Ngā Āhuatanga
Annual Report

nmit
Nelson Marlborough Institute of Technology
Te Whare Wānanga o Te Tauihu o Te Waka a Māui

2021

Te Pūkenga

2021

Collectively preparing world and work ready graduates

E poipoi ngātahi ana ngā ākonga kia ihuputa

6,896 Total learners

2,488 EFTS

414 International students

NZQA CATEGORY 1

Telarc. Registered Quality ISO 9001

"NMIT has pushed me to be better and do better."

Chris Tau'alupe, Studying Bachelor of Sport and Recreation

69% Retention rate **(71% 2020)**

85% NMIT graduates in employment **(87% in 2020)**

"Working with my own people in Māori health is the most rewarding experience I've ever had."

Amber Ford, Bachelor of Nursing Graduate

62% Qualification completion **(63% 2020)**

83% Course completion **(84% in 2020)**

96% of students are satisfied with their first impressions of NMIT

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Our Strategy
to 2025

nmit
Nelson Marlborough Institute of Technology
Te Whare Wānanga o Te Tauihu o Te Waka a Māui

OUR VISION

Whakairohia he toki, tāraia te anamata

Learning with purpose, creating our futures.

OUR PURPOSE

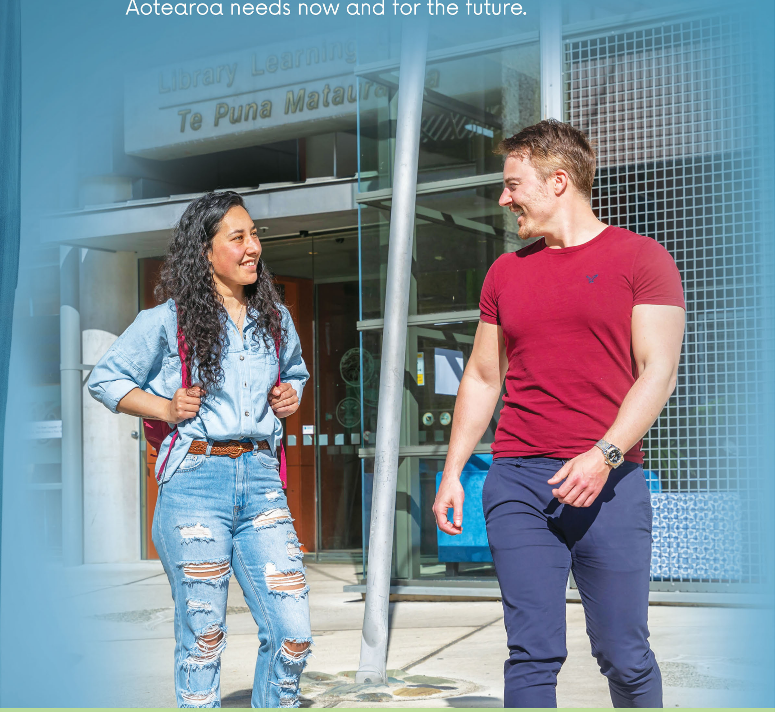
NMIT supports learners, employers and the communities of Te Tauihu to gain the skills, knowledge, and capabilities Aotearoa needs now and for the future.

OUR VALUES

Manawa nui
We reach out and welcome in.

Manawa roa
We learn and achieve together.

Manawa ora
We strengthen and grow the whole person.



OUR PRIORITIES

- Learner-centred delivery
- Equity and access
- Meeting our region's demand for new skills
- Lifetime learning relationships
- Operational effectiveness
- Great team environment

Board Chair and Chief Executive's Foreword | He Kōrero nā te Heamana me te Tumuaki

Kei ngā maunga whakahī, kei ngā waka whakareia i hoe mai i te moana pukepuke, ka ū mai ki tēnei Kuratini.

Kei ngā ihoiho o ngā tohu whenua e tū kāwekaweka mai nā i o koutou nā rohe taurikura, tēnā koutou katoa.

We are proud to present the Nelson Marlborough Institute of Technology Ltd's (NMIT's) Annual Report for the year ended 31 December 2021.

This report provides a snapshot of significant developments in the past year, our accomplishments, and a summary of our financial performance.

The global pandemic has provided a number of curve balls for our sector — disrupting classroom delivery, cancelling events, halting travel and forcing us to get creative, especially when it comes to delivering our programmes of learning.

Despite operating in this environment for the past two years, our staff have ensured a continuity of quality education, even when delivering classes from their home offices or dining room tables.

Our learners demonstrated resilience, hard work, focus, perseverance, and dedication to achieve their qualifications despite the distraction and strain COVID-19 has wrought across their lives.

Notwithstanding the effect of COVID-19 on our international student intake, our domestic enrolments in 2021 were up 14.5 per cent.

There were 6,896 learners (domestic and international) who studied with NMIT in 2021 (2488 equivalent full-time students – EFTS); 14 per cent of whom were Māori and 4 per cent Pasifika. Learners under 25 years made up 35 per cent of enrolments.

Demand varied across programme areas, with significant increases in student numbers seen in Engineering and Construction, Primary Industries as well as Mātauranga Māori.

This in part reflects an increasing interest and demand for trade-focussed programmes - fuelled by the demand for new housing and an appreciation of the opportunities afforded by a trades career pathway.
A lift in figures can also be attributed to the introduction of the Government's Targeted Training and Apprenticeship Fund (TTAF) in July 2020, which aims to support areas where employer demand is expected to grow during New Zealand's COVID-19 recovery. There were over 1,000 domestic learners across 30 programmes enrolled on a TTAF eligible qualification at NMIT in 2021.

The rise in domestic enrolments certainly helped mitigate the reduced international market which has obviously been affected by COVID-19.

Despite the New Zealand border restrictions preventing all but critical health care workers (CAP Nursing programme students) coming to New Zealand for study, NMIT enrolled 316 international learners in 2021. This was in addition to the 98 learners enrolled offshore in online courses which were developed in response to the continued New Zealand border restrictions.

NMIT's responsiveness and commitment to working with learners to identify and meet their needs is contributing to overall strong achievement rates and high rates of learner satisfaction. During the year, pastoral care was more important than ever as learners were impacted by COVID-19 restrictions.

There were over 2000 students on track to graduate at the end of 2021.

NMIT has managed to navigate both the anticipated and unexpected changes in the past year and finished the year once again delivering high-quality educational outcomes and a strong financial result.

NMIT delivered a better than budgeted financial performance in 2021, but despite the growth in domestic student numbers, the significant reduction in international revenues has resulted in an operating deficit of $1.6 million for the year. Cost savings were made, but it is not always possible to reduce teaching related overheads commensurate with the reduction in student numbers.

Operating cash flows were positive, although an increase in capital expenditure on our educational facilities resulted in a slight reduction in our short term cash investments at year end. Despite the operating loss, NMIT's balance sheet remains strong, with a working capital ratio of 2.8:1 and total reserves of $118.8 million.

NMIT continued to deliver strong educational outcomes in 2021 with several key Educational Performance Indicators (EPIs) building on the previous year's performance. An overall Successful Course Completion rate of 83% was achieved, with the completion rate for Māori learners increasing by more than 3% on 2020 results. Encouraging progress can be seen across a wide range of learner cohorts and qualification levels including qualification completions, progression to higher levels of study and first year retention rates.

We would like to acknowledge our board of directors, Patrick Smith – Deputy Chair, Kathy Grant, Judene Edgar, Charles Newton, Antonina Grant, Peter Cowper and Joanie Wilson who provide a steady hand as we navigate often complex issues and uncertainty.

We also wish to recognise the contribution of Shinn Krammer in his role as SANITI Student President as he and the SANITI team supported our learners throughout a difficult 2021.

We are especially proud of our staff. They have shown great resilience and tenacity this past year, and as COVID-19 advanced they switched to online delivery and contactless learner support at very short notice. They have also had to endure relocations or major venue changes as buildings closed for repairs or were remodelled around them. There are increasing Te Pūkenga demands on their time, as well as the constant need to upskill and contribute to the strategic changes seen within NMIT and across the sector.

This pride extends to our students who have also had to rise to the challenge of a different style of learning due to the requirements of managing COVID-19 and increased challenges they have faced outside the classroom.

We would not be able to uphold our vision, *Whakairohia he toki, tāraia te anamata | Learning with purpose, creating our futures*, without the support and guidance of our partners and collaboration with our stakeholders.

Our relationship with Te Tauihu Iwi is integral to ensuring we continue to grow, adapt and deliver programmes relevant to the needs of our communities across the region. During the year in review, we collaborated with Iwi to secure government funding to co-deliver regionally specific te reo Māori to the educational workforce of Te Tauihu.
NMIT will continue to foster key relationships, identify new opportunities and communicate with our regional market as we deliver quality education which prepares world and work ready graduates.

2022 will be an exciting year as we complete the transition to Te Pūkenga, the New Zealand Institute of Skills and Technology. Many of our staff are already working collaboratively across the network of training providers to help create a new organisation which brings together on-the-job, on campus, and online vocational education and training.

From 2023, all NMIT learners will be enrolled with Te Pūkenga instead of NMIT. We look forward to being able to access greater resources from the whole of Te Pūkenga to deliver skills in ways that meet the varying needs of our learners, our partners and our region.

Over the next few years, we aim to have 70 per cent of our programmes in a blended-delivery format. This means changes in how and where we deliver programmes — onsite, in person, online, offshore or with our partners in the workplace, community or on the marae.

Life-long learning has never been so well supported.

We must ensure our learners not only have the skills we need to grow our economy but that they are prepared to embrace change, balance productivity, maintain well-being and a sense of connection in their new working environment.

The challenge for us and the region is to make sure we are continuing to invest in the right technology and producing the e-skills that both our learners and potential employers want for now and in the future.

No matter what the future model looks like, the learning of our students will always remain our priority.

Ngā mihi

Tracy Johnston
Chair, NMIT Board

Wayne Jackson
Chief Executive

Board Directors | Te Mana Whakahaere

NMIT Board Directors

Tracy Johnston	Chair, Te Pūkenga Appointment
Patrick Smith	Deputy Chair, Te Pūkenga Appointment
Charles Newton	Te Pūkenga Appointment
Joanie Wilson	Te Pūkenga Appointment
Judene Edgar	Te Pūkenga Appointment
Kathy Grant	Te Pūkenga Appointment
Patrick Smith	Te Pūkenga Appointment
Peter Cowper	Te Pūkenga Appointment
Antonina Grant	Te Pūkenga Appointment
Brian Johnston	Company Secretary, Te Pūkenga Appointment

NMIT Board Directors Register of Interests

Tracy Johnston	• TRC Tourism, Consultant • Dayvinleigh Limited, Executive Director • Wine Marlborough Ltd, Deputy Chair • Institute of Directors, Nelson/Marlborough Committee Member • Eastern Institute of Technology, Board Director • Marlborough Local Advisory Committee Fire and Emergency, Deputy Chair • Marlborough Regional Skills Leadership Group, Member • President Nelson Polytechnic Educational Society (NPES)/Chair NPES Executive Committee
Judene Edgar	• Nelson City Council, Deputy Mayor • Nelson Regional Transport Committee, Deputy Chair • Nelson Tasman Regional Landfill Business Unit, Chair • Network Tasman Ltd, Shareholder • Network Tasman Trust, Trustee • Network Tasman Charitable Trust, Trustee • NTT Investments Ltd, Director/Shareholder • Encompass Strategic Services Ltd, Director/Shareholder • David Verhagen Consulting Ltd, Director/Shareholder • Nelson Airport Ltd, Shareholder • Nelson Port Ltd, Shareholder • Tasman Bays Heritage Trust, Shareholder • Nelmac Ltd, Shareholder • Nelson Regional Development Agency, Shareholder • Bishop Suter Trust, Shareholder • City of Nelson Civic Trust, Shareholder • Nelson Municipal Band Trust, Shareholder • Nelson Tasman Regional Hospice Trust, Trustee • Member Nelson Polytechnic Educational Society (NPES)/Member NPES Executive Committee

NMIT Board Directors Register of Interests cntd.

Antonina Grant	• Rata Foundation Ltd, Director • Canterbury Direct Investments Ltd, Director • Tama Asset Holding Company Ltd, Director • Kotato Ltd, Director • Tui GP Ltd, Chair • Central Districts Cricket Assn Inc, Director • Waikato 1B Ltd, Executive Director • Waikato 1C Ltd, Executive Director • Waikato 1D Ltd, Executive Director • Puramakau 2L Ltd, Executive Director • Puramakau 2M Ltd, Executive Director • Puramakau 2N Ltd, Executive Director • Puramakau 2O Ltd, Executive Director • Te Kumara 3L Ltd, Executive Director • Chatham Is Quota Holding Co Ltd, Director • Wakatū Incorporation: tamariki (children) shareholding, Trustee • Member Nelson Polytechnic Educational Society (NPES) **Iwi Affiliation** • Ngāti Rārua and Ngāti Rārua Ātiawa Iwi Trust: Tamariki (children) beneficiaries
Kathy Grant	• Whitireia Community Polytechnic Ltd, Director • Wellington Institute of Technology Ltd, Director • Te Pūkenga, Council Member • Various private trusts (former clients), Trustee • Central Lakes Trust, Trustee • Southern Cross CLT Limited, Director • Nelson Polytechnic Educational Society (NPES), Member
Charles Newton	• Charles Newton Consulting Ltd, Director • Nelson Polytechnic Educational Society (NPES), Member and Executive Committee Member
Joanie Wilson	• Ngāti Koata Trust, Chair • Ministry of Education NMWC Region, Strategic Advisor, Māori • Te Tauihu Intergenerational Strategy, Iwi Steering Group Member • Te Kāhui Mātauranga Te Tauihu Education Group, Chair • Wakatū Incorporation, Shareholder • Nelson Polytechnic Educational Society (NPES), Member • Wakatū Incorporation, Associate Director
Patrick Smith	• Patrick Smith Human Resources Ltd, Managing Director • Nelson Marlborough Health's Iwi Health Board, Ngāti Apa ki te Rā Tō representative • Te Piki Oranga, Ngāti Apa ki te Rā Tō representative • Oakdale Grove Property Limited, Director • Nelson Polytechnic Educational Society (NPES), Member and Executive Committee Membber
Peter Cowper	• Q Design Services Ltd, Director • Quorum Group Ltd, Director • Private Trust, Trustee • Nelson Polytechnic Educational Society (NPES), Member and Executive Committee Member

Organisation Representation | Te Kanohitanga o NMIT

Kaumatua

Priscilla Paul	Nelson / Tasman Region
Rangi Kohe	Nelson / Tasman Region
Helen Joseph	Marlborough Region

Executive Team

Wayne Jackson	Chief Executive
Sue Smart	Executive Director – Programmes & Delivery
Grant Kerr	Executive Director – Demand Management (until August 2021)
Olivia Hall	Executive Director – Ōritetanga, People, Culture and Learner Services
Brian Johnston	Executive Director – Finance and Campus Services

Curriculum Areas

Carole Crawford	Director Marlborough
Susannah Roddick	Curriculum Director
Marja Kneepkens	Curriculum Director
Nicole Akuhata	Kaihautū – Iwi Relationship Manager
Misty Ormsby	Pouwhakahaere Curriculum Manager - Mātaranga Māori
Monique Day	Curriculum Manager – Maritime, Aquaculture and Conservation
Rae Perkins	Curriculum Manager – Applied Business and English Language (until July 2021)
Hannah Emms-Healey	Curriculum Manager – Applied Business and English Language (from July 2021)
Michele Coghlan	Curriculum Manager – Health and Fitness (until August 2021)
Victoria Whitmore	Curriculum Manager – Health and Fitness (from August 2021)
Victoria Whitmore	Curriculum Manager – Social Sciences
Wayne Cooper	Curriculum Manager – Aviation
Reid Carnegie	Curriculum Manager – Engineering and Construction
Kate Neame	Curriculum Manager – Hospitality and Service Sector Pathways (until August 2021)
Stuart Campbell	Curriculum Manager – Hospitality and Service Sector Pathways – part time (from August 2021)
Pam Wood	Curriculum Manager – Viticulture, Wine and Horticulture
Trisha Krishnasamy	Curriculum Manager – Digital Technologies, Arts & Media (from April 2021)

NMIT Performance Commitment Reporting | Te Whakaū ki ngā Utanga Mahi o NMIT

The Education Performance Indicators defined by TEC show the Institute's provisional 2021 performance against the performance from the previous three years.

SAC Eligible EFTS Performance Commitments		Previous Years' Actuals			Provisional Outcome
		2018	2021	2020	2021
Course Completion Rate					
Non-Māori, non-Pasifika	Levels 1-10	86.7%	84.7%	82.8%	82.5%
Māori	Levels 1-10	81.4%	76.0%	71.5%	74.6%
Pasifika	Levels 1-10	87.2%	75.3%	80.2%	80.9%
Cohort Qualification Completion Rate					
Non-Māori, non-Pasifika	Levels 1-3	329 (55%)	490 (70%)	449 (70%)	481 (66%)
Māori	Levels 1-3	201 (63%)	180 (61%)	167 (66%)	144 (66%)
Pasifika	Levels 1-3	24 (57%)	96 (73%)	42 (67%)	45 (79%)
Progression Rate					
Non-Māori, non-Pasifika	Levels 1-3	14.2%	26.2%	24.7%	26.3%
Māori	Levels 1-3	37.3%	25.8%	24.6%	34.8%
Pasifika	Levels 1-3	6.5%	6.9%	16.4%	7.3%
First Year Cohort Retention Rate					
Non-Māori, non-Pasifika	Levels 4-7	57.9%	42.4%	59.6%	65.7%
Māori	Levels 4-7	51.2%	51.6%	43.5%	61.1%
Pasifika	Levels 4-7	66.7%	50.0%	80.0%	25%
Non-Māori, non-Pasifika	Level 7 Degree	72.3%	72.9%	70.5%	74.2%
Māori	Level 7 Degree	52.6%	75.9%	57.9%	58.3%
Pasifika	Level 7 Degree	66.7%	100%	81.8%	66.7%
Participation Rate					
Non-Māori, non-Pasifika	Levels 1-3	65.2%	69.0%	74.6%	72.5%
Māori	Levels 1-3	25.8%	24.6%	21.4%	23.9%
Pasifika	Levels 1-3	10.2%	7.3%	4.9%	4.4%
Non-Māori, non-Pasifika	Levels 4-7 (non-degree)	73.2%	79.3%	81.1%	79.4%
Māori	Levels 4-7 (non-degree)	19.3%	17.8%	15.8%	17.8%
Pasifika	Levels 4-7 (non-degree)	7.7%	3.6%	3.9%	3.8%
Non-Māori, non-Pasifika	Level 7 degree	85.1%	84.7%	87.1%	85.6%
Māori	Level 7 degree	13.7%	12.8%	9.3%	10.7%

Participation Rate cntd.					
Pasifika	Level 7 degree	1.5%	3.0%	3.8%	4.0%
Non-Māori, non-Pasifika	Levels 8-10	82.3%	86.6%	78.1%	90.3%
Māori	Levels 8-10	14.2%	7.2%	14.8%	9.7%
Pasifika	Levels 8-10	6.2%	6.5%	7.1%	0%

Youth Guarantee Eligible EFTS Performance Commitments		Previous Years' Actuals			Provisional Outcome
		2018	2021	2020	2021
Youth Guarantee Course Completion Rate					
YG eligible EFTS	Levels 1-3	72.5%	82.7%	79.2%	85.1%
Youth Guarantee Graduate Numbers					
Non-Māori, non-Pasifika	Levels 1-3	63 (67%)	39 (71%)	55 (80%)	60 (82%)
Māori	Levels 1-3	14 (47%)	18 (62%)	16 (64%)	16 (70%)
Pasifika	Levels 1-3	1 (17%)	2 (40%)	3 (75%)	3 (100%)
Youth Guarantee Progression Rate					
Non-Māori, non-Pasifika	Levels 1-3	24.6%	37.2%	28.6%	26 (46%)
Māori	Levels 1-3	53.8%	47.1%	50.0%	8 (53%)
Pasifika	Levels 1-3	-	100.0%	0.0%	2 (100%)

Other Commitments				
International EFTS (NZ based)	479	486	467	127
External research income	$3,600	$182,900	$183,975	$190,390

* Numbers do not exactly add up due to rounding

2021 EFTS

	2018			2019			2020			2021		
	Domestic	Int'l	Total	Domestic	Int'l	Total	Domestic	Int'l	Total	Domestic	Int'l *	Total
Applied Business & English Language	238	425	662	223	456	680	204	404	608	190	90	280
Aviation	118	1	119	111	1	112	132	2	134	133	1	134
Digital Technologies, Arts & Media	293	222	514	259	195	454	204	133	337	209	41	250
Engineering & Construction	261	9	271	261	5	266	265	10	275	388	10	398
Health & Fitness	302	16	318	209	24	233	171	16	187	186	21	208
Hospitality,Service Sectors & Pathways	159	11	170	144	5	149	124	4	128	139	2	141
Maritime, AVT & Conservation	201	34	235	228	28	256	211	37	248	213	7	220
Primary Industries	227	23	251	208	32	240	211	33	244	309	19	327
Social Sciences	311	3	314	304	4	309	289	1	290	290	1	291
Te Toki Pakohe	147	0	147	178	0	178	194	0	194	238	0	238
Grand Total	2257	744	3001	2126	750	2877	2005	641	2646	2296	192	2488

* Int'l (International)

2021 Learner Support Services | Ngā Ratonga Manaaki Ākonga 2021

Individual Sessions	2021	2020
Academic	1,810	1,376
Wellbeing	1,968	917
International	142	74
Equity	984	297
Kaupapa Māori	369	393
Research	310	442
TOTAL	6,549	4,619

Learners Utilising Support Services	2021	2020
International	195 (36%)	505 (51%)
Māori	356 (36%)	262 (31%)
Pasifika	75 (31%)	144 (73%)
Disability	182 (47%)	125 (34%)
Other	690 (14%)	329 (8%)
TOTAL	1,498 (21%)	1,365 (21%)

Learner Profile | Te Āhua o te Ākonga

Analysis of enrolments

	2021	2020
Total unique learners	6896	6,555
Enrolments per EFTS	2.8	2.5

Learner ethnicity

NZ European	76%	62%
NZ Māori	14%	12%
Chinese	4%	7%
Indian	3%	6%
Pasifika	4%	3%
Other Asian	5%	6%
Other	5%	13%

Learner gender

Percentage female learners	49%	50%
Percentage male learners	51%	50%
Number of female learners	3389	3,251
Number of male learners	3489	3,301
Number of gender diverse learners	18	3

Learner age

<25 years	35%	39%
25 - 55 years	52%	51%
55+ years	13%	10%

Equal employment opportunities (EEO) report | Ngā Whakaōrite Whiwhinga Mahi

NMIT continues our commitment to the principles of equity. Regardless of who you are, NMIT has focused recruitment and appointment decisions on business needs, job requirements, individual qualifications and merit by not including considerations on gender, race, religious belief, age, disability, marital status or sexual orientation.

As a direct result, we continue to celebrate the diversity of our people, which benefits not just NMIT and the workplace, but also the wider community.

NMIT's goal continues to be building an inclusive and diverse team that represents a wide variety of backgrounds, perspectives and skills.

Equal Employment Opportunity Principles.

We:

- Celebrate the special place of Māori as the tāngata whenua/indigenous people of New Zealand, and embrace the special relationship and obligations that this entails. NMIT acknowledges the Treaty of Waitangi as the founding document of New Zealand, and is committed to the principles of the Treaty of Waitangi.
- Are committed to reducing barriers for Pasifika communities.
- Are committed to reducing barriers to the maintenance of stable paid employment for people affected by domestic violence and assisting any staff in finding pathways out of violence and rebuilding their lives.
- Ensure access to all parts of the campus by all staff, learners and visitors regardless of physical ability or sensory appreciation.
- Strive to ensure that all communications are expressed in an inclusive way, ensuring appropriate language and interaction.
- Expect all of our people to adhere to EEO principles when operating within and on behalf of NMIT.

NMIT's commitment to equal employment opportunities was shown by:

- All new staff being encouraged to provide EEO information prior to commencement. The data provides tangible evidence of who our people are and the opportunities for developing a diverse workforce.
- EEO issues being managed at a senior level and reported to the Chief Executive and NMIT Board.
- Treaty of Waitangi policy as part of induction process and classes on Te Reo Māori and Treaty of Waitangi available to staff members.
- Provision of employee assistance programme and support services provided by independent providers for all our people.
- The second wave of COVID-19 lockdown provided an opportunity to ensure confirmed pastoral care for all. Features of this included flexible working hours, managing child and elder care, work away from the office, educational leave, employee assistance programme, flexible leave arrangements along with working online. These options allowed the opportunity to balance work and life commitments and in turn generate a more flexible, engaged and productive workforce.
- Being an EEO employer and striving to eliminate barriers employee candidates may have when applying for a job. For example, online and face-to-face interviews, candidates bringing a support person with them to interviews and a strategy of hiring "the person" who is a good fit for NMIT.

Human Resources Statistics | Ngā Tauanga Kaimahi

Staff numbers[1]	2021	2020
Academic staff full-time equivalent	130	137
Business Support staff	173	157
Total staff	303	294

Staff gender		
Female staff	171	160
Male staff	132	134

Staff ethnicity[2]		
NZ European	61	66
NZ Māori	3	3
Asian	4	6
Pacific Island/Polynesian	3	2
Indian	2	2
African	1	1
American	1	1
Other or not stated	228	213

Staff age		
15 – 20 years	1	0
21 – 30 years	21	19
31 - 40 years	49	50
41 - 50 years	94	86
51 - 60 years	85	81
61 – 70 years	48	53
71 - 90 years	4	4
Not stated	1	1

[1] Figures above are full-time equivalent (FTE) and do not include casual staff/wages staff who are not allocated an FTE value.

[2] Notification of ethnicity is not compulsory.

Independent Auditor's Report | Te Pūrongo o Te Kaitirotiro Motuhake

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

To the readers of Nelson Marlborough Institute of Technology Limited and group's financial statements for the period ended 31 December 2021

The Auditor-General is the auditor of Nelson Marlborough Institute of Technology Limited (the Company) and its subsidiary Nelson Polytechnic Educational Society Incorporated (the group). The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Company and group on his behalf.

Opinion

We have audited:

- the financial statements of the Company and group on pages 23 to 64, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion:

- the financial statements of the Company and group on pages 23 to 64, which have been prepared on a disestablishment basis:
    - present fairly, in all material respects:
        - the financial position as at 31 December 2021; and
        - the financial performance and cash flows for the period then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 12 April 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of matter – The financial statements have been prepared on a disestablishment basis

Without modifying our opinion, we draw attention to Basis of preparation on page 27, which outlines that under the Education and Training Act 2020, the Company will cease to exist by the close of 31 December 2022. The Company therefore prepared its financial statements on a disestablishment basis. There have been no changes to the values of assets and liabilities as the operations of the Company will be transferred to Te Pūkenga or one of its subsidiaries at their carrying value.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

In preparing the financial statements, the Board of Directors is responsible on behalf of the Company and group for assessing the Company and group's ability to continue as a going concern. If the Board of Directors concludes that a going concern basis of accounting is inappropriate, the Board of Directors is responsible for preparing financial statements on a disestablishment basis and making appropriate disclosures.

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

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Company and group's approved budget.

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

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, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 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 of Directors.
- We conclude on the appropriateness of the use of disestablishment basis by the Board of Directors.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the group to express an opinion on the consolidated financial statements. 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 of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 17, 22 and 65 to 67 but does not include the financial statements, and our auditor's report thereon.

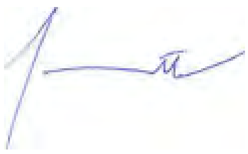
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

We are independent of the Company 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 International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Company or any if its subsidiaries.



John Whittal
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Responsibility | Te Tauākī Haepapa

During the financial period ended 31 December 2021, the Board and management of Nelson Marlborough Institute of Technology Limited were responsible for:

- The preparation of the financial statements and the judgements therein; and
- Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Board and management of Nelson Marlborough Institute of Technology Ltd, the financial statements for the financial period fairly reflect the financial position and operations of Nelson Marlborough Institute of Technology Limited.

The financial statements were authorised for issue and the 2021 Annual Report approved by the Board on 12 April 2022.

T Johnston

Board Chair

K Grant

Audit & Risk Sub-Committee Chair

W Jackson

Chief Executive

B Johnston

Company Secretary

Statement of Comprehensive Revenue & Expense

For the year ended 31st December 2021	Notes	Institute Actual Dec 2021 ($000)	Budget Dec 2021 ($000)	Actual Dec 2020 ($000)	Group Actual Dec 2021 ($000)	Actual Dec 2020 ($000)
Revenue						
Government funding	2	22,534	22,006	105	22,534	105
Tuition fees	2	9,957	9,593	7,928	9,957	7,928
Interest revenue	2	193	278	318	203	338
Other revenue	2	5,604	5,149	4,509	5,587	4,509
Total revenue	**2**	**38,288**	**37,026**	**12,860**	**38,281**	**12,880**
Expenditure						
Personnel costs	3	24,451	23,010	18,347	24,451	18,347
Depreciation and amortisation	14 & 15	4,689	4,775	3,365	4,689	3,365
Impairment expense	14	2	-	16	2	16
Other expenses	4	10,238	11,719	7,287	10,280	7,311
Total expenditure	**2**	**39,380**	**39,504**	**29,016**	**39,422**	**29,040**
Share of associate's surplus / (deficit)	13	(405)	-	65	(405)	65
Surplus / (deficit)		**(1,497)**	**(2,478)**	**(16,091)**	**(1,547)**	**(16,095)**
Other comprehensive revenue and expense						
Items that will not be reclassified to surplus / (deficit)						
Gains on property revaluations	14	17,227	-	-	17,227	-
Impairment of PP&E	14	(22)	-	(288)	(22)	(288)
Total other comprehensive revenue and expense		17,205	-	(288)	17,205	(288)
Total comprehensive revenue and expense		**15,708**	**(2,478)**	**(16,379)**	**15,658**	**(16,382)**

Explanations of major variances against budget are provided in note 19.

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31st December 2021

	Notes	Institute Actual Dec 2021 ($000)	Budget Dec 2021 ($000)	Actual Dec 2020 ($000)	Group Actual Dec 2021 ($000)	Actual Dec 2020 ($000)
Assets						
Current assets						
Cash and cash equivalents	5	4,108	1,542	4,032	4,108	4,032
Debtors and other receivables	6	947	807	1,123	947	1,123
Other financial assets	7	15,952	15,800	17,200	15,952	17,200
Prepayments		831	700	848	831	848
Total current assets		21,838	18,848	23,203	21,838	23,203
Non-current assets						
Investments accounted for using the equity method	13	-	1,048	1,114	-	1,114
Prepayments		10	-	12	10	12
Property, plant and equipment	14	104,371	87,604	87,294	104,371	87,294
Intangible assets	15	766	774	1,142	766	1,142
Total non-current assets		105,147	89,427	89,562	105,147	89,562
Total assets		126,985	108,275	112,765	126,985	112,765
Liabilities						
Current liabilities						
Creditors & other payables	8	2,571	2,780	2,584	2,571	2,584
Revenue received in advance	9	3,342	3,600	3,881	3,342	3,881
Employee entitlements	10	1,158	1,668	1,744	1,158	1,744
Provisions		36	-	205	36	205
Other financial liabilities	11	1,739	1,274	1,264	730	205
Total current liabilities		8,847	9,322	9,676	7,838	8,617
Non-current liabilities						
Provisions	10	315	237	265	315	265
Total non-current liabilities		315	237	265	315	265
Total liabilities		9,162	9,559	9,941	8,153	8,882
Net assets		**117,823**	**98,717**	**102,824**	**118,832**	**103,882**
Equity						
Capital introduced	12	29,039	29,039	29,039	29,039	29,039
Accumulated surplus / (deficit)	12	15,562	13,372	17,767	16,571	18,826
Property revaluation reserve	12	70,367	53,450	53,163	70,367	53,163
Capital reserves	12	2,855	2,855	2,855	2,855	2,855
Total equity		**117,823**	**98,717**	**102,824**	**118,832**	**103,882**

Explanations of major variances against budget are provided in note 19.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31st December 2021

		Institute			Group	
		Actual	Budget	Actual	Actual	Actual
		Dec 2021	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	Notes	($000)	($000)	($000)	($000)	($000)
Opening Balance		102,824	101,195	119,744	103,882	120,807
Opening balance adjustment	12	-	-	(542)	-	(542)
Transfer of Investment in TANZ eCampus Ltd	13	(708)	-	-	(708)	-
Other comprehensive revenue and expense						
Surplus/(deficit)	19	(1,497)	(2,478)	(16,091)	(1,547)	(16,095)
Other comprehensive revenue	19	17,205	-	(288)	17,205	(288)
Total comprehensive revenue and expense		15,708	(2,478)	(16,379)	15,658	(16,382)
Balance at 31 December		**117,823**	**98,717**	**102,824**	**118,832**	**103,882**

Explanations of major variances against budget are provided in note 19.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31st December 2021

	Institute Actual Dec 2021 ($000)	Institute Budget Dec 2021 ($000)	Institute Actual Dec 2020 ($000)	Group Actual Dec 2021 ($000)	Group Actual Dec 2020 ($000)
Cash flows from operating activities					
Receipts from Government funding	22,655	22,006	16,711	22,655	16,711
Receipts from student fees	8,683	9,593	3,194	8,683	3,194
Receipt of other revenue	6,959	5,124	4,279	6,959	4,279
Receipt of interest	207	278	405	207	405
Payments to employees	(24,899)	(23,010)	(17,432)	(24,899)	(17,432)
Payments to suppliers	(9,461)	(11,669)	(8,440)	(9,461)	(8,440)
Goods and services tax (net)	137	-	(111)	137	(111)
Net cash flows from operating activities	**4,281**	**2,322**	**(1,395)**	**4,281**	**(1,395)**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	15	-	11	15	11
Proceeds from sale or maturity of investments	1,248	-	3,050	1,248	3,050
Purchase of property, plant and equipment	(5,295)	(2,014)	(1,032)	(5,295)	(1,032)
Purchase of intangible assets	(173)	(74)	(72)	(173)	(72)
Purchase of investments	-	(1,000)	-	-	-
Net cash flows used in investing activities	**(4,205)**	**(3,088)**	**1,957**	**(4,205)**	**1,957**
Net (decrease) / increase in cash and equivalents	**76**	**(766)**	**562**	**76**	**562**
Cash and cash equivalents at beginning of the period	4,032	2,307	3,470	4,032	3,470
Cash and cash equivalents at end of the year	**4,108**	**1,542**	**4,032**	**4,108**	**4,032**

Explanations of major variances against budget are provided in note 19.

The accompanying notes form part of these financial statements.

For the year ended 31st December 2021

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

	Institute Dec 2021 ($000)	Institute Dec 2020 ($000)	Group Dec 2021 ($000)	Group Dec 2020 ($000)
Net surplus / (deficit)	(1,497)	(16,091)	(1,547)	(16,095)
Add / (less) non -cash items :				
Depreciation and amortisation expense	4,689	3,365	4,689	3,365
Share of associate's surplus / (deficit)	405	(65)	405	(65)
Impairment charges	2	16	2	16
Add / (less) items classified as investing or financing activities:				
Net (gain) / loss on sale of fixed assets	10	12	10	12
Add / (less) movements in working capital items:				
(Increase) / decrease in accounts receivable	176	18,137	176	18,137
(Increase) / decrease in prepayments	17	(86)	17	(86)
(Increase) / decrease in non-current prepayments	2	(7)	2	(7)
Increase / (decrease) in employee entitlements	(585)	834	(585)	834
Increase / (decrease) in provisions	(168)	205	(168)	205
Increase / (decrease) in non-current employee entitlements	50	34	50	34
Increase / (decrease) in trade and other payables	(12)	173	(12)	173
Increase / (decrease) in capital creditors	1,255	(1,521)	1,255	(1,521)
Increase / (decrease) in fees in advance	(538)	(5,664)	(538)	(5,664)
Increase / (decrease) in other current financial liabilities	475	(738)	525	(734)
Net cash inflow / (outflow) from operating activities	**4,281**	**(1,395)**	**4,281**	**(1,395)**

Explanations of major variances against budget are provided in note 19.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

REPORTING ENTITY

Nelson Marlborough Institute of Technology Limited (the Institute) is a Tertiary Education Institute (TEI) that is domiciled and operates in New Zealand. The relevant legislation governing the Institute's operations includes the Crown Entities Act 2004 and the Education and Training Act 2020.

The financial statements are presented on a consolidated group basis. The group consists of the Nelson Marlborough Institute of Technology Limited and its wholly-owned subsidiaries Nelson Polytechnic Educational Society and, to 30 June 2021, the NMIT Research Trust.

Nelson Polytechnic Educational Society Incorporated is incorporated, domiciled and operates in New Zealand. NMIT Research Trust was registered, domiciled and operated in New Zealand until it was wound up on 30 June 2021.

The Institute and group provide educational and research services for the benefit of the community. It does not operate to make a financial return. The Institute has designated itself and the group as public benefit entities (PBE's) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Institute and group are for the period ended 31st December 2021, and were authorised for issue by the Board on 12 April 2022.

BASIS OF PREPARATION

On 1 April 2020, the Institute became a crown entity subsidiary company of Te Pūkenga. The Education and Training Act 2020 (schedule 1, clause 21) states that all Te Pūkenga subsidiaries will continue in existence until 31 December 2022. Thereafter the rights, assets, and liabilities of each subsidiary will be transferred to Te Pūkenga. There are mechanisms in the legislation to vary this date.

The financial statements have been prepared on a disestablishment basis, as the Education and Training Act 2020 (the Act) states that each Te Pūkenga subsidiary continues in existence until 31 December 2022. Under the Act, Te Pūkenga may dissolve Nelson Marlborough Institute of Technology Limited at or before this date and transfer some or all the rights, assets, and liabilities to Te Pūkenga or another Te Pūkenga subsidiary. Because 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.

Reporting period

The Institute became a crown entity company on 1 April 2020. Therefore, the reporting period for the comparative financial year is for the 9-month period from 1 April 2020 to 31 December 2020. The reporting period for the current year is for the 12-month period 1 January 2021 to 31 December 2021. Due to the comparative year only covering a 9-month period, the statement of comprehensive revenue and expense, statement of changes in net assets/ equity, cash flow statement and related notes are not entirely comparable.

Statement of compliance

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

The Institute is a Tier 1 entity. The financial statements have been prepared in accordance with PBE Standards. These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values, other than the Board member remuneration disclosures and the related party transaction disclosures in Note 18, are rounded to the nearest thousand dollars ($000). Board member remuneration and related party transactions disclosures are rounded to the nearest dollar.

Standards issued and not yet effective that have been early adopted

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

PBE IPSAS 41 Financial Instruments

This new standard is effective for periods beginning on or after 1 January 2022, however the Institute and group has elected to early adopt the standard. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

As a result of the adoption of PBE IPSAS 41, the Group has adopted consequential amendments to PBE IPSAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive revenue and expense.

Additionally, the Group has adopted consequential amendments to PBE IPSAS 30 Financial Instruments: Disclosures, Classification and measurement of financial assets and financial liabilities PBE IPSAS 41 contains three principal classification categories for financial assets: measured at amortised costs, fair value through other comprehensive revenue and expense (FVOCRE) and fair value through surplus or deficit (FVTSD). The classification of financial assets under PBE IPSAS 41 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. PBE IPSAS 41 eliminates the previous PBE IPSAS 29 categories of held to maturity, loans and receivables and available for sale.

PBE IPSAS 41 largely retains the existing requirements in PBE IPSAS 29 for classification and measurement of financial liabilities. The adoption of PBE IPSAS 41 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The effect of adopting PBE IPSAS 41 on the carrying amounts of financial assets as at 1 January 2021 relates solely to the new impairment requirements. PBE IPSAS 41 replaces the 'incurred loss' model in PBE IPSAS 29 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.
The Group has determined that the application of PBE IPSAS 41's impairment requirements at 1 January 2021 results in a reduction in the allowance for impairment as follows:

Loss allowance at 31 December 2020	$42,940
Tuition	$1,165,749
Opening loss allowance at 1 January 2021	$33,081

Transition

The Institute and group have used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment requirements). Differences in carrying amounts of financial assets and liabilities resulting from adoption of PBE IPSAS 41 are recognised in general funds as at 1 January 2021. Accordingly, the information presented for 2020 does not generally reflect the requirements of PBE IPSAS 41, but rather those of PBE IPSAS 29.

On the date of initial application of PBE IPSAS 41, being 1 January 2021, the classification of financial instruments under PBE IPSAS 29 and PBE IPSAS 41 is as follows:

Institute and group	Measurement Category		Carrying Amount		
	Original PBE IPSAS 29 category	New PBE IPSAS 41 category	Closing balance 31 December 2020 (PBE IPSAS 29) ($000)	Adoption of PBE IPSAS 41 adjustment ($000)	Opening balance 1 January 2021 (PBE IPSAS 41) ($000)
Cash at bank & on hand	Loans & receivables	Amortised cost	4,032	-	4,032
Term deposits	Loans & receivables	Amortised cost	17,200	-	17,200
Receivables	Loans & receivables	Amortised cost	1,123	(10)	1,113
Total financial assets			**22,355**	**(10)**	**22,345**

The measurement categories and carrying amounts for financial liabilities have not changed between the closing 31 December 2020 and opening 1 January 2021 dates as a result of the transition to PBE IPSAS 41.

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 which are relevant to the Institute are:

PBE IFRS 48 Service Performance Reporting

PBE IFRS 48 replaces the service reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 31 December 2023, with early adoption permitted. The Institute has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

PBE IPSAS 13 Accounting for Leases

PBE IPSAS 13 Accounting for Leases is effective for reporting periods beginning on or after 1 January 2022 with early adoption permitted in the financial year starting 1 January 2020. The Institute has chosen not to early adopt this standard and intends to adopt the standard for the 31 December 2022 financial year. The Institute has not yet assessed in detail the impact of the new standard.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.
Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the group on a line by line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Institute takes control of the entity and ceases when the Institute loses control of the entity.

Budget figures

The budget figures for the Institute are those approved by the Board for the 2021 financial year.
The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.
The budget approved was for the full financial year from 1 January to 31 December 2021.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions concerning the future have been made. 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.

The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

- Employee entitlements - refer to Note 10
- Estimating the fair value of land and buildings - refer to Note 14

Critical judgements in applying accounting policies

Management has exercised the following critical judgement in applying accounting policies:
- Crown-owned land and buildings - refer to Note 14

Foreign currency transactions

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

Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and 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 IRD is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from the IRD including the GST relating to investing and financing activities is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Institute and group are exempt from income tax under the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

2. Revenue

Accounting Policy

Revenue is measured at fair value.

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

Student Achievement Component funding

Student Achievement Component (SAC) funding is the Institute's main source of operational funding. For the 2020 financial year, the Institute received funding from the Tertiary Education Commission. For the 2021 financial year, the Institute received funding from its parent company Te Pūkenga. The Institute considers SAC funding to be non-exchange revenue and would normally recognise 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. However, for the 2020 year, the predecessor ITP has recognised all the funding for 2020. This was because, in response to the COVID-19 pandemic, the TEC confirmed at the end of March 2020 that it would not seek repayment of 2020 Investment Plan funding, which includes SAC funding, if there was under-delivery in the 2020 year. As a consequence, the Institute has only recognised SAC funding during the nine-month period for any changes from its original allocation. For the 2021 financial year, the Institute has recognised SAC funding as revenue when the course withdrawal date has passed.

Tuition fees

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

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

Fees-free funding

The Institute considers that fees-free revenue is non-exchange revenue and would normally recognise revenue when the course withdrawal date for an eligible student has passed. The Institute would present funding received as part of tuition fees. This is on the basis that fees free funding received is for payment on behalf of the student as specified in the relevant funding mechanism. However, for the 2020 year, the predecessor ITP has recognised all of the 2020 fees-free funding because, in response to the Covid-19 pandemic, the TEC confirmed that it would not seek repayment of 2020 fees-free funding. As a consequence, the Institute has not recognised any fees-free funding during the nine-month period. For the 2021 financial year, the Institute has recognised fees-free funding when the course withdrawal date for an eligible student has passed.

Performance-Based Research Fund

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

Research revenue

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

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

Other grants received

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

Donations, trust funds, endowments, bequests and pledges

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

Sales of goods

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

Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

(i) Breakdown of Government funding

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Student Achievement Component (SAC) funding	20,792	(1)	20,792	(1)
Youth Guarantee (YG) funding	843	106	843	106
Performance-based research funding	190	-	190	-
Other Government funding	709	(0)	709	(0)
Total	**22,534**	**105**	**22,534**	**105**

(ii) Breakdown of tuition fees

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Fees from domestic students	3,434	1,934	3,434	1,934
Fees free funding	1,999	-	1,999	-
Targeted training and apprenticeship funding (TTAF)	1,778	434	1,778	434
Fees from international students	2,746	5,561	2,746	5,561
Total	**9,957**	**7,928**	**9,957**	**7,928**

(iii) Breakdown of interest revenue

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Interest revenue	193	318	203	338
Total	**193**	**318**	**203**	**338**

(iv) Breakdown of other revenue

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Re-saleable items	37	22	37	22
Other funding	742	658	742	658
Rental revenue	429	305	429	305
Gain on sale of PP&E & intangibles	0	7	0	7
Donations / sponsorship	-	2	-	2
Student services levy	354	300	354	300
Research revenue	4	-	4	-
Self funded courses	995	490	995	490
Other revenue	3,041	2,725	3,024	2,725
Total	**5,604**	**4,509**	**5,587**	**4,509**

3. Personnel costs

Accounting policy

Superannuation Schemes

Defined contribution schemes

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

Breakdown of personnel costs and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Academic staff salaries & wages	10,614	8,011	10,614	8,011
Support staff salaries & wages	11,855	8,338	11,855	8,338
Defined contribution plan employer contribution	429	307	429	307
Contractors	1,453	1,401	1,453	1,401
Redundancies	100	290	100	290
Total	**24,451**	**18,347**	**24,451**	**18,347**

Board member remuneration

Remuneration paid or payable to Board members during the period was:

	Institute		Group	
	Dec 2021 $	Dec 2020 $	Dec 2021 $	Dec 2020 $
Edgar, Judene #	16,764	12,653	16,764	12,653
Grant, Antonina #	16,745	12,559	16,745	12,559
Grant, Kathy #	16,745	12,559	16,745	12,559
Johnston, Tracy # - Chair	31,552	15,816	31,552	15,816
Newton, Charles #	16,764	12,653	16,764	12,653
Cowper, Peter #	9,506	-	9,506	-
Wehner, Daryl	5,267	25,305	5,267	25,305
Smith, Patrick # - Deputy Chair	20,296	12,653	20,296	12,653
Wilson, Joanie #	16,764	12,653	16,764	12,653
# current NMIT Board at 31 December.	150,400	116,851	150,400	116,851

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

4. Other expenses

Accounting Policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Research costs

Research costs are recognised as an expense in the year in which they are incurred.

Scholarships

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

Breakdown of other expenses and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Audit fees paid to Audit NZ for audit of the annual report	96	81	99	86
Repairs & maintenance	506	410	506	410
Rent expense	175	126	175	126
Other occupancy costs	1,074	763	1,074	763
Subcontractor payments	1,743	1,134	1,743	1,134
Course purchases	1,259	829	1,259	829
Net loss on disposal of PP&E and investments	10	19	10	19
Bad debts	17	56	17	56
Other expenses	5,357	3,868	5,396	3,887
Total	10,238	7,287	10,280	7,311

Operating leases as lessee

The Institute leases property, plant and equipment in the normal course of its business. The future minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Not later than one year	105	46	105	46
Later than one year and not later than five years	28	0	28	0
Later than five years	-	-	-	-
Total non-cancellable operating leases	**133**	**47**	**133**	**47**

Operating leases as lessor

The Institute leases property, plant and equipment in the normal course of its business. The future minimum lease revenue to be collected under non-cancellable operating leases are as follows:

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Not later than one year	345	357	345	357
Later than one year and not later than five years	259	356	259	356
Later than five years	610	640	610	640
Total non-cancellable operating leases	**1,214**	**1,353**	**1,214**	**1,353**

5. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

Breakdown of cash and cash equivalents and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Cash at bank and on hand	4,108	4,032	4,108	4,032
Term deposits with maturities less than 3 months	-	-	-	-
Total	**4,108**	**4,032**	**4,108**	**4,032**

Loss Allowance

While cash and cash equivalents at 31 December 2021 are subject to the expected credit loss requirements of PBE IFRS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial. Ring fenced (see below) term deposits are held at banks that have a long-term AA- investment external grade credit rating which indicates that these entities have a very strong capacity to meet their financial commitments. Non-ring fenced investments are held by NMIT's parent company, Te Pūkenga, under an Intra-Group Loan Agreement.

Cash reserves and ring fencing

The Government set a policy whereby existing reserves from the previous Institutes of Technology and Polytechnics (above a set limit) would be consolidated through the central balance sheet of Te Pūkenga, but would only be able to be drawn upon for projects and capital expenditure in the relevant region that have been approved by the Te Pūkenga Council. The objective is that existing reserves are in the future spent on the regions in which they had been accumulated by the relevant legacy ITPs. The use of ring-fenced amounts is restricted to particular uses, which may include major capital expenditure projects, routine/minor capital expenditure, operating investments (a new capability) or operating losses of the regional operation.

6. Debtors and other receivables

Accounting Policy

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

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery.

Breakdown of receivables and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Student fees receivable	98	121	98	121
Less: allowance for credit losses	–	(10)	–	(10)
Net student fees receivable	**98**	**111**	**98**	**111**
Other receivables	638	902	638	902
Less: allowance for credit losses	–	(33)	–	(33)
Net other receivables	**638**	**869**	**638**	**869**
Government funding receivable	210	143	210	143
Total debtors and other receivables	**947**	**1,123**	**947**	**1,123**
Classification:				
Receivables from exchange transactions	730	978	730	978
Receivables from non-exchange transactions	216	145	216	145
Total	**947**	**1,123**	**947**	**1,123**

Fair value

Student fees are due before a course begins or are due on enrolment if the course has already begun. Student fee receivables are non-interest bearing and are generally paid in full by the course start date. Therefore, their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally due for payment on the 20th of the month following invoice date. Therefore, the carrying value of other receivables approximates their fair value.

Allowance for credit losses

The ageing profile of debtors and other receivables is detailed below:

	Institute		Group	
Student fees receivable gross carrying amount	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Current	91	32	91	32
30+ days	4	76	4	76
60+ days	2	3	2	3
90+ days	1	10	1	10
Total	**98**	**121**	**98**	**121**
Student fees receivable expected credit loss %				
Current	–	2%	–	2%
30+ days	1%	1%	1%	1%
60+ days	–	63%	–	63%
90+ days	–	69%	–	69%
Student fees receivable total lifetime expected credit loss	($000)	($000)	($000)	($000)
Current	–	1	–	1
30+ days	–	1	–	1
60+ days	–	2	–	2
90+ days	–	7	–	7
Total	**-**	**10**	**-**	**10**

The expected credit loss rates for receivables are based on the payment profile of revenue on credit over the previous 2 years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

	Institute		Group	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
Other receivables gross carrying amount	($000)	($000)	($000)	($000)
Current	264	43	264	43
30+ days	365	796	365	796
60+ days	2	1	2	1
90+ days	8	38	8	38
Total	**638**	**877**	**638**	**877**
Other receivables expected credit loss %				
Current	-	-	-	-
30+ days	-	-	-	-
60+ days	-	-	-	-
90+ days	-	87%	-	87%
Other receivables total lifetime expected credit loss	($000)	($000)	($000)	($000)
Current	-	-	-	-
30+ days	-	-	-	-
60+ days	-	-	-	-
90+ days	-	33	-	33
Total	**-**	**33**	**-**	**33**
Total lifetime expected credit loss	**-**	**43**	**-**	**43**

The expected credit loss rates for receivables are based on the payment profile of revenue on credit over the previous two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

	Institute		Group	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
Movements in the allowance for credit losses:	($000)	($000)	($000)	($000)
Opening balance	43	19	43	19
Revision in loss allowance made during the year	(43)	24	(43)	24
Receivables written off during the year	-	-	-	-
Total at 31 December	**-**	**43**	**-**	**43**

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.

Term deposits

Term deposits are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance. An allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Breakdown of other financial assets and further information

	Institute		Group	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
Current portion	($000)	($000)	($000)	($000)
Term deposits with maturities greater than 3 months and less than 12 months	15,952	17,200	15,952	17,200

Fair value

Term deposits

The carrying value of the current portion of investments approximates their fair value.

Loss allowance for term deposits

The Institute considers there has not been a significant increase in credit risk for investments in term deposits because the issuer of the investment continues to have a low credit risk at balance date. Ring fenced term deposits (see Note 5) are held with banks that have a long-term AA- investment external grade credit rating which indicates that these entities have a very strong capacity to meet their financial commitments. Non ring fenced investments are held by NMIT’s parent company, Te Pūkenga, under an Intra-Group Loan Agreement.

No loss allowance for expected credit losses has been recognised because the estimated 12-month expected loss allowance for credit losses is trivial.

8. Creditors and other payables

Accounting Policy

Short-term payables are recorded at the amount payable. Payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

Breakdown of creditors and other payables and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Payables under exchange transactions:				
Trade payables	619	912	619	912
Accrued expenses	1,007	1,292	1,007	1,292
Total payables under exchange transactions	**1,626**	**2,205**	**1,626**	**2,205**
Payables under non-exchange transactions:				
PAYE & Withholding tax	446	231	446	231
GST (net)	500	148	500	148
Total payables under non-exchange transactions	**946**	**379**	**946**	**379**
Total creditors and other payables	**2,571**	**2,584**	**2,571**	**2,584**

9. Revenue received in advance

Breakdown of revenue received in advance and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Tuition fees	2,242	3,865	2,242	3,865
Other revenue received in advance	1,100	16	1,100	16
Total	**3,342**	**3,881**	**3,342**	**3,881**

Revenue received in advance from tuition fees includes both liabilities recognised for domestic student fees received for which the course withdrawal date has not yet passed and for international student fees, which is based on the percentage completion of the course.

Other revenue received in advance is a proportion of revenue from contracts entered into for delivery of services where the services have not been fully delivered at 31 December 2021.

10. Employee Entitlements

Accounting Policy

Short-term employee entitlements

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

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides 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 employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and the present value of the estimated future cash flows.

Presentation of employee entitlements

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

Superannuation schemes

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

Critical accounting estimates and assumptions

Employee entitlements

The liability for annual leave has been calculated based on actual entitlements based on current rates of pay. The liabilities for long service leave and retirement leave have been calculated on an employee's expected entitlement using an actuarial basis as supplied by NZ Treasury. The liability for sick leave is calculated based on unused sick leave entitlement that can be carried forward at balance date, to the extent that the Institute and Group anticipates it will be used by staff to cover those future absences.

Breakdown of employee entitlements and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Employee entitlements:				
Accrued salaries & wages	19	797	19	797
Annual leave	1,011	857	1,011	857
Long service leave	181	147	181	147
Retirement gratuities	175	141	175	141
Sick leave	72	58	72	58
Holiday pay	9	5	9	5
ACC accrual	7	4	7	4
Total	**1,473**	**2,008**	**1,473**	**2,008**
Comprising:				
Current	1,158	1,744	1,158	1,744
Non-current	315	265	315	265
Total Provisions	**1,473**	**2,008**	**1,473**	**2,008**

11. Other financial liabilities

Breakdown of other financial liabilities

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Government funding payable	505	-	505	-
Nelson Polytechnic Educational Society	1,008	1,039	-	-
NMIT Research Trust	-	20	-	-
Other	225	205	225	205
Total	1,738	1,264	730	205

12. Equity

Accounting policy

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

- Capital introduced
- Accumulated surplus / (deficit)
- Property revaluation reserve
- Capital reserves

Property revaluation reserves

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

Breakdown of equity and further information

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Capital introduced				
As at 1 January	29,039	29,039	29,039	29,039
As at 31 December	29,039	29,039	29,039	29,039
Accumulated surplus / (deficit)				
As at 1 January	17,767	34,400	18,826	35,462
Opening balance adjustment	-	(542)	-	(542)
Transfer of investment in TANZ eCampus Ltd	(708)	-	(708)	-
Surplus / (deficit) for the year	(1,497)	(16,091)	(1,547)	(16,095)
As at 31 December	15,562	17,767	16,571	18,826

The opening balance adjustment is the write off of previously capitalised programme development costs on amalgamation, in accordance with the accounting policy of the parent entity, Te Pukenga.

	Dec 2021	Dec 2020	Dec 2021	Dec 2020
Property revaluation reserves				
As at 1 January	53,163	53,450	53,163	53,450
Revaluation of land	5,143	-	5,143	-
Revaluation of buildings	12,084	-	12,084	-
Impairment of land and buildings	(22)	(288)	(22)	(288)
As at 31 December	70,367	53,163	70,367	53,163
Capital reserves				
As at 1 January	2,855	2,855	2,855	2,855
As at 31 December	2,855	2,855	2,855	2,855
Total equity as at 31 December	**117,823**	**102,824**	**118,832**	**103,882**

Capital management

The Institute and group's capital is its equity, which comprises accumulated funds, revaluation reserves, and capital reserves. Equity is represented by net assets.

The Institute is subject to the financial management and accountability provisions of the Crown Entities Act 2004 and the Education and Training Act 2020, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives and is compliant with these requirements.

The Institute manages its equity as a by-product of prudently managing revenues, expenses, assets liabilities, investments and general financial dealings to ensure that the Institute effectively achieves its objectives and purpose, while remaining a going concern.

13. Investments in subsidiaries and associates

Accounting Policy

Subsidiaries

The Institute consolidates in the group financial statements those entities it controls. Control exists where the Institute is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Institute.

Investments in subsidiaries are measured at cost in the Institute's parent financial statements.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are measured at cost in the parent financial statements. Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting.

Associate

An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting.

Investments in associates are accounted for using the equity method of accounting in the Institute's parent financial statements.

Equity method of accounting in group financial statements

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Breakdown of investment in associates and further information

Until 30 November 2021, the Institute's held a 16.67% interest in an associate, TANZ eCampus Limited, which provides online delivery of educational courses. TANZ eCampus Limited is domiciled and operates in New Zealand.
On 1 December 2021, the Institute's interest in TANZ eCampus Limited was transferred to Open Polytechnic of New Zealand Limited, which is also a subsidiary of Te Pūkenga.

Prior to the date of transfer, the Institute's interest in TANZ eCampus Limited is measured using the equity method of accounting in the parent and group financial statements.

Financial information relating to TANZ eCampus Limited is provided below:

	Dec 2021 ($000)	Dec 2020 ($000)
Institute		
Investment in TANZ eCampus Limited (equity accounted)	-	1,114
Group		
Dividends or similar distributions received	-	-
Summarised financial information of associate		
Assets	-	7,966
Liabilities	-	(953)
Revenues	-	9,003
Surplus/(deficit)	-	108
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	-	108
Reconciliation to equity accounted carrying amount		
Net assets	-	7,013
Group's share	0.00%	16.67%
Elimination of unrealised gain on downstream sale		(50)
Equity accounted carrying amount	-	1,114
Risks associated with the Institute's investment in the associate		
Share of associate's contingent liabilities incurred jointly with other investors	-	-

14. Property, plant & equipment

Accounting Policy

Property, plant and equipment consists of nine asset classes: land, buildings, infrastructure, leasehold improvements, computer hardware, furniture and equipment, motor vehicles, library collection and heritage collections.

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation. All other asset classes are measured at costs, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and group and the cost of the item can be measured reliably.

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

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and group and the cost of the item can be measured reliably.

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

Additions over $2,000 in value are capitalised. Amounts under this are expensed.

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered to be negligible.

The useful lives and associated depreciation rates of major asset classes have been estimated as follows:

Class of assets	Rate	Useful life
Buildings (including components)	1%-50% per annum	2-100 years
Infrastructure	2%-10% per annum	10-50 years
Leasehold improvements	10-33.3% per annum	3-10 years
Furniture and equipment	7.7%-50% per annum	2-13 years
Motor vehicles	25% per annum	4 years
Computer hardware	20% per annum	5 years
Library collection	10% per annum	10 years

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Impairment of property, plant and equipment held at cost

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

If an asset’s carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

Critical accounting estimates and assumptions

Estimating the fair value of land and buildings

The most recent valuations of land and buildings were performed by an independent registered valuer, M W Lauchlan, FNZIV, FPINZ, AREINZ, of Duke & Cooke. The valuation is effective as at 31 December 2021.

Land

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

Buildings

Specialised buildings are buildings specifically designed for educational purposes. They are valued using depreciated replacement cost because no reliable market data is available for such buildings.
Depreciated replacement cost is determined using a number of significant assumptions, which include:

- Buildings have been assessed for replacement cost on a modern equivalent asset basis.
- No allowances have been made or deemed necessary for building optimisation.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.
- Buildings have been broken down into three component areas for depreciation purposes, based on Treasury guidelines for the valuation of specialised items in the education sector.
- Non-specialised buildings are valued at fair value using market based evidence.
- Buildings that are no longer used by the Institute due to seismic risk have been fully depreciated and excluded from any subsequent asset revaluations.

Restrictions on title

Under the Education and Training Act 2020, the Institute is required to obtain consent from the Secretary for Education to dispose of land and buildings, the sale of which are also subject to the provisions for Right of First Refusal by nominated Iwi under the Claims Settlement Act 2014. 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 for Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

Work in progress

Property, plant and equipment in the course of installation totals $176,366 (2020 : $18,000).

Capital commitments

The amount of contractual commitments for the acquisition of property, plant and equipment is:

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
K Block (English Language Dept) refurbishment	3	372	3	372
IT equipment purchases	230	301	230	301
Carpentry Barn relocation	-	164	-	164
Extraction system for Engineering workshops	-	79	-	79
Marlborough Campus building upgrades	-	65	-	65
A Block stairwell strengthening	-	51	-	51
Richmond Campus building upgrades	20	51	20	51
Furniture replacements	19	34	19	34
Woodbourne Campus building upgrades	7	32	7	32
Other building upgrades	44	29	44	29
Course equipment purchases	39	26	39	26
Carpark resurfacing	43	-	43	-
T Block strengthening	103	-	103	-
Motor vehicle purchases	66	-	66	-
Total capital commitments	**575**	**1,205**	**575**	**1,205**

14. Property, plant & equipment cntd.

Institute - 2021	Land	Buildings	Computer Hardware	Lease Computers	Furniture & Equipment	Motor Vehicles	Library books	Total
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Gross carrying amount								
Balance as at 1 January	27,900	57,324	6,270	131	10,847	1,677	1,011	105,160
Work in progress	-	959	15	-	22	8	-	1,004
Total opening cost	**27,900**	**58,283**	**6,285**	**131**	**10,869**	**1,685**	**1,011**	**106,164**
Additions	-	2,982	868	-	895	126	94	4,965
Disposals	-	-	(285)	-	(307)	(8)	-	(599)
Reversal of prior impairments	-	370	-	-	-	-	-	370
Revaluation	5,143	5,392	-	-	-	-	-	10,535
Work in progress movement	-	(849)	42	-	(13)	(8)	-	(827)
Balance as at 31 December	**33,043**	**66,179**	**6,910**	**131**	**11,444**	**1,795**	**1,105**	**120,608**
Accumulated depreciation								
Balance as at 1 January	-	4,188	4,426	131	8,340	1,233	550	18,868
Reversal on disposal	-	-	(273)	-	(296)	(8)	-	(576)
Reversal on revaluation	-	(6,298)	-	-	-	-	-	(6,298)
Depreciation	-	2,176	798	-	1,029	142	95	4,240
Balance as at 31 December	**-**	**66**	**4,951**	**131**	**9,074**	**1,368**	**644**	**16,235**
Total Institute property, plant and equipment	**33,043**	**66,112**	**1,959**	**-**	**2,370**	**427**	**460**	**104,373**

14. Property, plant & equipment cntd.

Institute - 2020	Land ($000)	Buildings ($000)	Computer Hardware ($000)	Lease Computers ($000)	Furniture & Equipment ($000)	Motor Vehicles ($000)	Library books ($000)	Total ($000)
Gross carrying amount								
Balance as at 1 April	27,900	57,183	5,769	131	10,607	1,574	1,160	104,325
Work in progress	-	264	-	-	-	-	-	264
Total opening cost	**27,900**	**57,448**	**5,769**	**131**	**10,607**	**1,574**	**1,160**	**104,589**
Additions	-	444	607	-	476	110	68	1,705
Disposals	-	-	(106)	-	(236)	(7)	(217)	(566)
Reversal of prior impairments	-	(304)	-	-	-	-	-	(304)
Work in progress movement	-	695	15	-	22	8	-	740
Balance as at 31 December	**27,900**	**58,283**	**6,285**	**131**	**10,869**	**1,685**	**1,011**	**106,164**
Accumulated depreciation								
Balance as at 1 April	-	2,624	3,959	131	7,839	1,157	692	16,403
Reversal on disposal	-	-	(92)	-	(231)	(7)	(217)	(547)
Depreciation	-	1,564	558	-	732	84	74	3,013
Balance as at 31 December	**-**	**4,188**	**4,426**	**131**	**8,340**	**1,233**	**550**	**18,868**
Total Institute property, plant and equipment	**27,900**	**54,095**	**1,859**	**-**	**2,529**	**451**	**461**	**87,295**

14. Property, plant & equipment cntd.

Group - 2021	Land ($000)	Buildings ($000)	Computer Hardware ($000)	Lease Computers ($000)	Furniture & Equipment ($000)	Motor Vehicles ($000)	Library books ($000)	Total ($000)
Gross carrying amount								
Balance as at 1 January	27,900	57,324	6,270	131	10,847	1,677	1,011	105,160
Work in progress	-	959	15	-	22	8	-	1,004
Total opening cost	**27,900**	**58,283**	**6,285**	**131**	**10,869**	**1,685**	**1,011**	**106,164**
Additions	-	2,982	868	-	895	126	94	4,965
Disposals	-	-	(285)	-	(307)	(8)	-	(599)
Reversal of prior impairments	-	370	-	-	-	-	-	370
Revaluation	5,143	5,392	-	-	-	-	-	10,535
Work in progress movement	-	(849)	42	-	(13)	(8)	-	(827)
Balance as at 31 December	**33,043**	**66,179**	**6,910**	**131**	**11,444**	**1,795**	**1,105**	**120,608**
Accumulated depreciation								
Balance as at 1 January	-	4,188	4,426	131	8,340	1,233	550	18,868
Reversal on disposal	-	-	(273)	-	(296)	(8)	-	(576)
Reversal on revaluation	-	(6,298)	-	-	-	-	-	(6,298)
Depreciation	-	2,176	798	-	1,029	142	95	4,240
Balance as at 31 December	**-**	**66**	**4,951**	**131**	**9,074**	**1,368**	**644**	**16,235**
Total Institute and group property, plant and equipment	**33,043**	**66,112**	**1,959**	**-**	**2,370**	**427**	**460**	**104,373**

14. Property, plant & equipment cntd.

Group - 2020	Land ($000)	Buildings ($000)	Computer Hardware ($000)	Lease Computers ($000)	Furniture & Equipment ($000)	Motor Vehicles ($000)	Library books ($000)	Total ($000)
Gross carrying amount								
Balance as at 1 April	27,900	57,183	5,769	131	10,607	1,574	1,160	104,325
Work in progress	-	264	-	-	-	-	-	264
Total opening cost	**27,900**	**57,448**	**5,769**	**131**	**10,607**	**1,574**	**1,160**	**104,589**
Additions	-	444	607	-	476	110	68	1,705
Disposals	-	-	(106)	-	(236)	(7)	(217)	(566)
Reversal of prior impairments	-	(304)	-	-	-	-	-	(304)
Work in progress movement	-	695	15	-	22	8	-	740
Balance as at 31 December	**27,900**	**58,283**	**6,285**	**131**	**10,869**	**1,685**	**1,011**	**106,164**
Accumulated depreciation								
Balance as at 1 April	-	2,624	3,959	131	7,839	1,157	692	16,403
Reversal on disposal	-	-	(92)	-	(231)	(7)	(217)	(547)
Reversal on revaluation	-	-	-	-	-	-	-	-
Depreciation	-	1,564	558	-	732	84	74	3,013
Balance as at 31 December	**-**	**4,188**	**4,426**	**131**	**8,340**	**1,233**	**550**	**18,868**
Total Institute and group property, plant and equipment	**27,900**	**54,095**	**1,859**	**-**	**2,529**	**451**	**461**	**87,295**

15. Intangible assets

Accounting policy

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and relevant professional fees.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Course-related software and websites

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

Courses purchased from other organisations

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

Internally developed courses

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

a) The course material is identifiable and the use and redistribution of course materials is controlled by the group through legal or other means.
b) It is probable that the courses will generate future economic benefits attributable to the course and the cost can be reliably measured. This is the case when:
   (i) it is technically feasible to complete the development so that the course or programme will be available for use and/or sale;
   (ii) management intends to complete the development of the course or programme and use or sell it;
   (iii) there is an ability to use or sell the course or programme;
   (iv) it can be demonstrated how the course or programme will generate probable future economic benefits;
   (v) there are adequate technical, financial and other resources available to complete development of the course or programme and to use or sell the course or programme; and
   (vi) the expenditure attributable to the course or programme development can be reliably measured.

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

Capitalised course development costs are amortised from the point at which the course or programme is ready for use and are amortised over a period not exceeding five years. They are carried at cost less accumulated amortisation and impairment losses. They are tested for impairment whenever there is an indication that the asset may be impaired. Costs associated with maintaining courses and programmes are recognised as expenses as incurred.

Intellectual property development

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

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

Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit.

Development costs previously recognised as an expense cannot be subsequently recognised as an asset.

Amortisation

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

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

- Computer software 3 - 6 years 16.7% - 33.3% per annum

Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Leased assets

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

Breakdown of intangible assets and further information

Computer Software	Institute Dec 2021 ($000)	Institute Dec 2020 ($000)	Group Dec 2021 ($000)	Group Dec 2020 ($000)
Opening cost	3,580	3,658	3,580	3,658
Opening work in progress	144	-	144	-
Opening balance adjustment	-	(109)	-	(109)
Additions	216	31	216	31
Disposals	(15)	-	(15)	-
Work in progress movement	(141)	144	(141)	144
Closing cost	**3,785**	**3,724**	**3,785**	**3,724**
Opening accumulated amortisation	2,682	2,378	2,682	2,378
Opening balance adjustment	-	(19)	-	(19)
Amortisation	410	322	410	322
Disposals	(14)	-	(14)	-
Closing accumulated amortisation	**3,078**	**2,682**	**3,078**	**2,682**
Net carrying amount	**706**	**1,042**	**706**	**1,042**

Programme Development Costs	Institute Dec 2021 ($000)	Institute Dec 2020 ($000)	Group Dec 2021 ($000)	Group Dec 2020 ($000)
Opening cost	208	1,289	208	1,289
Opening balance adjustment	-	(1,081)	-	(1,081)
Additions	-	(1)	-	(1)
Disposals	-	-	-	-
Closing cost	**208**	**208**	**208**	**208**
Opening accumulated amortisation	108	708	108	708
Opening balance adjustment	-	(629)	-	(629)
Amortisation	40	30	40	30
Disposals	-	-	-	-
Closing accumulated amortisation	**148**	**108**	**148**	**108**
Net carrying amount	**60**	**100**	**60**	**100**

Total Intangible Assets	Institute Dec 2021 ($000)	Institute Dec 2020 ($000)	Group Dec 2021 ($000)	Group Dec 2020 ($000)
Opening cost	3,788	4,948	3,788	4,948
Opening work in progress	144	-	144	-
Opening balance adjustment	-	(1,190)	-	(1,190)
Additions	216	30	216	30
Disposals	(15)	-	(15)	-
Work in progress movement	(141)	144	(141)	144
Closing Cost	**3,992**	**3,932**	**3,992**	**3,932**
Opening amortisation	2,790	3,086	2,790	3,086
Opening balance adjustment	-	(648)	-	(648)
Amortisation	450	352	450	352
Disposals	(14)	-	(14)	-
Closing accumulated amortisation	**3,226**	**2,790**	**3,226**	**2,790**
Net carrying amount	**766**	**1,142**	**766**	**1,142**

The 2020 opening balance adjustment is the write off of previously capitalised programme development costs on amalgamation, in accordance with the accounting policy of the parent entity, Te Pūkenga.

There are no restrictions over the title of the Institute's intangible assets. No intangible assets are pledged as security for liabilities.

Capital commitments

The amount of contractual commitments for the acquisition of intangible assets is:

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
Document management system	5	57	5	57
Total capital commitments	**7**	**57**	**7**	**57**

16. Contingencies

Contingent liabilities

The Institute and group have contingent liabilities totalling $Nil.

Contingent assets

The Institute and group have contingent assets totalling $Nil.

17. Staff and student grievances

At balance date there are no student or staff related claims against the Institute for which the outcomes are uncertain.

The maximum estimated exposure to staff and student grievances is $Nil.

18. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Institute and group 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.

Transactions with Parent Company

The Institute is a subsidiary of Te Pūkenga. During the year, the Institute entered into transactions with Te Pūkenga for the following:

Staff Secondments

The Institute entered into agreements with Te Pūkenga to second NMIT staff to Te Pūkenga. NMIT charged Te Pūkenga $71,113 for these secondments. The rate charged to Te Pukenga reflects the actual cost of salary and benefits paid to the seconded staff by NMIT. At 31 December 2021, there were no outstanding amounts due from Te Pūkenga.

Reimbursements of Costs

The Institute charged $1,158 to Te Pūkenga for the reimbursement of costs incurred on its behalf, such as catering, and flights for NMIT staff to attend Te Pūkenga meetings and workshops. At 31 December 2021, there were no outstanding amounts due from Te Pūkenga.

Term Investments

The Institute invested funds with Te Pūkenga under an Intra-Group Loan Agreement. The balance of funds invested at 31
December 2021 was $5,500,000. NMIT earned interest from Te Pūkenga totalling $40,964, which includes accrued interest of $12,707 at 31 December 2021.

Government Funding

The Institute received government funding from Te Pūkenga totalling $26,716.091. At 31 December 2021, government funding repayable to Te Pūkenga totalled $485,917. This has been recorded in other financial liabilities.

Hardship Fund for Learners

The Institute received funding of $201,580 from Te Pūkenga for the Hardship Fund for Learners. At 31 December 2021, unspent funding totalled $44,910 and is included in revenue in advance.

Tertiary Student Wellbeing Fund

The Institute received funding of $65,488 from Te Pūkenga for the Tertiary Student Wellbeing Fund. At 31 December 2021, this funding was unspent and is included in revenue in advance.

Purchase of Services

During the year, NMIT paid $1,300 conference registration fees to Te Pūkenga, for NMIT staff to attend a Te Pūkenga conference. At 31 December 2021, there are no outstanding payments due to Te Pūkenga.

Transactions with Subsidiaries & Associates

Nelson Polytechnic Educational Society Incorporated

The Institute entered into transactions with the Nelson Polytechnic Educational Society Incorporated (NPES). All the transactions for the NPES are processed through NMIT's general ledger and operating bank account. NMIT has a dedicated operating bank account for NPES transactions, and separate term investments for NPES funds invested.

In 2010 the Council agreed that NMIT could give $500,000 to NPES to fund and manage the entire scholarship programme for the foreseeable future. In 2015, a further $1,000,000 was given to NPES. The accumulated balance of these funds totalling $1,009,138 are included within the accumulated funds in the Consolidated Statement of Financial Position.

NMIT pays the audit fee on behalf of NPES and is reimbursed. The Dec 2021 audit fee is $3,222.

NMIT Research Trust

During the period 1 January to 30 June 2021, the Institute entered into transactions with the NMIT Research Trust. All the transactions for the NMIT Research Trust are processed through NMIT's general ledger and operating bank account. Until 30 June 2021, NMIT had a dedicated operating bank account for NMIT Research Trust transactions. At 30 June 2021, the NMIT Research Trust was wound up and the accumulated funds distributed in accordance with the Trust deed.

Transactions with key management personnel	**Actual**	**Actual**
Key management personnel compensation	**Dec 2021**	**Dec 2020**
	($000)	**($000)**
Board Members		
Remuneration	150	117
Full time equivalent members	8	8
Executive Management Team, including the Chief Executive		
Remuneration	963	521
Full time equivalent members	5	3
Total key management personnel remuneration	**1,113**	**638**
Total full time equivalent personnel	**12**	**11**

Key management personnel include the Chief Executive and members of the senior management team. Board members are considered part of the key management personnel and their fees have been included above and also in Note 3. The above compensation includes the actual payments made during the year.

Employee remuneration

During the year, the number of employees of NMIT Limited and its subsidiaries who received total remuneration in excess of $100,000 are:

	Actual Dec 2021 No. of employees	**Actual Dec 2020 No. of employees**
Remuneration range ($)		
100,000 - 109,999	5	3
110,000 - 119,999	2	-
130,000 - 139,999	-	1
140,000 - 149,999	-	1
150,000 - 159,999	1	-
160,000 - 169,999	1	-
170,000 - 179,999	1	-
180,000 - 189,999	-	1
340,000 - 349,999	1	-

Remuneration includes salary, short term incentives, and other sundry benefits received in the person's capacity as an employee. Incentive payments are paid in the following financial year to which they relate.

19. Budget variance explanations

Explanations for major variations against the budget information at the start of the financial year are as follows:

Statement of comprehensive revenue and expense

Government funding

Government funding is favourable to budget due to higher equivalent full-time students delivered than budgeted.

Tuition fees

Tuition fees are favourable to budget due to higher equivalent full-time students delivered than budgeted.

Interest revenue

Interest revenue is unfavourable to budget due to lower than budgeted interest rates.

Other revenue

Other revenue is favourable to budget due to unbudgeted revenues, from the Hardship Fund for Learners, house building contracts, and the Ministry of Education contract for the delivery of Te Reo training.

Personnel costs

Personnel costs are unfavourable due to additional academic staffing required to maintain appropriate staff to student ratios in some programmes with increased student numbers, together with structure changes in the Marketing and Learner Services teams.

Depreciation and amortisation expense

Depreciation and amortisation expense is favourable to budget due to a lower than budgeted opening asset base from 2020.

Other expenses

Other expenses are favourable to budget. Travel costs were lower than budget due to online delivery of 'In China' courses, and limits on domestic travel due to Covid-19. International agents' commissions were lower than budget, due to fewer international students. Expenditure on strategic delivery projects was also under budget.

Statement of financial position

Cash and cash equivalents

Cash and investments are higher than budget due to additional Targeted Trades Apprenticeship funding received.

Debtors and other receivables

Debtors and other receivables are higher than budget due to unbudgeted TEC funding receivable.

Prepayments

Prepayments are higher than budget due to payments for new licence agreements entered into for services spanning balance date.

Investments accounted for using the equity method

Investments in associates are lower than budget due the unbudgeted transfer of ownership in TANZ eCampus

Limited to Open Polytechnic Limited at 30 November 2021.

Property, plant and equipment

Property, plant and equipment is higher than budget due to the unbudgeted revaluation of land and buildings at 31 December 2021.

Revenue received in advance

Revenue received in advance is lower than budgeted due to revenue received in advance from a new contract for delivery of Te Reo training that spans balance date, and unbudgeted TEC funding repayable.

Provisions

Provisions are lower than budget due to the early payment of staff wages for the pay period ended 3 January 2022.

Statement of movements in equity

The deficit for the year was lower than budgeted due to the differences in revenue and expenditure as explained above.

The transfer of ownership of the Institute's investment in TANZ eCampus Limited to Open Polytechnic Limited has been adjusted against opening retained earnings.

Statement of cash flows

Net cash flows from operating activities are higher than budgeted due to higher receipts from funding, and other revenue.

Net cashflows from investing activities are higher than budgeted as unspent capital expenditure from 2020 was carried forward and spent in 2021.

20. Events after balance date

There were no significant events to report after balance date.

21. Financial instruments

21A Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Institute		Group	
	Dec 2021 ($000)	Dec 2020 ($000)	Dec 2021 ($000)	Dec 2020 ($000)
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Cash and cash equivalents	4,108	4,032	4,108	4,032
Debtors and other receivables (excl GST)	947	1,123	947	1,123
Other financial assets				
- term deposits	15,952	17,200	15,952	17,200
Total loans and receivables	21,007	22,355	21,007	22,355
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Creditors and other payables (excl GST & PAYE)	1,626	2,205	1,626	2,205
Other financial liabilities	1,739	1,264	730	205
Total financial liabilities at amortised cost	3,365	3,469	2,355	2,410

The Institute does not measure any financial instruments in the Statement of Financial Position measured at fair value through surplus or deficit or at fair value through other comprehensive revenue and expense.

21B Financial instrument risks

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

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Institute has no financial instruments that give rise to price risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Institute and group are exposed to foreign exchange risk as the Institute purchases resources from overseas. It also invoices its Chinese partner institutions in foreign currency. This exposure is not considered significant and is not actively managed.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest create exposure to fair value interest rate risk. The Institute does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates create exposure to cash flow interest rate risk. The Institute's exposure to cash flow interest rate risk is limited to on-call deposits. This exposure is not considered significant and is not actively managed.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Institute and group, causing it to incur a loss. In the normal course of business, the Institute and group is exposed to credit risk from cash and term deposits with banks and debtors and other receivables. For each of these, the maximum credit risk exposure is best represented by the carrying amount in the Statement of Financial Position.

Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits which gives rise to credit risk. The Institute and group limit the amount of credit exposure to any one financial institution for term deposits, other than to its parent company Te Pūkenga, to no more than 60% of total investments held. The Institute and group invest funds only with registered banks that have a Fitch or Standard and Poor's minimum credit rating of AA-.

The Institute has experienced no defaults of interest or principal payments for term deposits. The Institute and group hold no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit risk exposure by credit risk rating grades

The gross carrying amount of financial assets, excluding receivables, by credit rating is provided below by reference to Standard and Poor's credit ratings.

Counterparties with credit ratings	Institute Dec 2021 ($000)	Institute Dec 2020 ($000)	Group Dec 2021 ($000)	Group Dec 2020 ($000)
Cash at bank and term deposits				
AA-	20,051	13,324	20,051	13,324
BBB	-	7,900	-	7,900
Total	**20,051**	**21,224**	**20,051**	**21,224**

Debtors and other receivables

Concentrations of credit risk for debtors and other receivables are limited due to the large number and variety of customers. The Tertiary Education Commission is the largest debtor. It is assessed as a low risk and high-quality entity due to being a government funded purchaser of tertiary education services.

Debtors and other receivables balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk 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, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Institute and group manage liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

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

	Carrying amount ($000)	Contract cash flows ($000)	Less than 6 months ($000)	6 months or greater ($000)
Institute Dec 2021				
Creditors and other payables	2,571	2,571	2,571	-
Accrued pay	19	19	19	-
Total	2,590	2,590	2,590	-
Group Dec 2021				
Creditors and other payables	2,571	2,571	2,571	-
Accrued pay	19	19	19	-
Total	2,590	2,590	2,590	-
Institute Dec 2020				
Creditors and other payables	2,584	2,584	2,584	-
Accrued pay	797	797	797	-
Total	3,381	3,381	3,381	-
Group Dec 2020				
Creditors and other payables	2,584	2,584	2,584	-
Accrued pay	797	797	797	-
Total	3,381	3,381	3,381	-

Sensitivity Analysis

The table below illustrates the potential effect on the surplus or deficit and equity (excluding general funds) for reasonably possible market movements in interest rates, with all other variables held constant, based on financial instrument exposures at balance date.

Institute & group Dec 2021		Dec 2021 ($000)		
		- 0.25%		+ 0.25%
Interest Rate Risk	Surplus	Other equity	Surplus	Other equity
Financial Assets				
Cash and cash equivalents	(10)	-	10	-
Total sensitivity	(10)	-	10	-

Institute & group Dec 2020		Dec 2020 ($000)		
		- 0.25%		+ 0.25%
Interest Rate Risk	Surplus	Other equity	Surplus	Other equity
Financial Assets				
Cash and cash equivalents	(10)	-	10	-
Total sensitivity	(10)	-	10	-

Explanation of interest rate risk sensitivity

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

Institute & group Dec 2021		Dec 2021 ($000)		
		- 10%		+ 10%
Foreign Exchange Risk	Surplus	Other equity	Surplus	Other equity
Financial Assets				
Debtors and other receivables	42	-	(35)	-
Total sensitivity	42	-	(35)	-

Institute & group Dec 2020		Dec 2020 ($000)		
		- 10%		+ 10%
Foreign Exchange Risk	Surplus	Other equity	Surplus	Other equity
Financial Assets				
Debtors and other receivables	83	-	(68)	-
Total sensitivity	83	-	(68)	-

Explanation of foreign exchange risk sensitivity

The sensitivity analysis has been applied to the New Zealand dollar value of any receivables that were originally invoiced in a foreign currency, and which remain outstanding at balance date. The foreign exchange sensitivity is based on a reasonable possible movement in exchange rates, with all other variables held constant. The amounts shown under 'Surplus' in the note represent the impact on the revenue statement of a 10% movement in foreign exchange rates against those used when converting the original debt into New Zealand dollars.

22. Impacts of COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. Since then, the New Zealand Government has implemented a range of domestic restrictions and border controls to limit the spread of the virus.

The main impacts on the Institute's financial statements due to COVID-19 are explained below:

Revenue

Decrease in revenue due to lower international student enrolments. Domestic enrolment increases have partially offset this revenue impact, along with Government initiatives such as Targeted Training & Apprenticeship Fund (TTAF).

Students

As with revenue, international student numbers were down in 2020 and 2021 but this loss was partially offset by higher domestic enrolments.

Operating Expenses

Savings were made in course travel costs due to changing to online delivery of programmes to students studying through partner institutions in China. In addition, travel by support staff was limited to essential travel only, and no international marketing trips were able to be undertaken.
Clinical placement costs were reduced due to course cancellations due to lower international student numbers. Savings were also made in international marketing costs due to the continued border closures.
Course costs increased for some Carpentry courses due to material supply shortages within New Zealand.

Employees

Teaching staff had to develop online delivery methods when students were home based. The majority of non-teaching staff were able to carry out their duties with minimal disruption to productivity.

Liquidity

The Institute held sufficient working capital reserves to meet day to day cash requirements.

Property Asset fair value assessment

The Institute's valuer has highlighted in their 31 December 2021 fair value assessment report for land and buildings that there remains some uncertainties surrounding land values. However, there is not a significant valuation uncertainty at 31 December 2021.

Compulsory Student Services Levy

NMIT charged learners a compulsory student services levy of $240 (incl GST) per EFTS in 2021. NMIT contracted SANITI to provide a range of services for the benefit of learners at all NMIT campuses, including independent advocacy and support, programme representation, representation on NMIT committees, recreation and cultural activities, an international learner's activities programme and employment information and support. Income and expenditure associated with the provision of these services is separately accounted for in NMIT's accounting system. Where the student services levy collected exceeds the annual services fee, NMIT and SANITI will consult with learners on the services to which the excess will be allocated. The excess student services levy is recorded as a liability by NMIT until it is spent. Where cost of service delivery exceeds the NMIT contract with SANITI, SANITI has used Association savings to cover the deficit. When there is a deficit in the income received from compulsory student services levies NMIT will offset this against a liability from a previous year where possible.

Student services levy income and expenditure 2021

Revenue	Advocacy and Legal Services	Employment Information	Sports, Recreation & Cultural Services	**Sub Total**	International Activities	**Total**
Service Level Agreement	178,000	58,100	159,440	395,540.00	14,000	409,540
Total Revenue	**178,000**	**58,100**	**159,440**	**395,540.00**	**14,000**	**409,540**
Expenditure						
Expenses	181,406	58,574	158,229	398,209	14,100	412,309
Total Expenses	**181,406**	**58,574**	**158,229**	**398,209**	**14,100**	**412,309**
Surplus/Deficit	-3,406	-474	1,211	-2,669	-100	-2,769

Advocacy and legal advice

Advocacy support was provided to learners both individually and in groups to help resolve problems. Advocacy was undertaken by independent advocates on behalf of learners. Referral to legal advice was made as necessary and appropriate. All issues were either resolved or escalated to a higher level to be heard or resolved. Hardship situations were assessed and at times help was provided with financial assistance and food parcels. In 2021 due to COVID-19, additional hardship support was processed through the HAFL fund for domestic students.

Employment information

Employment information was provided to learners seeking assistance with applying for and sourcing employment. Assistance included one-on-one and group seminars with writing resumes and cover letters, interview techniques, LinkedIn profiles and employment application processes. SANITI continued to develop relationships with business and the local community and received job notifications which were made available to learners.

Sports and recreation facilities

SANITI provided a wide range of events for learners at Nelson, Richmond and Marlborough campuses throughout the year. These events include Semester 1 and 2 orientation programmes, cultural activities, and a range of in-term events and graduation after-functions. In 2021 due to COVID-19 SANITI delivered additional online events and an amended 2021 graduation programme in February 2022.

International activities

SANITI provided activities for international students at Nelson and Marlborough campuses throughout the year. These activities included a combination of on-campus evening events and off-campus weekend trips including visits to Golden Bay and Pelorus. Activities provided international students with an opportunity to interact and see the region. A reduced number of international students resulted in the activities successfully being opened up to domestic students.

NMIT is proud to work with our Te Tauihu partners

E poho kērerū ana a NMIT ki te mahi ngātahi me ō mātou hoa o Te Tauihu

NMIT works with over 100 industry, iwi and community partners to provide relevant, up-to-date programmes that prepare our learners for careers in their chosen field.

Me mihi ka tika, ki a koutou katoa, ngā iwi tokowaru o te rohe nei:

We would like to thank those that generously partner with us to provide scholarships to our learners.

We would also like to acknowledge the special relationship we have with the Nelson Tasman Pasifika Community Trust.

We also thank those who support our learners:

- The White House
- Nelson Multiple Sclerosis and Parkinson's
- Te Piki Oranga
- Nelson Women's Centre
- Te Āwhina Marae
- Lifelinc
- The Male Room
- Motueka Women's Support Link
- SASH
- Perinatal Support
- Victory Boxing
- Garin College
- Waimea Intermediate
- Brain Injury Association
- Tahunanui Community Centre
- Muriwhenua Charitable Trust
- Wakatū Incorporation
- Nelson Marlborough DHB
- Westcoast DHB
- Kimi Hauora Wairau (Marlborough PHO)
- University of Otago – Interprofessional Education Programme
- Victory Community Centre
- Golden Bay Community Health
- Nikau Hauora Hub
- Murchison Hospital
- Medical and Injury Centre
- Tasman Medical
- Rata Medical
- Toitoi Medical
- Buller Medical Centre
- Nelson Pathways
- St Marks Society Inc
- Marlborough Pathways
- Stoke Medical Centre
- Greenwood Health
- The Doctors Motueka
- Whanake Youth
- Nelson Tasman Hospice
- Hospice Marlborough
- Churchill Private Hospital Trust
- Manuka Street Hospital
- Summerset
- Tasman Resthome and Dementia Care
- Ernest Rutherford (Ryman)
- Kensington Court (Ultimate Care)
- Stillwater Lifecare (Heritage Lifecare)
- Green Gables (Oceania)
- The Wood (Arvida)
- Oakwoods (Arvida)
- Flaxmore Lifecare
- Coastal View Lifestyle Village
- Nelson Nursing Service
- Whānau Āwhina Plunket

Nelson Marlborough Institute of Technology
Te Whare Wānanga o Te Tauihu o Te Waka a Māui

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