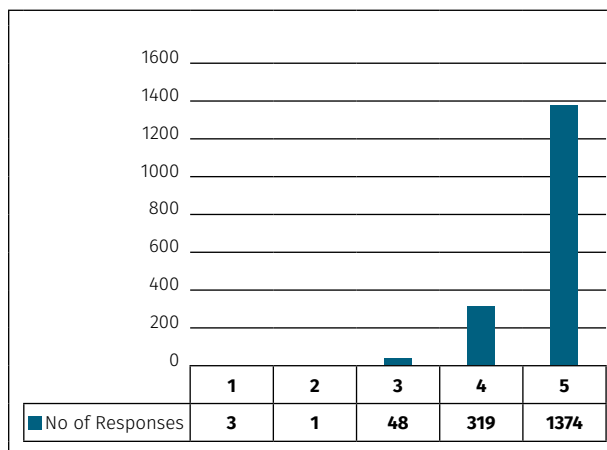
Tutor Evaluation

A total of 1,745 students, both full and part-time, are represented in the rating below. The Academic Board target was for students to rate the quality of teaching on TPP programmes and/or courses as at least of 4.0. The 2019 Mean Average is 4.7.

2019 Mean Average: 4.7

Method: How would you rate the overall quality of teaching of this tutor? Rated from 1-5 (1=dissatisfied; 5=very satisfied).

Graph 1: 2019 Tutor Evaluation Satisfaction Survey Ratings



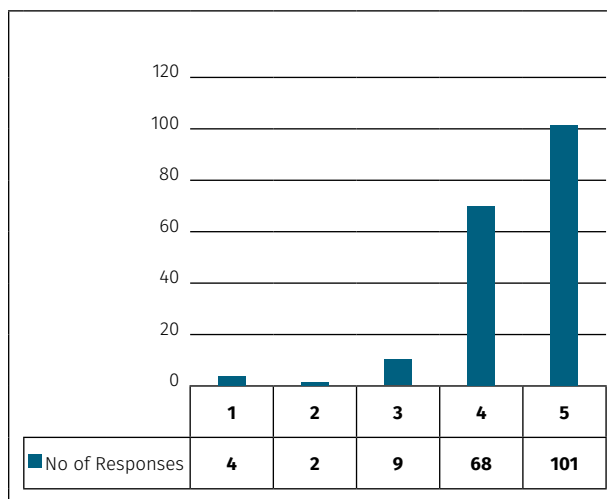
Programme Satisfaction

A total of 184 students from mainstream programmes are represented in the ratings below. It should be noted that the percentage of full-time students represented is affected by student withdrawal, absent students, distance students or those who have left for work experience/employment prior to part 3 of the survey being rolled out. The Academic Board target was for students to rate the delivery of TPP programmes and/or courses as at least of 4.0. The 2019 Mean Average is 4.4.

2019 Mean Average: 4.4

Method: Overall how satisfied were you with your student experience at Tai Poutini Polytechnic? Rated from 1-5 (1 = very dissatisfied 5 = very satisfied).

Graph 2: 2019 Programme Satisfaction Survey Ratings



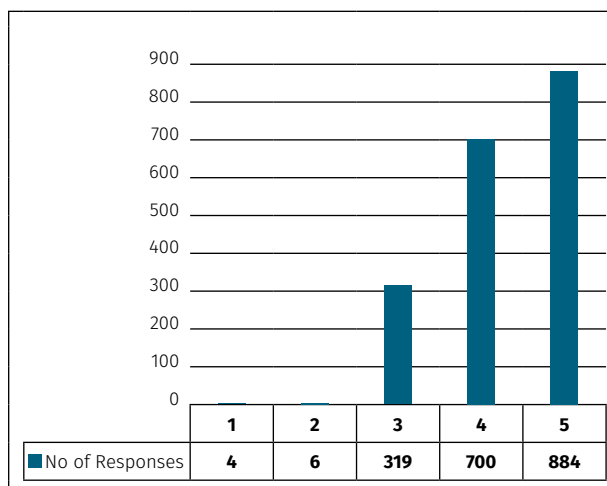
Short Course Programme Satisfaction

A total of 1,913 short course students are represented in the rating. The Academic Board target was for students to rate the delivery of TPP programmes and/or courses as at least 4.0. The 2019 Mean Average is 4.2.

2019 Mean Average: 4.2

Method: To what degree do you feel you have achieved the learning outcomes of this course? Rated from 1-5 (1=dissatisfied; 5=very satisfied)

Graph 3: 2019 Short Course Programme and Learning Satisfaction Survey Ratings



Student Destination

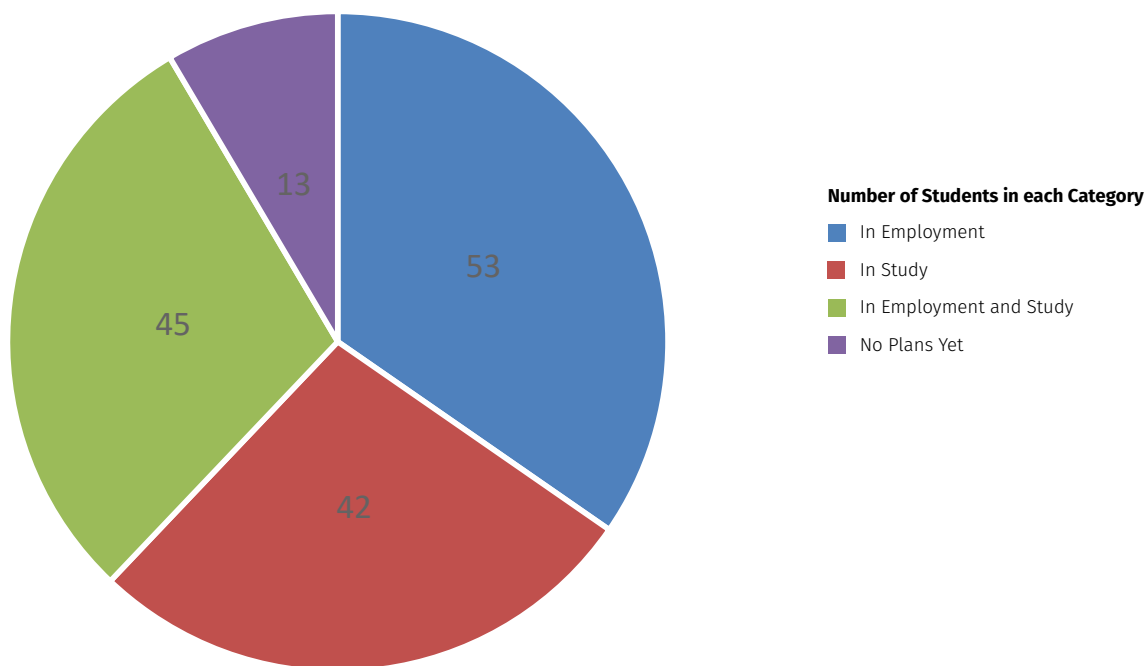
(Intended destination from End of Year Student Satisfaction Survey for 2019 Students).

A total of 153 students from mainstream programmes are represented in the percentages below.

The Academic Board target was to achieve a destination percentage of 80% for students moving into employment or further study.

The 2019 destination percentage for students moving into further study or employment is 91.5%.

Graph 4: Student Destination – Tai Poutini Polytechnic



Actual Student Destination

(From Graduate outcome report 2020)

91% in either work or full time study

64% in paid employment

25% in further study

Equal Employment Report

Equal Employment at Tai Poutini Polytechnic (as at 1 December 2019)

	2019	2018	2017
All Staff	84	182	168
Maori	7	9	10
Female	48	93	79
Pasifika	1	1	1
Maori	8.3%	4.9%	6.0%
Female	57.1%	51.0%	47.0%
Pasifika	1.2%	0.5%	0.6%

Performance Commitments 2019

SAC Levels 1 and 2

Performance Commitments SAC Levels 1 and 2	Group	2018 Target	2018 Actual	2019 Target	2019 Actual
Course Completion <i>The successful course completion rate (SAC Eligible EFTS) for:</i>	All Students	82%	46%	80%	71%
Qualification Completion <i>The successful qualification completion rate (SAC Eligible EFTS) for:</i>	All Students	72%	40%	60%	40%
Student Retention ⁽¹⁾ <i>The student retention rate (SAC Eligible student count) for:</i>	All Students	68%	nil	n/a ²	nil
Student Progression <i>The student progression rate (SAC Eligible student count) at level 1 to 3, to a higher level</i>	All Students	57%	38%	n/a ²	14%

1. Student retention rates are only measured for students enrolling in qualifications of two EFTS or more at level 4 and above. No applicable qualifications were offered by the Polytechnic in 2018 and 2019.
2. No requirement to set a performance commitment target in 2019.

Performance Commitments: SAC Level 3 and Above

Performance Commitments SAC Levels 3 and above	Group	Level	2018 Target	2018 Actual	2019 Target	2019 Actual
<i>The proportion of SAC Eligible EFTS who are:</i>	Under 25	All levels	20%	49%	n/a	52%
	Māori	All levels	9%	39%	14%	23%
	Pasifika	All levels	4%	12%	2%	4%
Course Completion <i>The successful course completion rate (SAC Eligible EFTS) for:</i>	All Students	Level 3 & above	78%	69%	80%	79%
		Level 4 & above	76%	69%	80%	79%
	Under 25	Level 3 & above	76%	79%	80%	83%
		Level 4 & above	76%	79%	80%	89%
	Māori	Level 3 & above	76%	67%	80%	77%
		Level 4 & above	74%	67%	80%	73%
	Pasifika	Level 3 & above	76%	80%	80%	80%
		Level 4 & above	74%	80%	80%	95%
Qualification Completion <i>The successful qualification completion rate (SAC Eligible EFTS) for:</i>	All Students	Level 3 & above	74%	47%	60%	60%
		Level 4 & above	70%	36%	60%	58%
	Under 25	Level 3 & above	64%	64%	60%	63%
		Level 4 & above	64%	63%	60%	62%
	Māori	Level 3 & above	70%	54%	60%	59%
		Level 4 & above	64%	52%	60%	58%
	Pasifika	Level 3 & above	64%	51%	60%	59%
		Level 4 & above	64%	41%	60%	55%
Student Retention ⁽¹⁾ <i>The student retention rate (SAC Eligible student count) for:</i>	All Students	Level 3 & above	65%	nil	50%	nil
	Māori	Level 3 & above	65%	nil	50%	nil
	Pasifika	Level 3 & above	65%	nil	50%	nil
Student Progression	All Students	Level 3 & above	13%	30%	n/a ²	14%
	Māori	Level 3 & above	13%	41%	n/a ²	14%
	Pasifika	Level 3 & above	13%	32%	n/a ²	3%

1. Student retention rates are only measured for students enrolling in qualifications of two EFTS or more at level 4 and above. No applicable qualifications were offered by the Polytechnic in 2018 and 2019.

2. No requirement to set a performance commitment target in 2019.

An amendment to the Education Act 1989, s. 220(2C) requires the Statement of Service Performance for 2019 to comply with Generally Accepted Accounting Principles (GAAP) for the first time. GAAP requires output cost disclosure. The Polytechnic has assessed that it has only one output class, being teaching and learning. The costs for this output are included within the Statement of Comprehensive Revenue and Expense.

Financial Statements

Statement of Comprehensive Revenue and Expense

Statement of Comprehensive Revenue and Expense for the Year Ended 31 December 2019

	Note	Polytechnic			Group		
		2019 Actual	2019 Budget	2018 Actual	2019 Actual	2019 Budget	2018 Actual
Revenue							
Government Grants		2,628,389	4,922,481	4,136,299	2,628,389	4,922,481	4,136,299
Tuition Fees		986,572	2,412,708	1,377,456	986,572	2,412,708	1,377,456
Interest Revenue		41,098	120,000	121,533	41,098	120,000	121,561
Other Revenue		1,636,097	2,466,000	1,329,988	1,636,097	2,466,000	1,329,988
Total Revenue	2	5,292,156	9,921,189	6,965,276	5,292,156	9,921,189	6,965,304
Expenses							
Personnel Costs	3	7,264,146	6,683,984	10,114,721	7,264,146	6,683,984	10,114,721
Depreciation and Amortisation Expense	8,9	880,769	1,147,163	1,367,618	883,704	1,147,163	1,374,463
Other Expenses	4	4,853,643	5,928,080	6,984,179	4,850,099	5,928,080	6,988,182
Total Expenses	2	12,998,558	13,759,227	18,466,518	12,997,949	13,759,227	18,477,366
Surplus / (Deficit) for the year from continuing operations		(7,706,402)	(3,838,038)	(11,501,242)	(7,705,793)	(3,838,038)	(11,512,062)
Discontinued operations							
Surplus / (Deficit) from discontinued operations	18	-	-	(367,859)	-	-	(367,859)
Surplus / (Deficit) for the year		(7,706,402)	(3,838,038)	(11,869,101)	(7,705,793)	(3,838,038)	(11,879,921)
Other Comprehensive Revenue and Expense							
Total Other Comprehensive Revenue and Expense		-	-	-	-	-	-
Total Comprehensive Revenue and Expense		(7,706,402)	(3,838,038)	(11,869,101)	(7,705,793)	(3,838,038)	(11,879,921)

Explanations of major variations against budget are provided in note 17.

The accompanying notes form part of these financial statements

Statement of Financial Position

Statement of Financial Position as at 31 December 2019

	Note	Polytechnic			Group		
		2019 Actual	2019 Budget	2018 Actual	2019 Actual	2019 Budget	2018 Actual
Current Assets							
Cash and Cash Equivalents	5	1,971,212	1,774,000	4,309,393	1,971,866	1,744,000	4,310,087
Debtors and Other Receivables	6	523,321	5,167,000	582,699	523,321	5,167,000	582,699
Term Deposits	7	-	203,000	1,228,363	-	203,000	1,228,363
Prepayments		222,013	255,000	100,530	222,013	255,000	100,530
Trust Investments		281,156	279,000	281,242	281,156	279,000	281,242
Total Current Assets		2,997,702	7,678,000	6,502,227	2,998,356	7,678,000	6,502,921
Non Current Assets							
Property, Plant and Equipment	8	11,898,749	13,039,000	12,648,160	11,898,749	13,039,000	12,651,095
Intangible Assets	9	65,573	486,000	140,070	65,573	486,000	140,070
Total Non Current Assets		11,964,322	13,525,000	12,788,230	11,964,322	13,525,000	12,791,165
Total Assets		14,962,024	21,203,000	19,290,457	14,962,678	21,203,000	19,294,086
Current Liabilities							
Creditors and Other Payables	10	2,432,381	1,021,000	1,245,574	2,432,381	1,021,000	1,249,158
Revenue Received in Advance	11	14,970	244,000	102,446	14,970	244,000	102,446
Employee Entitlements	12	500,590	787,000	438,245	500,590	787,000	438,245
Trusts and Funds		281,156	279,000	281,242	281,156	279,000	281,242
Total Current Liabilities		3,229,097	2,331,000	2,067,507	3,229,097	2,331,000	2,071,091
Non Current Liabilities							
Employee Entitlements	12	58,654	119,000	90,474	58,654	119,000	90,474
Total Non Current Liabilities		58,654	119,000	90,474	58,654	119,000	90,474
Total Liabilities		3,287,751	2,450,000	2,157,981	3,287,751	2,450,000	2,161,565
NET ASSETS		11,674,273	18,753,000	17,132,476	11,674,927	18,753,000	17,132,521
Equity							
General Funds	14	11,658,940	18,726,239	17,115,342	11,659,239	18,726,239	17,115,387
Restricted Reserves	14	15,333	26,761	17,134	15,333	26,761	17,134
Total Equity		11,674,273	18,753,000	17,132,476	11,674,927	18,753,000	17,132,521
STATEMENT OF CHANGES IN EQUITY							
Balance at 1 January		17,132,476	22,591,038	21,765,755	17,132,521	22,591,038	21,776,620
Total Comprehensive Revenue and Expense		(7,706,402)	(3,838,038)	(11,869,101)	(7,705,793)	(3,838,038)	(11,879,921)
Capital Injection		2,250,000	-	8,500,000	2,250,000	-	8,500,000
Transfer of MAINZ	18	-	-	(1,255,951)	-	-	(1,255,951)
Movement in Restricted Reserves	14	(1,801)	-	(8,227)	(1,801)	-	(8,227)
Balance at 31 December		11,674,273	18,753,000	17,132,476	11,674,927	18,753,000	17,132,521

Explanations of major variations against budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

Statement of Cash Flows for the year ended 31 December 2019

	Polytechnic			Group		
	2019 Actual	2019 Budget	2018 Actual	2019 Actual	2019 Budget	2018 Actual
Cash Flows from Operating Activities						
Receipts from Government Grants	4,291,599	4,922,481	8,457,686	4,291,599	4,922,481	8,457,686
Receipts from Tuition Fees	789,457	2,412,708	1,696,519	789,457	2,412,708	1,696,519
Interest Income Received	50,512	120,000	131,311	50,512	120,000	131,339
Receipts from Other Income	1,636,097	2,465,811	1,329,988	1,636,097	2,465,811	1,329,988
Total Cash Receipts	6,767,665	9,921,000	11,615,504	6,767,665	9,921,000	11,615,532
Payments to Employees	(7,233,621)	(6,683,984)	(10,411,984)	(7,233,621)	(6,683,984)	(10,411,984)
Payments to Suppliers	(5,360,651)	(6,291,016)	(7,098,254)	(5,360,691)	(6,291,016)	(7,102,156)
Goods and Services Tax Net	69,649	-	333,677	69,649	-	333,677
Total Payments	(12,524,623)	(12,975,000)	(17,176,561)	(12,524,663)	(12,975,000)	(17,180,463)
Net Cash Flow from Operating Activities	(5,756,958)	(3,054,000)	(5,561,057)	(5,756,998)	(3,054,000)	(5,564,931)
Cash Flows from Investing Activities						
Receipts (Costs) from Property, Plant and Equipment Disposals	-	-	140,000	-	-	140,000
Purchase of Property, Plant and Equipment	(57,871)	(500,000)	(284,040)	(57,871)	(500,000)	(286,778)
Purchase of Intangible Assets	-	-	(83,797)	-	-	(83,797)
Movement in Restricted Reserves	(1,801)	-	(8,226)	(1,801)	-	(8,226)
Net Sale (Purchase) of Term Deposits	1,228,449	-	(1,027,420)	1,228,449	-	(1,021,265)
Net Cash Flow from Investing Activities	1,168,777	(500,000)	(1,263,483)	1,168,777	(500,000)	(1,260,066)
Cash Flows from Financing Activities						
Capital Contributions from the Crown	2,250,000	-	8,500,000	2,250,000	-	8,500,000
Net (decrease)/increase in cash and cash equivalents	(2,338,181)	(3,554,000)	1,675,460	(2,338,221)	(3,554,000)	1,675,003
Opening cash and cash equivalents	4,309,393	5,328,000	2,633,933	4,310,087	5,328,000	2,635,084
Closing cash and cash equivalents	1,971,212	1,774,000	4,309,393	1,971,866	1,774,000	4,310,087
Change in Cash	(2,338,181)	(3,554,000)	1,675,460	(2,338,221)	(3,554,000)	1,675,003
Reconciliation of surplus(deficit) to the net cash flow from operating activities						
Surplus (deficit) from Statement of Comprehensive Revenue and Expense	(7,706,402)	(3,838,038)	(11,869,101)	(7,705,793)	(3,838,038)	(11,879,921)
Add (less) non cash items						
Depreciation and amortisation	880,769	1,147,163	1,377,663	883,704	1,147,163	1,384,508
Increase (decrease) in non current employee entitlements	(31,820)	-	(28,611)	(31,820)	-	(28,611)
Loss (Gain) on disposal of Assets	1,011	-	(20,341)	1,011	-	(20,341)
Total non cash items	849,960	1,147,163	1,328,711	852,895	1,147,163	1,335,556
Add (less) movements in working capital items						
(Increase) decrease in debtors and other receivables	59,291	(363,125)	4,607,156	59,291	(363,125)	4,607,156
(Increase) decrease in prepayments	(121,483)	-	154,715	(121,483)	-	154,715
Increase (decrease) in creditors and other payables	1,186,807	-	707,403	1,183,223	-	707,504
Increase (decrease) in revenue received in advance	(87,476)	-	(141,473)	(87,476)	-	(141,473)
Increase (decrease) in current employee entitlements	62,345	-	(348,468)	62,345	-	(348,468)
Net Movement in Working Capital Items	1,099,484	(363,125)	4,979,333	1,095,900	(363,125)	4,979,434
Net Cash Flow from Operating Activities	(5,756,958)	(3,054,000)	(5,561,057)	(5,756,998)	(3,054,000)	(5,564,931)

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

Explanations of major variations against budget are provided in Note 17.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

REPORTING ENTITY

Tai Poutini Polytechnic (the Polytechnic) is a TEI domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The consolidated financial statements of the Group consist of Tai Poutini Polytechnic ("the parent"), and the West Coast Climbing Wall Trust (a 67% controlled subsidiary). Tai Poutini International Limited (a wholly owned subsidiary) and The Qatar Technical Institute LLC (a 49% subsidiary held by Tai Poutini International Ltd) are dormant non-trading entities; consequently they have no financial impact on the statements.

Tai Poutini International Limited is incorporated and domiciled in New Zealand. The Qatar Technical Institute LLC is incorporated and domiciled in Qatar.

The primary objective of the Polytechnic and Group is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the Polytechnic has designated itself and the Group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the Polytechnic and Group are for the year ended 31 December 2019. The financial statements were authorised for issue by the Board of Tai Poutini Polytechnic Limited on 19 August 2022.

BASIS OF PREPARATION

The financial statements have been prepared on a disestablishment basis as the Polytechnic ceased as an entity and its assets and liabilities were transferred to Tai Poutini Polytechnic Limited on 1 April 2020. For further information refer to Note 20. The accounting policies have been consistently applied throughout the accounting period.

Statement of compliance

The financial statements of the Polytechnic and Group 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 (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Standards issued and not yet effective and not early adopted

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

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted.

The main changes compared to PBE IPSAS 29 that are relevant to the Polytechnic are:

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

The Polytechnic intends to adopt PBE IPSAS 41 for the 31 December 2022 financial year. The Polytechnic has not yet assessed in detail the impact of the new standard.

Amendment to PBE IPSAS 2 Statement of Cash Flows

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

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Polytechnic has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

Standards adopted

Adoption of PBE IPSAS 34-38

The Polytechnic has adopted the new group standards, PBE IPSAS 34 to 38, in preparing these financial statements. In adopting these new standards, the Polytechnic has updated its accounting policies for its investments in subsidiaries, associate and joint operation. There is no financial effect on the carrying amounts as at 1 January 2019 from the adoption of the new standards.

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 area are outlined below.

Basis of consolidation

The purchase method is used to prepare the group financial statements, which involves adding together like items of assets, liabilities, equity, revenue, expenses and cash flows on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Goods and services tax

All 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 Polytechnic and Group are exempt from income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures are those approved by the Crown Manager 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.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made 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 of future events that are believed to be reasonable under the circumstances. No estimates or assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Management has exercised the following critical judgements in applying accounting policies:

- Distinction between revenue and capital contributions – refer to note 2
- Crown-owned land and buildings – refer to note 8

2. Revenue

Accounting Policy

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

SAC funding

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

Student tuition fee

Student tuition fee is recognised as a non-exchange transaction. There is a condition attached that requires performance or return of fee, that condition is extinguished when the withdrawal date for a course (10% of the course duration) has passed, at which point revenue is recognised.

Revenue recognised but not yet delivered

As noted above, domestic revenue is treated as non-exchange. Being accounted for under PBE IPSAS 23, all domestic student fee and government funding revenue must be recognised in full as soon as the withdrawal with refund period has passed. This means that if a student enrolls towards the end of a financial year, all of the revenue for the student has to be accrued into the year of enrolment while the delivery costs will be split over that year and the following year. Due to the nature of the flexible start dates for some students, the number of students studying over the financial year end can (and does) change from year to year. These changes result in variances in revenue recognition. The Polytechnic considers these variances to be timing in nature and not reflective of the underlying financial performance for the year.

International tuition fee

Tuition fee received from an International student is recognised as an exchange transaction. Revenue is recognised as delivery is performed. Fee received for courses occurring in the following year are retained as fees in advance.

Government grants

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

Accommodation revenue

Revenue from the provision of accommodation is recognised as invoiced. Rental is invoiced monthly in advance.

Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established.

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 Poytechnic and Group accounts for the funding as a capital contribution directly in equity.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
SAC Funding	2,798,416	7,586,129	2,798,416	7,586,129
MOE Revenue recognised, not yet delivered	(170,027)	(3,449,830)	(170,027)	(3,449,830)
Total Revenue from Government Grants	2,628,389	4,136,299	2,628,389	4,136,299
Tuition Fees from Domestic Students	976,469	1,242,967	976,469	1,242,967
Total Revenue from Non Exchange Contracts	3,604,858	5,379,266	3,604,858	5,379,266
Tuition Fees from International Students	10,103	124,506	10,103	124,506
Interest Revenue	41,098	121,533	41,098	121,561
Accommodation Revenue	232,479	259,746	232,479	259,746
Gain (loss) on Sale of Assets	(1,011)	20,341	(1,011)	20,341
Student Services Levy	-	9,983	-	9,983
Other Revenue	1,404,629	1,049,901	1,404,629	1,049,901
Total Revenue from Exchange contracts	1,687,298	1,586,010	1,687,298	1,586,038
Total Revenue	5,292,156	6,965,276	5,292,156	6,965,304

3. Personnel Costs

Accounting Policy

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver, the Government Superannuation Fund and other defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Note 3 - Personnel Costs

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Academic Salaries	3,097,679	3,751,575	3,097,679	3,751,575
General Salaries	3,832,709	5,699,857	3,832,709	5,699,857
Defined Contribution	175,898	235,120	175,898	235,120
Non Payroll Personnel	157,859	428,169	157,859	428,169
Total Personnel Costs	7,264,146	10,114,721	7,264,146	10,114,721

Personnel costs include \$1,370k of payments relating to the transformation of the Polytechnic (2018: \$1,689k). These costs are not considered a recurring expense and are inclusive of the severance payments noted below.

During the year the Polytechnic made severance payments of \$511k (2018: \$733k).

Council & Crown Manager Remuneration

		Polytechnic	Polytechnic	Polytechnic	Polytechnic
		2019	2019	2018	2018
		\$	\$	\$	\$
		Fees	Expenses	Fees	Expenses
A. England	Council Member	15,408	-	17,186	-
R. Lourie	Council Member	15,408	770	15,408	1,337
A. Robb	Council Member	29,960	1,094	29,960	1,756
K. Stratful (Payment remitted to KRS Consulting)	Council Member	15,408	-	15,408	-
M. Strong	Crown Manager	138,000	1,877	170,300	4,859
		214,184	3,742	248,262	7,952

4. Other Expenses

Accounting Policy

Scholarships

Scholarships awarded by the Institute that reduce the amount of the tuition fees payable by the student are accounted for as an expense and not offset against student tuition fee income.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Advertising	173,700	193,651	173,700	193,651
Audit Fees -				
Fees to Audit NZ for the Audit of current year financial Statements	116,949	113,543	116,949	117,083
Course Related Costs	253,710	429,329	253,710	429,329
Foreign exchange net losses	(4)	5,314	(4)	5,314
Impairment and write off of Receivables	52,227	141,163	52,227	141,163
Information Technology	233,474	315,017	233,474	315,017
Insurance	112,650	122,882	112,650	122,882
Office Costs	39,691	51,903	39,691	51,903
Operating Leases	622,295	663,939	622,295	664,358
Other Occupancy Costs	507,738	623,668	507,738	623,668
Repairs & Maintenance	263,230	489,257	263,230	489,257
Travel	497,966	753,214	497,966	753,214
Transformation Costs	1,165,760	2,039,350	1,165,760	2,039,350
Other Operating Expenses	814,258	1,041,949	810,714	1,041,993
Total Other Expenses	4,853,643	6,984,179	4,850,099	6,988,182

Leases

Operating leases

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.

Operating leases as lessee

Non-cancellable operating leases as lessee

Tai Poutini Polytechnic leases property, plant and equipment in the normal course of business. The majority of these leases are non-cancellable. The future aggregate minimum lease payments are as follows:

Lease payments are as follows:	Polytechnic		Group	
	2019	2018	2019	2018
	\$	\$	\$	\$
Not later than 1 year	476,930	567,656	476,930	567,656
Later than one year and not later than 5 years	722,397	1,036,022	722,397	1,036,022
Later than 5 years	1,343,116	1,506,423	1,343,116	1,506,423
	2,542,443	3,110,101	2,542,443	3,110,101

In the case of Mawhera land leases, in Greymouth, the Polytechnic has right of lease renewal for a further 21 year term. There are no restrictions placed on the Polytechnic and Group by any of the leasing agreements.

5. 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.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Cash at Bank	1,970,976	1,230,246	1,971,630	1,230,940
Call Deposits	236	2,042,054	236	2,042,054
Term Deposits	-	1,037,093	-	1,037,093
Total Cash and Equivalents	1,971,212	4,309,393	1,971,866	4,310,087

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

6. Receivables

Accounting Policy

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment

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.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Receivables				
Student Fee Receivables	488,156	363,474	488,156	363,474
Less: Provision for Impairment	(203,584)	(89,202)	(203,584)	(89,202)
Net Student Fee Receivables	284,572	274,272	284,572	274,272
Other Receivables				
Other Debtors and Receivables	226,663	50,773	226,663	50,773
GST Receivable	-	75,541	-	75,541
MOE Earned Revenue not yet received	12,086	182,113	12,086	182,113
Total Debtors and Other Receivables	523,321	582,699	523,321	582,699

Student fees are due before a course commences or due upon enrolment if the course has already begun. Domestic students can arrange to pay by instalments in certain circumstances.

Student fees are non-interest bearing, thus their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally settled on 30 day terms. Therefore, the carrying value of other receivables approximates their fair value.

Impairment

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

	2019			2018		
	Gross	Impairment	Net	Gross	Impairment	Net
Polytechnic and Group						
Not Past Due	157,057	-	157,057	41,402	-	41,402
Past Due 31-60 days	43,712		43,712	59,035	-	59,035
Past Due 61-90 days	29,175		29,175	26,185	-	26,185
Past Due Over 90 days	258,212	(203,584)	54,628	236,852	(89,202)	147,650
Total	488,156	(203,584)	284,572	363,474	(89,202)	274,272

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

Movements in the provision for uncollectibility of receivables at year end is detailed below

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Polytechnic and Group				
Balance at 1 January	89,202	215,000	89,202	215,000
Additional provisions made during the year	138,475	141,394	138,475	141,394
Provisions reversed during the year	(24,093)	-	(24,093)	-
Receivables written off during the year	-	(267,192)	-	(267,192)
Balance at 31 December	203,584	89,202	203,584	89,202

7. Other Financial Assets

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.

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

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

- loans and receivables; and
- fair value through other comprehensive income.

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

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 surplus or deficit

The Polytechnic and Group does not have any assets designated as being at fair value through surplus or deficit.

Impairment of financial assets

At each balance date, the Polytechnic and Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in 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 Polytechnic and Group will not be able to collect amounts due according to the original terms of the debt. 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 the 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 uncollectable, 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.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Financial Assets - Current				
Term Deposits Non Cash	-	1,228,363	-	1,228,363
Total Other Financial Assets	-	1,228,363	-	1,228,363

8. Property, Plant and Equipment

Accounting Policy

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

Land is measured at cost. All other asset classes are stated at cost less accumulated depreciation and any accumulated impairment in value. All assets are primarily held for the purpose of providing education and related activities. Costs incurred subsequent to initial acquisition are capitalised only when it 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.

Current assets held for sale

Current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of the subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Class of assets	Rate
Buildings	2%-20% per annum
Plant and equipment	2%-33% per annum
Motor vehicles	10%-20% per annum
Heavy Vehicles	10% per annum
Library	20% per annum
Computers	33% per annum
Computer Servers	10%-20% per annum
Audio Equipment	20% per annum
Furniture and Fittings	10%-33% per annum
Outdoor Rec Equipment	10%-50% per annum

Impairment

The carrying values of property, plant and equipment, other than those whose future economic benefits are not directly related to their ability to generate net cash, are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Restrictions on Title

Under the Education Act 1989, the Institute is required to obtain consent from the Secretary for 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 consent from the Secretary of Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

Note 8. Property, Plant and Equipment Polytechnic

Movements for each class of property, plant, and equipment for the Polytechnic are as follows:

	Cost/ valuation 1/1/18	Accumulated depreciation and impairment charges 1/1/18	Carrying amount 1/1/18	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/18	Accumulated depreciation and impairment charges 31/12/18	Carrying amount 31/12/18
Polytechnic 2018													
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	13,535,412	(3,545,605)	9,989,807	27,328	(14,250)	-	-	(412,641)	3,403	-	13,548,490	(3,954,843)	9,593,647
Buildings - Crown	1,468,000	(812,758)	655,242	-	-	-	-	(67,715)	-	-	1,468,000	(880,473)	587,527
Furniture and Fittings	665,422	(570,352)	95,070	10,261	-	-	-	(40,032)	-	-	675,683	(610,384)	65,299
Plant & Equipment	3,688,640	(2,923,373)	765,267	19,158	(46,406)	-	4,358	(177,709)	22,539	-	3,665,750	(3,078,543)	587,207
Computers	2,185,685	(1,959,904)	225,781	48,422	(23,554)	-	-	(141,822)	23,554	-	2,210,553	(2,078,172)	132,382
Audio Equipment	219,712	(216,741)	2,971	-	-	-	-	(2,269)	-	-	219,712	(219,010)	702
Outdoor Rec Equipment	254,158	(204,577)	49,581	29,147	(7456)	-	-	(38,090)	7456	-	275,849	(235,211)	40,639
Library	322,587	(308,168)	14,419	2,102	-	-	-	(10,761)	-	-	324,689	(318,929)	5,760
Vehicles	2,139,955	(1,864,171)	275,784	-	(460,989)	-	(4,358)	(87,432)	406,346	-	1,674,608	(1,545,258)	129,350
Assets held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets in Course of Construction - Buildings TPP	-	-	-	147,622	-	-	-	-	-	-	147,622	-	147,622
Total Polytechnic	25,837,598	(12,405,649)	13,431,949	284,040	(552,655)	-	-	(978,471)	463,297	-	25,568,983	(12,920,823)	12,648,160

	Cost/ valuation 1/1/19	Accumulated depreciation and impairment charges 1/1/19	Carrying amount 1/1/19	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation surplus	Cost/ revaluation 31/12/19	Accumulated depreciation and impairment charges 31/12/19	Carrying amount 31/12/19
Polytechnic 2019													
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	13,548,490	(3,954,843)	9,593,647	152,905	-	-	-	(416,293)	-	-	13,701,395	(4,371,136)	9,330,258
Buildings - Crown	1,468,000	(880,473)	587,527	-	-	-	-	(67,596)	-	-	1,468,000	(948,068)	519,932
Furniture and Fittings	675,683	(610,384)	65,299	15,284	-	-	-	(32,203)	-	-	690,967	(642,587)	48,380
Plant & Equipment	3,665,750	(3,078,543)	587,207	11,631	(70,500)	-	-	(128,095)	70,022	-	3,606,881	(3,136,616)	470,265
Computers	2,210,553	(2,078,172)	132,382	5,361	(569)	-	-	(79,609)	569	-	2,215,346	(2,157,211)	58,134
Audio Equipment	219,712	(219,010)	702	-	-	-	-	(428)	-	-	219,712	(219,438)	274
Outdoor Rec Equipment	275,849	(235,211)	40,639	18,883	(8,556)	-	-	(28,569)	8,022	-	286,176	(255,757)	30,419
Library	324,689	(318,929)	5,760	1,274	-	-	-	(4,334)	-	-	325,963	(323,263)	2,699
Vehicles	1,674,608	(1,545,258)	129,350	-	-	-	-	(49,146)	-	-	1,674,608	(1,594,403)	80,205
Assets held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets in Course of Construction - Buildings TPP	147,622	-	147,622	(147,467)	-	-	-	-	-	-	155	-	155
Total Polytechnic	25,568,983	(12,920,823)	12,648,160	57,871	(79,624)	-	-	(806,272)	78,614	-	25,547,230	(13,648,481)	11,898,749

Legal ownership of land and buildings is detailed as follows:

	Land		Buildings	
	2019	2018	2019	2018
Polytechnic owned	1,358,027	1,358,027	9,330,258	9,593,647
Crown owned	-	-	519,932	587,527
Total	1,358,027	1,358,027	9,850,190	10,181,174

Restriction on property title

Greymouth leasehold properties leased from The Mawhera Corporation, provides the Lessor with first right of refusal to both parties, on sale or assignment of such leasehold properties.

Polytechnic and Group

Movements for each class of property, plant and equipment for the Polytechnic and Group are as follows:

	Cost/ valuation 1/1/18	Accumulated depreciation and impairment charges 1/1/18	Carrying amount 1/1/18	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation Surplus	Cost/ revaluation 31/12/18	Accumulated depreciation and impairment charges 31/12/18	Carrying amount 31/12/18
Polytechnic & Group 2018													
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	13,535,412	(3,545,605)	9,989,807	27,328	(14,250)	-	-	(412,641)	3,403	-	13,548,490	(3,954,843)	9,593,647
Buildings - Crown	1,468,000	(812,758)	655,242	-	-	-	-	(67,715)	-	-	1,468,000	(880,473)	587,527
Furniture and Fittings	665,422	(570,352)	95,070	10,261	-	-	-	(40,032)	-	-	675,683	(610,384)	65,299
Plant & Equipment	3,688,640	(2,923,373)	765,267	19,158	(46,406)	-	4,358	(177,709)	22,539	-	3,665,750	(3,078,543)	587,206
Computers	2,185,685	(1,959,904)	225,781	48,422	(23,554)	-	-	(141,822)	23,554	-	2,210,554	(2,078,172)	132,382
Audio Equipment	219,712	(216,741)	2,971	-	-	-	-	(2,269)	-	-	219,712	(219,010)	702
Outdoor Rec Equipment	254,158	(204,577)	49,581	29,147	(7,456)	-	-	(38,090)	7,456	-	275,849	(235,211)	40,639
Library	322,587	(308,168)	14,419	2,102	-	-	-	(10,761)	-	-	324,689	(318,929)	5,760
Vehicles	2,139,955	(1,864,171)	275,784	-	(460,989)	-	(4,358)	(87,432)	406,346	-	1,674,608	(1,545,258)	129,350
Climbing Wall	87,092	(80,049)	7,043	2,737	-	-	-	(6,845)	-	-	89,829	(86,894)	2,935
Assets in Course of Construction	-	-	-	147,622	-	-	-	-	-	-	147,622	-	147,622
Total Polytechnic & Group	25,924,690	(12,485,698)	13,438,992	286,777	(552,655)	-	-	(985,316)	463,297	-	25,658,812	(13,007,717)	12,651,095

	Cost/ valuation 1/1/19	Accumulated depreciation and impairment charges 1/1/19	Carrying amount 1/1/19	Current year additions	Current year disposals	Current year impairment charges	Reclassification Transfer	Current year depreciation	Accum Dep'n on Disposals	Revaluation Surplus	Cost/ revaluation 31/12/19	Accumulated depreciation and impairment charges 31/12/19	Carrying amount 31/12/19
Polytechnic & Group 2019													
Land	1,358,027	-	1,358,027	-	-	-	-	-	-	-	1,358,027	-	1,358,027
Buildings - TPP	13,548,490	(3,954,843)	9,593,647	152,905	-	-	-	(416,293)	-	-	13,701,395	(4,371,136)	9,330,258
Buildings - Crown	1,468,000	(880,473)	587,527	-	-	-	-	(67,596)	-	-	1,468,000	(948,068)	519,932
Furniture and Fittings	675,683	(610,384)	65,299	15,284	-	-	-	(32,203)	-	-	690,967	(642,587)	48,380
Plant & Equipment	3,665,750	(3,078,543)	587,206	11,631	(70,500)	-	-	(128,095)	70,022	-	3,606,881	(3,136,616)	470,265
Computers	2,210,554	(2,078,172)	132,382	5,361	(569)	-	-	(79,609)	569	-	2,215,346	(2,157,211)	58,135
Audio Equipment	219,712	(219,010)	702	-	-	-	-	(428)	-	-	219,712	(219,438)	274
Outdoor Rec Equipment	275,849	(235,211)	40,639	18,883	(8,556)	-	-	(28,569)	8,022	-	286,176	(255,757)	30,419
Library	324,689	(318,929)	5,760	1,274	-	-	-	(4,334)	-	-	325,963	(323,263)	2,699
Vehicles	1,674,608	(1,545,258)	129,350	-	-	-	-	(49,146)	-	-	1,674,608	(1,594,403)	80,205
Climbing Wall	89,829	(86,894)	2,935	-	-	-	-	(2,935)	-	-	89,829	(89,829)	-
Assets in Course of Construction - Buildings TPP	147,622	-	147,622	(147,467)	-	-	-	-	-	-	155	-	155
Total Polytechnic & Group	25,658,812	(13,007,717)	12,651,095	57,871	(79,624)	-	-	(809,207)	78,614	-	25,637,059	(13,738,310)	11,898,749

Legal ownership of land and buildings is detailed as follows:

	Land		Buildings	
	2019	2018	2019	2018
Polytechnic owned	1,358,027	1,358,027	9,330,258	9,593,647
Crown owned	-	-	519,932	587,527
Total	1,358,027	1,358,027	9,850,190	10,181,174

Effective 31 January 2018 the business unit of the Music and Audio Institute of New Zealand was sold to the Southern Institute of Technology. Assets with a book value of \$1.2m were transferred for consideration of \$1.

In the 2017 year these assets were reclassified to Assets held for sale. In the 2018 year, the loss on the disposal of these assets was recognised directly in to equity.

9. Intangible Assets

Accounting Policy

Computer Software

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

Course Development

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 consist primarily of Consultant and Employee costs.

A summary of the policies applied to the Institute and group's intangible assets is as follows:

	Computer Software	Course Development
Useful lives	Finite: 3-5 years	Finite: 3-5 years
Method used	Straight line method	Straight line method

The amortisation period and amortisation method for each class of intangible asset having a finite life is reviewed at each financial year-end. If the expected useful life or expected pattern of consumption is different for the previous assessment, changes are made accordingly.

The carrying value of each class of intangible asset is reviewed for indicators of impairment annually. Intangible assets are tested for impairment where an indicator of impairment exists and the asset's recoverable amount is estimated. An impairment loss is recognised in the surplus or deficit, for the amount by which the asset's carrying value exceeds its recoverable amount.

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable business assets purchased by the Institute.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the acquisition that gave rise to goodwill.

Note 9. Intangible Assets Parent and Group

Movements for each class of intangible asset are as follows:

	Software	Goodwill	Course Development	Total
Balance at 1 January 2019				
Cost	687,940	-	454,063	1,142,003
Accumulated amortisation and impairment	(651,176)	-	(350,757)	(1,001,933)
Opening carrying amount	36,764	-	103,306	140,070
Year ended 31 December 2019				
Additions	-	-	-	-
Disposal	-	-	-	-
Amortisation	(14,584)	-	(59,913)	(74,497)
Amortisation on Disposals	-	-	-	-
Closing carrying amount	22,179	-	43,393	65,573
Balance at 31 December 2019				
Cost	687,940	-	454,063	1,142,003
Accumulated amortisation and impairment	(665,761)	-	(410,670)	(1,076,431)
Closing carrying amount	22,179	-	43,393	65,573
Assets in Course of Construction at 31 December 2019 - Course Development				
Total closing carrying amount	22,179	-	43,393	65,573
Balance at 1 January 2018				
Cost	670,243	224,000	732,056	1,626,299
Accumulated amortisation and impairment	(578,952)	-	(561,866)	(1,140,818)
Opening carrying amount	91,291	224,000	170,190	485,481
Year ended 31 December 2018				
Additions	17,697	-	66,100	83,797
Disposal	-	-	(344,092)	(344,092)
Write off	-	(224,000)	-	(224,000)
Amortisation	(72,224)	-	(102,681)	(174,905)
Amortisation on Disposals	-	-	313,789	313,789
Closing carrying amount	36,764	-	103,306	140,070
Balance at 31 December 2018				
Cost	687,940	-	454,063	1,142,003
Accumulated amortisation and impairment	(651,176)	-	(350,757)	(1,001,933)
Closing carrying amount	36,764	-	103,306	140,070
Assets in Course of Construction at 31 December 2018 - Course Development				
Total closing carrying amount	36,764	-	103,306	140,070

Goodwill purchased in 2008

The Polytechnic acquired the business assets and intellectual property of Emergency Management Academy of New Zealand Limited, in November 2008 for a consideration of \$109,000 comprising of tangible assets \$15,000 and intangible assets \$94,000 recognised as goodwill.

Goodwill was impairment tested against two years future discounted cash flows at 15% arising from the acquired cash generating unit and fully impaired at 31 December 2018.

Goodwill purchased in 2009

The Polytechnic acquired the business activities of CETC a cash generating unit of the Buller High School, in December 2009 for a consideration of \$130,000 comprising tangible assets \$10,000 and intangible assets \$120,000 recognised as goodwill.

Goodwill was impairment tested against two years future discounted cash flows at 15% arising from the acquired cash generating unit and fully impaired at 31 December 2018.

10. Creditors and Other Payables

Accounting Policy

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
GST	1,214	-	1,214	-
Creditors	329,417	514,292	329,417	517,876
Accrued Expenses	2,088,403	721,937	2,088,403	721,937
Student Deposits	13,346	9,345	13,346	9,345
Total Creditors and Other Payables	2,432,381	1,245,574	2,432,381	1,249,158

11. Revenue in Advance

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
Tuition Fees in Advance	14,970	102,446	14,970	102,446
MOE Funding in Advance	-	-	-	-
Total Revenue in Advance	14,970	102,446	14,970	102,446

12. Employee Entitlements

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 renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to the balance date, annual leave earned to but not yet taken at balance date and sick leave.

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

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and 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.

Superannuation schemes

Obligations for contributions to Kiwisaver, the Government Superannuation Fund and other defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
<i>Current portion</i>				
Holiday Pay	489,804	430,477	489,804	430,477
Long Service Leave	8,751	4,976	8,751	4,976
Retirement Benefits	2,035	2,792	2,035	2,792
Total current Portion	500,590	438,245	500,590	438,245
<i>Non Current Portion</i>				
Long Service	32,869	19,453	32,869	19,453
Retirement Benefits	25,785	71,021	25,785	71,021
Total non current Portion	58,654	90,474	58,654	90,474
Total Employee Entitlement	559,244	528,719	559,244	528,719

Employee Entitlements

A provision is recognised for post-employment benefits payable to employees. Employees are entitled to annual leave pay, long service and retirement gratuities.

Annual leave is expected to be settled within 12 months of the Statement of Financial Position date and is measured at the current rates of pay.

Entitlements relating to long service leave and retirement gratuities have been calculated at present value of future cash flows determined on an actuarial basis.

The provision is affected by a number of assumptions including expected length of service, attrition rate and salary.

13. Commitments & Contingencies

Contingent liabilities

As at 31 December 2019 the Polytechnic had a contingent liability relating to a performance bond required as a condition of resource consent from the West Coast Regional Council, for Alluvial Goldmining: \$3,000 (2018: Bond \$3,000, Redundancy costs \$400,000; Employment dispute: \$78,400).

Capital Commitments

As at 31 December 2019 the Polytechnic had no capital commitments (2018: \$59,390).

14. Equity

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are general funds, and restricted reserves.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Institute. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

	Polytechnic		Group	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
EQUITY				
General Funds				
Balance at 1 January	17,115,342	21,740,394	17,115,387	21,751,259
Total Comprehensive Revenue and Expense attributable to TPP	(7,706,402)	(11,869,101)	(7,705,793)	(11,879,921)
Capital Injections	2,250,000	8,500,000	2,250,000	8,500,000
MAINZ Assets transferred to Southern Institute of Technology	-	(1,255,951)	-	(1,255,951)
Balance at 31 December	11,658,940	17,115,342	11,659,594	17,115,387
Restricted Reserves				
Balance at 1 January	17,134	25,361	17,134	25,361
Application of scholarships and trust	(1,801)	(8,227)	(1,801)	(8,227)
Balance at 31 December	15,333	17,134	15,333	17,134
Total Equity	11,674,273	17,132,476	11,674,927	17,132,521

15. Related Party Transactions

Accounting Policy

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that the Institute would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

The Polytechnic previously disclosed ALL related party transactions, this has been discontinued in line with the above stated policy.

Key Management personnel compensation

	FTE	2019	FTE	2018
		\$		\$
Short Term				
KMP Salaries and other short-term employee benefits	7	1,090,612	7	1,018,098
Councillors remuneration	4	76,184	4	77,962
Councillors remuneration	1	138,000	1	170,300
		1,304,796		1,266,361
Termination Benefits		-		334,261
		1,304,796		1,600,622

Key management personnel include the Crown Manager, Councillors and the Senior Leadership Team.

16. Financial Instruments Risks

The Polytechnic's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Polytechnic and Group has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow transactions that are speculative in nature to be entered into.

Financial instruments categories	TPP 2019	TPP 2018	Group 2019	Group 2018
Loans and receivables				
Cash and cash equivalents	1,971,212	4,309,393	1,971,866	4,310,087
Accounts receivable	523,321	582,699	523,321	582,699
Term deposits	-	1,228,363	-	1,228,363
Trust investments	281,156	281,242	281,2156	281,242
	2,775,689	6,401,697	2,776,343	6,402,391
Investments carried at cost				
Equity investment	-	-	-	-
Other financial liabilities at amortised cost				
Accounts payable and accruals ¹	2,432,381	1,245,574	2,432,381	1,249,158
Trust and funds	281,156	281,242	281,156	281,242
	2,713,537	1,526,816	2,713,537	1,530,400

1. Prior year comparatives restated deducting Employee Entitlements \$438,245 and Revenue Received in Advance \$102,446.

Tai Poutini Polytechnic (TPP) has a series of policies to manage the risks associated with financial instruments. TPP is risk averse and seeks to minimise exposure from its treasury activities.

TPP has established Council approved investment policies which do not allow treasury transactions that are speculative in nature. The approved investment outlets for placement of cash have Standards & Poors grading of AA- and above.

The main risks arising from the Polytechnic's financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Tai Poutini Polytechnic's exposure to market risk for changes in interest rates relates primarily to the Polytechnic's short-term deposits. TPP monitors the market price risk arising from all financial instruments.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest revenue based on financial instrument exposure at balance date would have increased/(decreased) equity and surplus or deficit by the amounts shown below.

This analysis assumes all other variables remain constant

Parent	Other Equity 100 bp increase	Other Equity 100 bp (decrease)	Surplus or deficit 100 bp increase	Surplus or deficit 100 bp (decrease)
2019				
Variable rate financial assets	-	-	2	(2)
2018				
Variable rate financial assets	-	-	43,075	(43,075)
Group	Other Equity 100 bp increase	Other Equity 100 bp (decrease)	Surplus or deficit 100 bp increase	Surplus or deficit 100 bp (decrease)
2019				
Variable rate financial asset	-	-	2	(2)
2018				
Variable rate financial assets	-	-	43,075	(43,075)

Liquidity risk

Liquidity risk is the risk that the Institute and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and to meet its liquidity requirements the Institute maintains a target level of short-term deposits that must mature within the next 12 months.

Contractual maturity analysis of financial liabilities		6 months or less	Contractual cash flow	Carrying Amount
Polytechnic				
31 December 2019	Accounts payable	2,432,381	2,432,381	2,432,381
	Trust and funds	281,156	281,156	281,156
		<u>2,713,537</u>	<u>2,713,537</u>	<u>2,713,537</u>
31 December 2018	Accounts payable ¹	1,245,574	1,245,574	1,245,574
	Trust and funds	281,242	281,242	281,242
		<u>1,526,816</u>	<u>1,526,816</u>	<u>1,526,816</u>
Group				
31 December 2019	Accounts payable	2,432,381	2,432,381	2,432,381
	Trust and funds	281,156	281,156	281,156
		<u>2,713,537</u>	<u>2,713,537</u>	<u>2,713,537</u>
31 December 2018	Accounts payable ¹	1,249,158	1,249,158	1,249,158
	Trust and funds	281,242	281,242	281,242
		<u>1,530,400</u>	<u>1,530,400</u>	<u>1,530,400</u>

1. Prior year comparatives restated deducting Employee Entitlements \$438,245.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Polytechnic Group causing it to incur a loss. With the exception of student fees the Polytechnic Group trades only with creditworthy third parties.

Contractual maturity analysis of financial assets		Current	1 month	2 month	3 month +	Contractual Cash flows	Carrying Amount
Polytechnic							
31 December 2019	Debtors and other receivables	362,063	43,712	29,175	179,160	614,110	489,578
	Cash and term deposits	1,971,212	-	-	-	1,971,212	1,971,212
		<u>2,333,275</u>	<u>43,712</u>	<u>29,175</u>	<u>179,160</u>	<u>2,585,322</u>	<u>2,460,790</u>
31 December 2018	Debtors and other receivables	349,830	59,035	26,185	236,851	671,901	582,699
	Cash and term deposits	4,309,393	-	210,314	1,018,049	5,537,756	5,537,756
		<u>4,659,223</u>	<u>59,035</u>	<u>236,499</u>	<u>1,254,900</u>	<u>6,209,657</u>	<u>6,120,455</u>
Group							
31 December 2019	Debtors and other receivables	362,063	43,712	29,175	179,160	614,110	489,578
	Cash and term deposits	1,971,866	-	-	-	1,971,866	1,971,866
		<u>2,333,929</u>	<u>43,712</u>	<u>29,175</u>	<u>179,160</u>	<u>2,585,976</u>	<u>2,461,444</u>
31 December 2018	Debtors and other receivables	349,830	59,035	26,185	236,851	671,901	582,699
	Cash and term deposits	4,310,087	-	210,314	1,018,049	5,538,450	5,538,450
		<u>4,659,917</u>	<u>59,035</u>	<u>236,499</u>	<u>1,254,900</u>	<u>6,210,351</u>	<u>6,121,149</u>
Maximum exposure to credit risk		Polytechnic 2019	Polytechnic 2018	Group 2019	Group 2018		
Cash at bank and term deposits		1,971,212	5,537,756	1,971,866	5,538,450		
Debtors and other receivables		614,110	671,901	614,110	671,901		
		<u>2,585,322</u>	<u>6,209,657</u>	<u>2,585,976</u>	<u>6,210,351</u>		
Counterparties with Credit Ratings		Polytechnic 2019	Polytechnic 2018	Group 2019	Group 2018		
Cash at bank and term deposits							
AA-		1,971,212	5,537,756	1,971,866	5,538,450		
		<u>1,971,212</u>	<u>5,537,756</u>	<u>1,971,866</u>	<u>5,538,450</u>		
Debtors and other Receivables before provision for bad and doubtful debts		Polytechnic 2019	Polytechnic 2018	Group 2019	Group 2018		
Existing Counterparty with no defaults in past		614,110	671,901	614,110	671,901		
		<u>614,110</u>	<u>671,901</u>	<u>614,110</u>	<u>671,901</u>		

17. Major Budget Variations

Explanations for major variations from the budget figure are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Revenue

Revenue was \$4.6m less than budget reflecting shortfalls in delivery volumes across the Polytechnic but particularly in relation to changes in national scaffolding delivery along with less than budgeted delivery within the extractives industries and emergency and search and rescue training.

Expenditure

Expenses reduced \$5.5m on the 2018 year following the restructuring that occurred in 2018. Overall expenditure for 2019 was \$0.8m less than budget within which delivery expenses were \$1.1m lower than budget on the lower delivery volumes but this was offset by additional severance costs of \$0.5m.

CASHFLOW

The net operating cash outflow was \$2.7m higher than budget reflecting the higher deficit and was offset by reduced capital expenditure (\$0.4m), draw down of Term deposit funds (\$1.2m) and Capital contributions received from the Crown (\$2.2m).

18. Discontinued Operations

On 1 January 2018, the Group entered into an agreement to dispose of their Music and Audio Institute of New Zealand ("MAINZ") faculty, which provided the Group's Music and Audio courses.

Control of the MAINZ operation was transferred to the Southern Institute of Technology ("SIT") for a nominal consideration of \$1, effective 31 January 2018. The plant and equipment associated with this operation were classified as held for sale as at 31 December 2017. (Refer to Note 8.) On 31 January 2018 these assets were transferred to equity at their 31 December 2017 closing book value. Therefore the loss recognised on the disposal of the MAINZ faculty was the 31 December 2017 assets held for sale value of \$1.26m.

Analysis of the profit for the year from discontinued operations

The results of the discontinued operation included in the deficit for the previous year are set out below. The comparative profit from discontinued operations have been re-presented to include those operations classified as discontinued in the previous year.

Profit for the year from discontinued operations

	2019 Actual	2018 Actual
Income		
Government Grants	-	-
Tuition Fees	-	(3,128)
Other Income	-	-
	-	(3,128)
Expenses		
Personnel Costs	-	149,942
Depreciation and Amortisation Expense	-	10,045
Finance Costs	-	-
Other Expense	-	204,744
	-	364,731
Profit for the year from discontinued operations (attributable to Tai Poutini Polytechnic)	-	(367,859)
Cashflow from discontinued operations		
Net inflows from operating activities	-	(357,814)
Net inflow from investing activities	-	-
Net inflows from financing activities	-	-
Net cash inflows	-	(357,814)

19. Post Balance Date Events

There were no significant post balance date events other than those set out in notes 20 and 21.

20. Reform of Vocational Education and financial viability matters

Reform of Vocational Education (RoVE)

The Minister of Education announced the Government's decisions on the Reform of Vocational Education proposals on 1 August 2019, and has since enacted the Education and Training Act 2020 (the Act) giving effect to those reforms. In essence, the Act reforms the delivery of vocational education in New Zealand by creating a new Crown entity, Te Pūkenga - New Zealand Institute of Skills and Technology (Te Pūkenga) and converting all existing institutes of technology and polytechnics (ITPs) into crown entity companies as wholly owned subsidiaries of Te Pūkenga, which have taken over the operational activities of existing ITPs. The Act disestablished the Tai Poutini Polytechnic and transferred its assets and liabilities to a new company, Tai Poutini Polytechnic Limited (TPP Ltd) on 1 April 2020. The legislation provides for the subsidiaries to operate until 31 December 2022 while Te Pūkenga establishes an operating model.

The Education and Training Act 2020 (the Act) states that each Te Pūkenga subsidiary continues in existence only until the close of 31 December 2022, at which point all the rights, assets, and liabilities of the Te Pūkenga subsidiary will be transferred to Te Pūkenga.

The Act allows Te Pūkenga to dissolve Tai Poutini Polytechnic Limited before 31 December 2022 and transfer some or all the rights, assets, and liabilities to Te Pūkenga or another Te Pūkenga subsidiary. As the company will cease to exist by the close of 31 December 2022, the financial statements for 2019 have been prepared on a disestablishment basis.

Because the vocational education will continue to be provided after the transfer, no changes were made to the carrying value of assets and liabilities as a result of the disestablishment basis of accounting.

Appointment of Crown Manager

Following a deficit of \$1.6m in 2015, TPPs financial results continued to deteriorate. In addition, a TEC audit performed in September 2015 revealed an under-delivery of funded teaching hours at TPP. This led to a review by Deloitte in December 2015, which was widened in March 2016 to an investigation.

The investigation ultimately found significant under-delivery in a number of programmes dating back to 2010. In total, it was found that TPP owed \$21.23m (excluding GST) to TEC for under-delivery.

TPP also under-delivered against its allocated funding for 2016 because it provided programmes to fewer students than it was funded for. This led to a further debt of \$3.2m (excluding GST).

The council of TPP wrote to the minister on 8 November 2016 requesting that the minister consider appointing a Crown Manager to address these issues. A Crown Manager was appointed in December 2016, assuming responsibility for all matters relating to finances and the quality of programmes. Under the new Acting Chief Executive, appointed in late 2016, TPP has undertaken a number of initiatives to meet its compliance, student experience and financial sustainability requirements. TEC has indicated its confidence with the approach TPP is taking to ensure business improvements are made.

Capital injection and debt-write off

Since the appointment of the Crown Manager, TPP has actively engaged with TEC and the ministry with respect to TPP future viability and funding, and future tertiary education and training options on the West Coast.

To date, the following have been agreed:

- TEC have written off the \$21.23m under-delivery;
- TEC have converted the liability of \$3.2m over-funding for 2016 into a capital injection;
- The Crown provided capital injections of \$3.6m in 2017, \$8.5m in 2018 and \$2.25m in 2019 to enable TPP to continue to operate and make operational and educational improvements;
- Subsequent to this report the Crown has continued to support TPP with a further capital injection of \$5.0m in 2020.

Forecast financial position

While TPP has progressed with: improving quality systems and processes through collaboration with other ITPs, to the satisfaction of NZQA; improving responsiveness to students and employers on the West Coast, by actively engaging with them and offering a range of programmes designed to meet their needs; partnering with other providers to deliver courses on the West Coast; and right-sizing the TPP structure, this has required the continued support from the Crown. The Crown has supported these changes and the ongoing operation of TPP during 2019 and 2020 as outlined above through to the disestablishment of TPP on 31 March 2020 and continues to provide funding support to the new TPP Ltd entity through parent Te Pūkenga while the wider sector reforms and new operating model are developed and implemented. To this end the parent entity Te Pūkenga has provided a letter of comfort to TPP Ltd dated 21 April 2021 for a 24-month period as of that date. The letter of support notes that Te Pūkenga will provide financial support to assist TPP meet their liabilities as and when they fall due. Te Pūkenga has advanced TPP Ltd \$6.0m as at 31 May 2022.

21. The effects of COVID-19 on the Polytechnic

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. The country was in lockdown at Alert Level 4 for the period 26 March 2020 to 27 April 2020 and remained in lockdown at Alert Level 3 thereafter until 13 May 2020.

During this period, TPP closed all delivery sites and most staff moved to a 'work from home' model and teaching was changed to on-line delivery. After 13 May 2020, Alert Level 2 came into effect and TPP was able to move to returning colleagues and learners to campus. Most staff and students continued to work and study at home if they were not required to be on site for on-campus learning. Alert Level 1 was announced on 8 June 2020 which allowed transition back to full access at all sites.

Further regional disruption occurred during 2021 with varying alert levels in place at various times across the Country. The alert levels affected TPP delivery and the movement of staff across regional boundaries. This negatively impacted on program delivery volumes in 2021 but was offset financially through support from TPP Ltd parent Te Pūkenga.

2022 commenced with the spread of the Omicron variant of COVID-19 into the community and the introduction of vaccine mandates and the traffic light system.

In general TPP has experienced lower levels of student enrolments at the beginning of 2022 influenced by a range of factors within the pandemic environment, including high employment rates, vaccine mandates, and delivery delays within the traffic light response. The final extent and duration of the impacts of the pandemic are not known but are expected to have a negative impact on net income and expenditure.

The pandemic occurred in 2020 and therefore did not impact the financial performance of TPP for 2019.

While the lockdown and alert levels affected TPP operationally as described above, the financial impact was limited due to TPP not delivering programmes to International students. The TEC did not recover 2020 domestic funding because of either nonachievement of Education Performance Indicators or under-achievement of Education Performance Indicators or under-delivery during the 2020 year. The TEC also provided additional technology and hardship support to assist students with maintaining their studies during 2020. As a result TPP met budgeted revenue for the full 2020 year across TPP and TPP Ltd and additional COVID related costs were offset by reduced operating costs in other areas.

TPP Ltd does not currently enrol International students so is not directly exposed to border constraints arising from COVID-19 during 2021. At this time, it is difficult to determine the full on-going effect of COVID-19 and therefore some material uncertainties remain. There could also be other matters that affect TPP Ltd going forward.

22. Breach of Statutory reporting deadline

The Education Act 1989 and the Crown Entities Act 2004 require that TPP's annual report be audited within 4 months from the end of the financial year.

TPP was not able to comply with this requirement for the year ended 31 December 2019 and the annual report was not adopted until 19 August 2022.

Compulsory Student Services Fees

The Institute ceased charging a compulsory student services levy in 2019 as some services were no longer provided.

For 2018 the levy was set as follows: \$230 (GST inclusive) per full-time student at MAINZ campuses, \$100 (GST inclusive) per full-time student at the Greymouth campus (reduced fee as not all services available) and \$40 (GST inclusive) per full-time student at Wanaka and Westport campuses (reduced fee as not all services available)

The areas of service that are provided are identified through an annual student survey.

The levy funds key services for students to assist in their success, retention and overall well-being while studying at TPP, and covers:

Careers Advice and Guidance

TPP provides advice and support to students so they can make informed decisions about their career path and study programme, and to improve their employability.

Counselling and Pastoral Care

TPP has a range of pastoral and counselling services to facilitate students' integration into tertiary life and provide ongoing support while they are studying with us.

Financial Support and Advice

TPP assists students with Studylink, budgeting and emergency financial assistance for students experiencing extreme financial hardship.

Medical Subsidies

TPP has agreements with select medical centres to offer subsidised fees to registered eligible students.

Compulsory Student Service Fees

	Careers Advice and Guidance	Counselling and Pastoral Care	Financial Support and Advice	Medical Subsidies	Total
<i>For the year ended 31 December 2019</i>					
Revenue	-	-	-	87	87
Expenses	-	127,059	2,216	925	130,200
Surplus (Deficit)	-	(127,059)	(2,216)	(838)	(130,113)

	Careers Advice and Guidance	Counselling and Pastoral Care	Financial Support and Advice	Medical Subsidies	Total
<i>For the year ended 31 December 2018</i>					
Revenue	2,920	3,886	1,986	992	9,784
Expenses	14,479	76,942	6,181	900	98,502
Surplus (Deficit)	(11,559)	(73,056)	(4,195)	92	(88,718)

The above Compulsory Student Services disclosure is in accordance with Sections 227A(1) and 235D(1) of the Education Act 1989.



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