2020

Report for the Period Ended 31 December 2020

Wintec
WAIKATO INSTITUTE OF TECHNOLOGY
Te Kuratini o Waikato

Waikato Institute of Technology Limited

Annual Group Financial Statements 2020

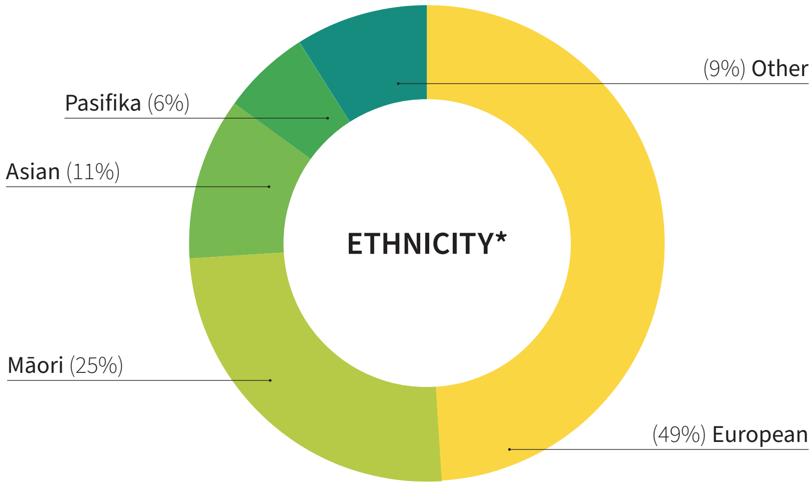
Company Directory

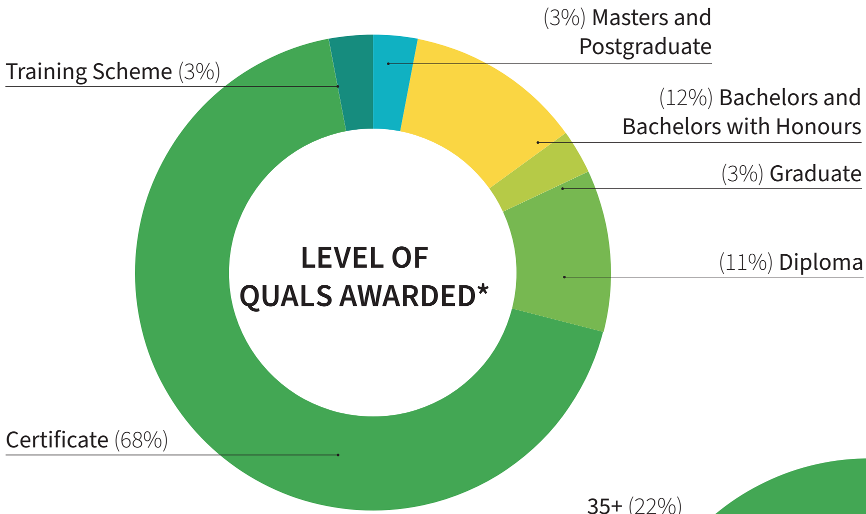
Registered Office	Wintec City Campus, Gate 3, 150 Tristram Street, Hamilton, 3204, NZ
Incorporation number	7929496 (01 April 2020)
Shareholders	Te Pūkenga
Type of entity	Tertiary Education Institution
Shares issued and fully paid	100
Review opinion	
Current directors	Michael John Cameron CRAWFORD Margaret Patricia DEVLIN Kiri Adrianne GOULTER Tania Lee HODGES Raewyn Janeen MAHARA Niwa Rangi NURI Pamela Romsos STOREY

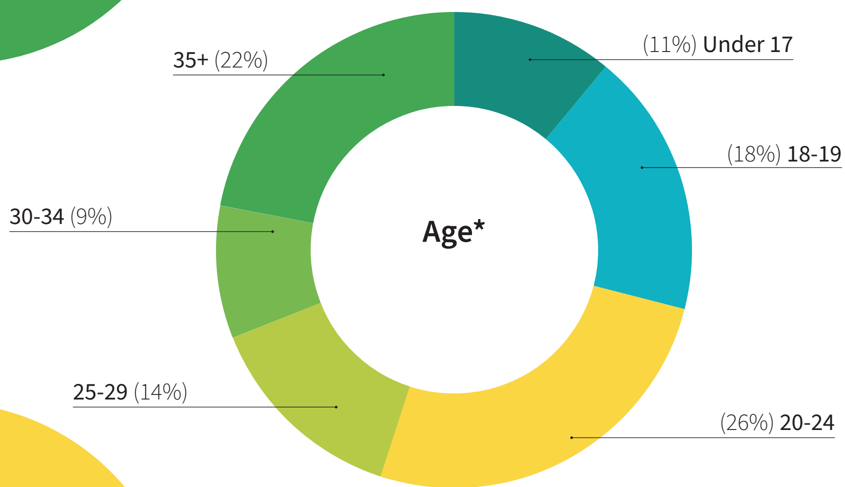
Contents

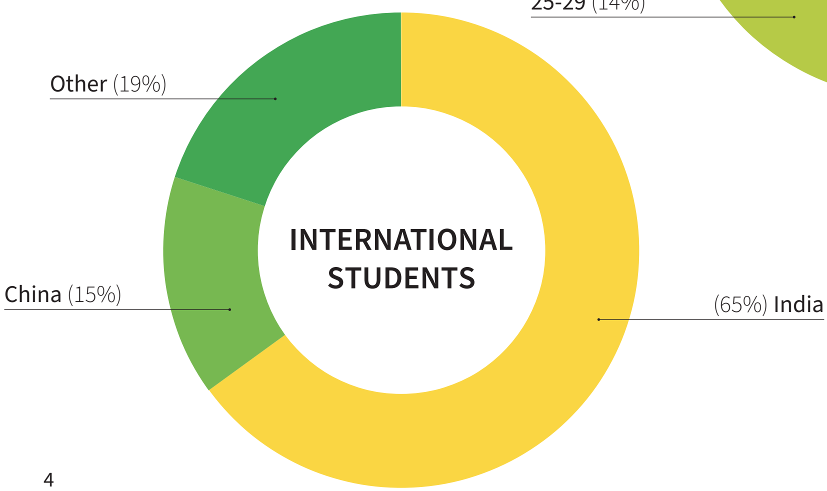
Student Statistics 2020 Summary

**This information relates to the Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process Level 1 and 2 under 25, Level 1 and 2 Competitive Process Pilot Funding, Training Level 3 and 4, Māori and Pasifika Trades Training Level 1 and 2, Māori and Pasifika Trades Training Level 3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.*









Percentage figures may be rounded.

INTERNATIONAL EFTS BY COUNTRY

	2016	2017	2018	2019	2020
India	331	371	445	602	770
China	463	457	404	362	182
Korea, (South) Republic of	12	37	47	62	48
Nepal	13	21	32	33	46
Philippines	22	13	10	18	23
Sri Lanka	21	25	20	20	22
Colombia	3	6	8	14	9
Fiji	8	8	12	8	7
South Africa	6	6	4	7	7
Other	92	89	96	80	67
Total	**1,009**	**1,064**	**1,078**	**1,207**	**1,181**

The top 9 countries ranked according to the highest EFTS in 2020. All remaining countries are grouped as "other".

TEC FUNDED* EFTS BY LEVEL OF STUDY

	2016	2017	2018	2019	2020
Levels 1-2	12%	8%	6%	6%	7%
Levels 3-4	33%	34%	38%	39%	38%
Levels 5-6	14%	15%	16%	15%	16%
Levels 7+	41%	43%	41%	40%	39%

**Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.*

TEC FUNDED* EFTS BY ETHNICITY

	2016		2017		2018		2019		2020	
European	2,541	52%	2,344	52%	2290	52%	2,111	50%	2,037	49%
Maori	1,296	27%	1,174	26%	1143	26%	1,084	26%	1,012	25%
Asian	422	9%	407	9%	418	9%	448	11%	467	11%
Pasifika	252	5%	228	5%	244	5%	216	5%	228	6%
Other	376	8%	345	8%	348	8%	347	8%	374	9%
Total	**4,888**		**4,498**		**4,443**		**4,207**		**4,119**	

**Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only. Percentage figures may be rounded. A student may select up to three ethnicities. Their primary ethnicity only has been included in this table.*
Those in the "other" category includes students entered as non-declared, other and unknown.

TEC FUNDED* EFTS FOR YOUTH (UNDER 25) AND OLDER STUDENTS

	2016	2017		2018		2019		2020	
Youth (Under 25)	60%	2,534	56%	2,449	55%	2,267	54%	2,266	55%
25 and older	41%	1,964	44%	1,994	45%	1,940	46%	1,853	45%
Total	**4,888**	**4,498**		**4,443**		**4,207**		**4,119**	

**Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.*

Age in years are counted as at the 1st of July in the year of the class start date of the enrolment, as per reporting requirements to the Tertiary Education Commission.

TOTAL EQUIVALENT FULL TIME STUDENTS (EFTS) BY SOURCE OF FUNDING

	2017	2018	2019	2020
Adult and Community Education (ACE)	105	109	80	38
Student Achievement Component*	4,189	4,217	4,011	3,894
Youth Guarantee & Trades Academy**	309	226	196	225
Total TEC Funded	**4,603**	**4,551**	**4,287**	**4,157**
International	1,064	1,078	1,207	1,181
Industry Training Organisation	691	719	703	525
Other	120	109	85	63
Total non TEC Funded	**1,876**	**1,905**	**1,995**	**1,769**
Grand Total	**6,479**	**6,456**	**6,281**	**5,927**

" Student Achievement Component (SAC) includes the following funding sources:*
- Level 1 and 2 Competitive Process Funding
- Level 1 and 2 On Plan Process Funding
- Level 1 and 2 On Plan Process Funding under 25
- Maori Pasifika Trades Training L1 & 2
- Maori Pasifika Trades Training L3 & 4
- SAC Level 3 & 4 Competitive Process Funding
- TEC (SAC) funding"

***Youth Guarantee & Trades Academy funding includes the Secondary-Tertiary Partnerships Dual Pathway initiative International includes International Full fee Paying students only. Some International students are TEC funded and included in the TEC funded category.*

TEC FUNDED* QUALIFICATION COMPLETIONS BY YEAR

	2017	2018	2019	2020
Masters	20	38	38	30
Postgraduate Level	83	70	51	47
Bachelors with Honours	19	21	12	9
Bachelor Degree Level	436	449	430	317
Graduate Level	39	51	62	84
Diploma Level	349	367	325	297
Certificate Level	1,892	1,733	1,905	1,845
Training Scheme Level	12	116	125	84
Other	46	13	37	13
Total	**2,896**	**2,858**	**2,985**	**2,726**

This represents the number of qualifications completed for each year.

Figures for qualifications are draft only as of 16 February 2021. Further qualifications may be awarded for the 2020 year in 2021.

**Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.*

Qualification types are grouped according those specified by Wintec's Quality and Academic Unit.

TEC FUNDED* EFTS BY AGE GROUP

	2016	2017	2018	2019	2020
17 Years and Under	436	395	398	374	439
18 - 19 Years	1,047	892	824	760	758
20 - 24 Years	1,406	1,246	1,226	1,133	1,069
25 - 29 Years	612	622	595	565	572
30 - 34 Years	375	380	409	384	371
35 - 39 Years	324	300	326	298	280
40 - 44 Years	239	232	231	244	218
45 - 49 Years	197	186	189	208	196
50 - 54 Years	140	131	137	114	111
55 - 59 Years	72	79	67	78	61
60 - 64 Years	29	27	32	33	34
65 Years and Over	10	6	8	15	11
Total	**4,888**	**4,498**	**4,443**	**4,207**	**4,119**

**Student Achievement Component, Level 1 and 2 On Plan Process Funding, Plan Process L1 & 2 under 25, Level 1 and 2 Competitive Process Funding, Level 3 and 4 Competitive Process Pilot Funding, Maori and Pasifika Trades Training L1 and 2, Maori and Pasifika Trades Training L3 and 4, Trades Academy, Youth Guarantee, Secondary-Tertiary Partnerships Dual Pathway initiative funding only.*

STATEMENT OF COST OF OUTPUTS

Wintec recognises one class of output that result from its activities. This output is teaching and learning. The following table provides details of the output cost.

Output	**2020 $000**	**Budget $000**	**2019 $000**
Teaching and Learning	**106,196**	**99,992**	**99,628**

Compulsory Student Services Levy Disclosure

	Advocacy and Legal Advice	Careers Information advice and guidance, disabilities	Health Service, pastoral and care	Counselling	Employment information	Financial support and advice	Media	Childcare service	Clubs and Societies	Sports recreation and cultural services	Total
	$	$		$	$	$	$	$	$	$	$
Compulsory Student Service Fees	-	823,566	778,126	-	-	-	-	-	-	-	1,601,692
Other	-	120,304	638,765	-	-	-	-	-	-	-	759,069
Total Revenue	**-**	**943,870**	**1,416,891**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,360,760**
Expenses	-	1,367,701	1,065,208	-	-	-	-	-	-	-	2,432,909
Total Expenses	**-**	**1,367,701**	**1,065,208**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,432,909**
Surplus/(deficit)	**-**	**(423,831)**	**351,683**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(72,148)**

Compulsory Student Services Levy (CSSL)

The compulsory student services levy per equivalent full-time student for the year ended 31 December 2020 is $515.00.

The compulsory student services levy revenue is recognised when the course withdrawal date has passed which is when the student is no longer entitled to a refund for withdrawing from the course.

All CSSL income and expenditure is separately accounted for in Wintec's accounting system.

Careers advice and guidance

We provide support to students to assist their transition into employment. Support includes curriculum vitae (CV) workshops, interview practice and career guidance.

Health service, counselling and pastoral care

Wintec has doctors and nurses available for students, who provide a number of services to support students to stay well, obtain advice and gain medical assistance when needed.

We also have counsellors and international advisors available to provide students with pastoral care.

A chaplain is also available to provide pastoral care, spiritual guidance and counselling.

We have kaiāwhina and student advisors who act as a direct link between students and our support services.
They are embedded within 'at risk' programmes to aid in study completion and retention of students.

Te Kete Kōnae

Te Kete Kōnae is the Māori and Pasifika Learning Support Centre on campus.

It practises and promotes manaakitanga and whanaungatanga for all students at Wintec. Its aim is to empower tauira Māori and Pasifika to get the best out of their time studying.

Our marae is multi-purpose, where students and staff can conduct and experience teaching, learning and pastoral support in a uniquely Māori environment.

Student Learning Services

We provide academic learning support through workshops, in-class tutoring, groups, drop-ins and online sessions. We also provide academic and equipment support to people with disabilities.

Kidz@Wintec

We offer convenient and affordable childcare facilities for students and staff. Bookings are tailored to meet student needs and can be made on an hourly basis, offering more flexibility for students than traditional sessional bookings in the community.

Equal Education Opportunities 2020

Wintec's Student Learning Services provides quality, student-centred disability support and, along with Te Kete Kōnae, general academic learning services to all enrolled students.

Student Disabilities Services (SDS) sits within the Student Experience team and works closely with Student Learning Services, Student Life, Peer Supports, and Te Kete Kōnae, as well as the wider Wintec team.

SDS support students with any impairment, learning difficulties or health related conditions, to help improve participation, retention, and successful completion. The services provided included practical support, such as reader/writers, notetakers in classrooms, software, equipment, as well as advocacy.

In 2020, 13 casual SDS staff supported 116 students to access their learning, where 39 students received notetaker support, 54 students received read /writer support for exams, at a total of 3696.25 hours (January – November). As part of the team there is also a full-time Disability Coordinator and full-time Disability Advisor.

The disability team issued 61 mobility car park permits this year.

Other projects being worked on in the disability team is staff education across Wintec to help increase awareness of what disability may look like, and tools to help support these students (online and face-to-face). The use of software as a larger part of notetaker support for our students is also being explored, which would support the model of creating more independence, and would also significantly reduce the cost of having physical note takers in the classrooms. Education on using preventative measures to reduce eye strain and general ergonomic workstation advice is being created, and a review of what would be a better suited name for the service going forward, to ensure it reflects the mana enhancing and strength based approach strived for.

Additional to the dedicated support through the Disabilities team, students are supported in their studies in holistic ways through the Student Experience team.

Learning Advisors within Student Learning Services and Te Kete Kōnae have a continued focus on supporting students to become independent and capable learners. They do this through traditional one-on-one and small group sessions, but also by embedding academic support within targeted programmes across Wintec. By being present in classes, Learning Advisors have more opportunities to support greater numbers of students, develop meaningful relationships with students and tutors, and can more efficiently identify students who may need extra support. By creating a culture that normalises support, we are working towards mitigating the stigma attached to asking for help.

Pastoral support is delivered through Te Kete Kōnae and Student Life. Similar to the Learning Advisors, these staff are available to students through being embedded in classes, as well as one-on-one sessions when required. In 2020, Student Learning Services, Student Life and Te Kete Kōnae provided support to 2,237, 838 and 760 individual students respectively, with some students potentially accessing support across the services. Levels of satisfaction of the support services are consistently high.

Targeted support was also offered to Māori and Pasifika students through the Māori and Pasifika Trade Training scheme, while many International and New Zealand resident students for whom English is not their first language were also supported in their study with workshops, online resources and embedded support available.

Networks of peer mentors in the form of peer tutors (support around a specific learning outcome) and tuakana (holistic and ongoing model of peer support) were also piloted and set up in priority areas.

DIVERSITY AND INCLUSION

Diversity and Inclusion

In 2020, our diversity and inclusion vision was progressed through:

- Being awarded the GenderTick, the first tertiary education provider to do so. To receive the GenderTick, we had to demonstrate gender equity across five key indicators: a gender-inclusive culture, flexibility and leave, women in leadership, gender pay equality and ensuring a safe workplace.
- Appointing a Pasifika Lead – Strategy and Engagement, and Pasifika Lead – Learner Success, who will work with a wider team to develop a Pasifika Strategy for Wintec.
- Introducing Kia Kaha Te Reo Māori – a style guide to provide guidance for staff in using Te Reo Māori in communications, and weekly 'kupu o te wiki' in the weekly This Week @ Wintec email newsletter.
- Continuing to train our staff and managers to support our Anti-bullying and Harassment and Prevention and Response to Sexual Harassment policies.
- Appointing a full-time Mental Health Business Partner, who is a registered Mental Health Nurse, to work with staff and students experiencing mental health and wellbeing concerns.
- Awarding the Hare Puke Māori Leadership Scholarship jointly to two staff members. The scholarship, which enables members of our Māori community to gain leadership skills that in turn will benefit other Māori, has been awarded to twelve staff since its inception in 2008.
- Promoting Māori Language Week, New Zealand Sign Language Week, Diwali, Eid Al-Adha and other cultural celebrations to staff through the This Week @ Wintec email newsletter.
- Horahia Matariki, our annual Matariki festival which included events for staff and students and this year had the theme 'Manaaki Tangata – Caring for our Future' to celebrate our resilience through the challenges we have faced in 2020.
- Hei Oranga Mōu, a month of free wellbeing events for staff and students.

Ethnicity of Staff (Permanent and Fixed Term)

Ethnicity	Female	Male	Total	%
NZ European/Pākeha	256	150	406	52.2%
Māori	85	31	116	14.9%
Other European	62	34	96	12.3%
Other	22	19	41	7.8%
Indian	22	19	41	5.3%
Pasifika	10	20	30	3.9%
Chinese	14	9	23	3.0%
Other Asian	6	11	17	2.2%
No data	54	40	94	12.1%
Total of all reported ethnic groups *	**542**	**342**	**884**	**113.6%**

** To align with Statistics New Zealand and the Ministry of Education's methodology, staff may select up to three ethnic groups, and all of these will be included in reporting. This means that the percentage figures add up to more than 100%.*

Employee Remuneration

TOTAL REMUNERATION PAID OR PAYABLE:

$100,000 to $109,999	**9**
$110,000 to $119,999	13
$120,000 to $129,999	4
$130,000 to $139,999	1
$140,000 to $149,999	2
$160,000 to $169,999	3
$170,000 to $179,999	1
$190,000 to $190,999	1
$200,000 to $200,999	1
$230,000 to $239,999	1
Total number of employees	**36**

During the period ended 31 December 2020, four employees received compensation and other benefits in relation to cessation totalling $96,874.

FINANCIAL PERFORMANCE

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Waikato Institute of Technology Limited and group's financial statements and performance information for the period ended 31 December 2020

The Auditor-General is the auditor of Waikato Institute of Technology Limited (the company) and group. The Auditor-General has appointed me, Lauren Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company and group on his behalf.

OPINION

We have audited:

- the financial statements of the company and group on pages 19 to 72, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company and group, that comprises the statement of service performance on pages 74 to 83 and the statement of cost of outputs on page 7.

In our opinion:

- the financial statements of the company and group on pages 19 to 72:
    - present fairly, in all material respects:
        - the financial position as at 31 December 2020; 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; and
- the performance information on pages 7 and 74 to 83:
    - presents fairly, in all material respects, the company and group's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2020; and
    - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 15 September 2021. This is the date at which our opinion is expressed.

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

EMPHASIS OF MATTERS

Without modifying our opinion, we draw your attention to:

Te Pūkenga subsidiaries to exist until 31 December 2022

Note 1 to the financial statements on page 26 outlines that all Te Pūkenga subsidiaries will continue in existence until 31 December 2022. There have been no changes to the financial statements as the rights, assets, and liabilities of the company will be transferred to Te Pūkenga.

Impact of Covid-19

Note 23 to the financial statements on pages 66 to 67, and the Statement of Service Performance on pages 74 to 83 outline the impact of Covid-19 on the company and group.

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

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 also responsible on behalf of the company and group for preparing performance information that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements and performance information, 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. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company and group or to cease operations, or has no realistic alternative but to do so.

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- company and group's approved budget for the financial statements, and
- Investment Plan or approved budget, as applicable, for the performance information.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, 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 the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and performance information, including the disclosures, and whether the financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and performance information of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated performance information. 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 4 to 13 and page 18, but does not include the financial statements and performance information, and our auditor's report thereon.

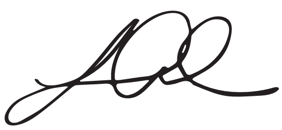
Our opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information 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.

In addition to the audit, we are performing a review of the Performance Based Research Fund – External Research Income declaration for the year ended 31 December 2020, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the Institute or any of its subsidiaries.



Lauren Clark
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Statement of Responsibility

for the nine months ended 31 December 2020

In terms of Section 306 of the Education and Training Act 2020 and Section 155 of the Crown Entities Act 2024, we hereby certify that:

1. we have been responsible for the preparation of these Financial Statements and Statement of Service Performance and the judgments used therein; and
2. we have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. we are of the opinion that these Financial Statements fairly reflect the financial position of this institution for the 9 months ended 31 December 2020, and that the Statement of Service Performance fairly reflects the operations of this institution for the year ended 31 December 2020.

Signed by:

Niwa Nuri	**David Christiansen**	**Paul Holloway**
Chair	Chief Executive	Chief Financial Officer

15 September 2021

Statement of Comprehensive Revenue and Expense

for the nine months ended 31 December 2020

		Group		Institute	
	Notes	Actual 2020 $'000	Budget 2020 $'000	Actual 2020 $'000	Budget 2020 $'000
Revenue					
Government grants	2	1,825	0	1,825	0
Student tuition fees	2	23,635	22,792	23,635	22,792
Other revenue	2	13,365	18,084	10,681	13,376
Total revenue		**38,825**	**40,876**	**36,140**	**36,168**
Expense					
Employee expenses	3	49,748	48,620	47,218	46,288
Depreciation expense	3, 8	4,845	3,622	4,650	3,602
Amortisation expense	3, 9	2,841	1,940	2,755	1,871
Interest expense	3	504	675	496	675
Administration and other expenses	3	23,190	25,423	22,034	24,132
Total expense		**81,128**	**80,280**	**77,153**	**76,567**
Share of associates surplus/(deficit)		0	0	0	0
Surplus/(deficit)		**(42,303)**	**(39,404)**	**(41,013)**	**(40,399)**
Other comprehensive revenue and expense					
Items that will not be reclassified to surplus/(deficit)					
Revaluation of land and buildings		0	0	0	0
Total items that will not be reclassified to surplus/(deficit)		**0**	**0**	**0**	**0**
Items that may be reclassified to surplus/(deficit)					
Change in value of equity investments classified as available-for-sale financial assets					
Change in value of investments in Government bonds classified as available-for-sale financial assets					
Total items that may be reclassified to surplus/(deficit)		**0**	**0**	**0**	**0**
Total other comprehensive revenue and expense		**0**	**0**	**0**	**0**
Total comprehensive revenue and expense		**(42,303)**	**(39,404)**	**(41,013)**	**(40,399)**
Total comprehensive revenue and expense for the period attributable to:					
Non-controlling interests		0	0	0	0
Owners of the controlling entity		(42,303)	(39,404)	(41,013)	(40,399)
Total		**(42,303)**	**(39,404)**	**(41,013)**	**(40,399)**

Explanations of major variances against budget are provided in Note 17.
The accompanying notes form part of these financial statements. .

Statement of Financial Position

as at 31 December 2020

		Group			Institute		
All in $'000	**Notes**	**Actual 2020**	**Budget 2020**	**Actual 1 April 2020**	**Actual 2020**	**Budget 2020**	**Actual 1 April 2020**
Assets							
Current assets							
Cash and cash equivalents	4	2,578	165	4,679	83	0	249
Student fees and other receivables	5	15,445	17,694	43,685	15,103	17,250	43,185
Prepayments		587	1,248	1,162	541	1,200	1,123
Inventory	6	282	284	412	282	284	412
Assets held for sale	7	2,064	0	0	2,064	0	0
Total current assets		**20,956**	**19,391**	**49,938**	**18,073**	**18,734**	**44,968**
Non-current assets							
Property, plant and equipment	8	165,202	163,075	169,907	162,400	163,001	166,930
Intangible assets	9	14,956	19,389	18,173	14,591	18,807	17,742
Other financial assets - non-current		655	6,230	655	3,052	6,230	3,066
Total non-current assets		**180,813**	**188,694**	**188,735**	**180,043**	**188,038**	**187,738**
Total assets		**201,769**	**208,085**	**238,673**	**198,117**	**206,772**	**232,706**
Liabilities							
Current liabilities							
Trade and other payables	10	5,965	4,430	8,529	5,774	3,700	8,498
Employee entitlements	11	4,338	2,368	4,316	4,039	2,211	4,048
Revenue received in advance	12	18,756	23,818	29,125	17,761	23,200	27,913
Borrowings	13	2,014	0	3,734	2,014	4,768	3,734
Total current liabilities		**31,073**	**30,616**	**45,704**	**29,588**	**33,879**	**44,193**

All in $'000	Notes	Group Actual 2020	Group Budget 2020	Group Actual 1 April 2020	Institute Actual 2020	Institute Budget 2020	Institute Actual 1 April 2020
Non-current liabilities							
Employee entitlements	11	114	944	144	114	0	145
Borrowings	13	28,566	25,375	8,506	29,266	25,000	8,206
Total non-current liabilities		**28,680**	**26,319**	**8,650**	**29,380**	**25,000**	**8,351**
Total liabilities		**59,753**	**56,935**	**54,354**	**58,968**	**58,879**	**52,544**
Net assets		**142,016**	**151,150**	**184,319**	**139,149**	**147,893**	**180,162**
Equity							
General funds	16	116,390	111,059	158,693	113,523	108,153	154,536
Property revaluation reserve	16	24,972	39,118	24,972	24,972	39,118	24,972
Trust, endowments and bequests	16	654	973	654	654	623	654
Restricted reserves	16	0	0	0	0	0	0
Fair value through other comprehensive revenue and expense		0	0	0	0	0	0
Total equity		**142,016**	**151,150**	**184,319**	**139,149**	**147,894**	**180,162**

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

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the nine months ended 31 December 2020

		Group		Institute	
All in $'000	Notes	Actual 2020	Budget 2020	Actual 2020	Budget 2020
Balance at 1 April		**184,319**	**190,554**	**180,162**	**188,293**
Other comprehensive revenue and expense					
Surplus/(deficit)	16	(42,303)	(39,404)	(41,013)	(40,399)
Other comprehensive revenue	16	0	0	0	0
Total comprehensive revenue and expense		**(42,303)**	**(39,404)**	**(41,013)**	**(40,399)**
Non comprehensive revenue and expense items					
Other contributions from the Crown		0	0	0	0
Distribution to the Crown		0	0	0	0
Suspensory loans from the Crown		0	0	0	0
Total non-comprehensive revenue		**0**	**0**	**0**	**0**
Balance at 31 December		**142,016**	**151,150**	**139,149**	**147,894**

Explanations of major variances against budget are provided in Note 17.
The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the nine months ended 31 December 2020

All in $'000	Group Actual 2020	Group Budget 2020	Institute Actual 2020	Institute Budget 2020	Full Year Budget Group 2020	Full Year Budget Institute 2020
Cash flows from operating activities						
Receipts from Government grants	38,758	36,455	38,758	36,455	48,607	48,607
Receipts from student fees	7,008	28,793	7,008	28,793	38,391	38,391
Receipt of dividends	0	0	1,000	0	0	0
Receipt of interest	54	304	19	263	405	350
Receipt of other revenue	12,186	11,233	8,607	8,834	14,977	11,778
Goods and services tax (net)	(3,307)	0	(3,343)	0	0	0
Payments to employees	(49,756)	(43,530)	(47,258)	(43,133)	(58,040)	(57,511)
Payments to suppliers	(21,944)	(26,795)	(20,917)	(25,548)	(35,726)	(34,064)
Dividends paid	0	0	0	0	0	0
Interest paid	(504)	(805)	(496)	(805)	(1,073)	(1,073)
Net cash flow from operating activities	**(17,505)**	**5,656**	**(16,622)**	**4,859**	**7,541**	**6,478**
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	0	3,145	0	3,145	4,193	4,193
Proceeds from sale or maturity of investments	0	0	0	0	0	0
Purchase of property, plant and equipment	(2,027)	(5,489)	(2,015)	(5,290)	(7,318)	(7,053)
Purchase of investments	0	0	0	0	0	0
Purchase of intangible assets	(909)	0	(869)	0	0	0
Net cash flow used in investing activities	**(2,936)**	**(2,344)**	**(2,884)**	**(2,145)**	**(3,125)**	**(2,860)**
Cash flows from financing activities						
Proceeds from borrowings	19,722	0	20,722	0	0	0
Proceeds from capital contributions from the Crown	0	0	0	0	0	0
Proceeds from suspensory loans from the Crown	0	0	0	0	0	0
Repayment of borrowings	(1,382)	(3,750)	(1,382)	(3,750)	(5,000)	(5,000)
Distributions to the Crown	0	0	0	0	0	0
Repayment of finance leases	0	0	0	0	0	0
Net cash flows from financing activities	**18,340**	**(3,750)**	**19,340**	**(3,750)**	**(5,000)**	**(5,000)**
Net increase/(decrease) in cash and cash equivalents	**(2,101)**	**(438)**	**(166)**	**(1,037)**	**(584)**	**(1,382)**
Cash and cash equivalents at the beginning of the period	**4,679**	**603**	**249**	**(3,731)**	**841**	**(3,386)**
Cash and cash equivalents at end of the period	**2,578**	**165**	**83**	**(4,768)**	**257**	**(4,768)**

Explanations of major variances against budget are provided in Note 17.
The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the nine months ended 31 December 2020

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

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Surplus/(deficit)	(42,303)	(41,013)
Add/(less) non-cash items		
Depreciation and amortisation expense	7,686	7,405
Bad debt provision movement	502	491
Other losses/(gains)	0	0
Add/(less) items classified as investing or financing activities:		
Net loss/(gain) on disposal of property, plant and equipment	0	0
Add/(less) movements in working capital:		
(Increase)/decrease in accounts receivable and other receivables	28,114	27,984
(Increase)/decrease in inventories	130	130
(Increase)/decrease in prepayments	575	583
Increase/(decrease) in employee entitlements	(8)	(40)
Increase/(decrease) in trade and other payables	(1,833)	(2,009)
Increase/(decrease) in provisions	0	
Increase/(decrease) in fees in advance	(10,368)	(10,153)
Net cash from operating activities	**(17,505)**	**(16,622)**

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

The accompanying notes form part of these financial statements.

Notes index

Notes to the Financial Statements

for the nine months ended 31 December 2020

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Waikato Institute of Technology Limited (the Institute) is a Crown entity subsidiary that is domiciled and operates in New Zealand. The Institute was established on 1 April 2020 and its immediate controlling entity is Te Pūkenga—New Zealand Institute of Skills and Technology, and the ultimate controlling entity is the New Zealand Crown. The relevant legislation governing the Institute's operations includes the Education and Training Act 2020, the Crown Entities Act 2004, and the Companies Act 1993.

The Institute and Group consist of Waikato Institute of Technology (Wintec) Limited and its subsidiaries, SODA Inc. Limited, LearningWorks Limited, Polytechnics Institute New Zealand (PINZ), Wintec KSA, MondragonWintecKSA, the Wintec Foundation Trust, the Student Residence Trust and our associate Motortrain Limited. These entities are all incorporated in New Zealand with the exception of MondragonWintecKSA which is incorporated in Saudi Arabia. Refer to note 21 for further details of all entities included in the Group. The Institute controls the Wintec Foundation Trust for financial reporting purposes because the Institute predetermined the objectives of the Trust at establishment and all benefits flow back to Wintec.

The Wintec Student Residence Trust is consolidated into the group in accordance with PBE IPSAS 35 Consolidated Financial Statements. The Trust is a registered Charitable Trust and was established for the purpose of providing, maintaining and administrating residential accommodation for students attending the Institute courses. While the Institute's voting right is limited to appoint one representative to the Board of trustees of the Trust, the Institute has concluded that it controls the Trust for financial reporting purposes. This is because the Institute pre-determined the objectives of the Trust at establishment, and it benefits from the activities of the Trust. Additionally, the Institute has a special relationship with the Trust due to the following rights it holds:

- Reviewing the performance of the Trust and their key performance indicators
- Direct the Trust in respect of the provision of the services
- Have the services of the Trust be provided to its student residents only
- Approve/consent Institute branding materials
- Approve/veto operating and capital budgets, decorations and demolition on the accommodation building
- Terminate for restructuring purposes should the Institute decide to have another operator

The Waikato Institute of Technology Limited provides 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 Institute and the group are for the period ended 31 December 2020, and were authorised for issue by the Board on 15 September 2021.

BASIS OF PREPARATION

Use of Going Concern Basis of Accounting

The Minister of Education announced the Governments decisions on the Reform of Vocational Education proposals on 1 August 2019. The Education (Vocational Education and Training and Reform) Amendment Bill (the Bill) gained royal assent on 24 February 2020 and came into effect on 1 April 2020. The Education (Vocational Education and Training and Reform) Amendment Act 2020 created a new Crown entity, the New Zealand Institute of Skills and Technology (NZIST) renamed as Te Pūkenga, and converted all existing ITPs into crown entity subsidiary companies on 1 April 2020.

These are the first financial statements for Waikato Institute of Technology Limited and are prepared on a going concern basis, and the accounting policies have been applied consistently throughout the 9 month reporting period.

Te Pūkenga is the 100% shareholder of the Company. The Institute has received a letter of support from Te Pūkenga advising Te Pūkenga's intentions to provide financial support to assist its 100% subsidiaries in meeting their liabilities as and when they fall due, to the extent that funding is not otherwise available to meet the same.

Disestablishment 31 December 2022

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 the institute will be transferred to Te Pūkenga — New Zealand Institute of Skills and Technology (Te Pūkenga). There are mechanisms in the legislation to vary this date. Despite these provisions, the financial statements have been prepared on a going concern basis, as the disestablishment is more than 12 months after the date the financial statements are issued, and because the operational delivery of the functions of the institute will continue through Te Pūkenga after 31 December 2022. Consequently, there have been no changes to the recognition and measurement, or presentation of information in these financial statements.

Reporting Period

These financial statements are for the nine month period 1 April 2020 to 31 December 2020. The budget is for the 9 month period 1 April 2020 to 31 December 2020. No comparative period is disclosed.

Statement of compliance

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

The Institute is a Tier 1 entity and 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 Boardw member remuneration disclosures and the related party transaction disclosures in Note 20, are rounded to the nearest thousand dollars ($000). Board member remuneration and related party transaction disclosures are rounded to the nearest dollar.

Standards early adopted
PBE IPSAS 40 PBE Combinations was issued in July 2019 and is effective for annual financial statements covering periods beginning on or after 1 January 2021. The Institute has early adopted PBE IPSAS 40 and applied the standard for the vesting of the predecessor ITP's assets and liabilities to the Institute on 1 April 2020. Further information about the vesting is disclosed in Note 24.

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 IPSAS 41 Financial Instruments

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

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

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

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

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

PBE IPSAS13 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 2021 financial year. The Institute has not yet assessed in data 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 outline below.

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

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

(a) Impairment of non-financial assets - The Institute and Group assess impairment of all assets at each reporting date by evaluating conditions specific to the Institute and Group and to the particular asset that may lead to impairment. These include programme performance, technology, economic and political environments and future programme expectations. If an impairment trigger exists the recoverable amount of the asset is determined. The Institute does not consider that the triggers for impairment testing have been significant enough, therefore no provisions has been made during the financial year.

(b) Classification of assets and liabilities as held for sale - The Institute and Group classify assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available

Notes to the Financial Statements

for the nine months ended 31 December 2020

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

for immediate sale and the Institute must be committed to selling the asset either through entering into a contractual sale agreement or the activation of and commitment to a programme to locate a buyer and dispose of the assets and liabilities.

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

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

(a) Capital management - The Institute and Group's capital is its equity, which comprises general funds, property revaluation and restricted reserves and non-controlling interests. Equity is represented by net assets.

The Institute is subject to the financial management and accountability provisions of the Education and Training Act 2020, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The Institute and Group manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Institute's and Group's equity are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing the Institute's and Group's equity is to ensure that they effectively and efficiently achieve the goals and objectives for which they have been established, while remaining a going concern.

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

Goods and services tax
Items in the financial statements are stated exclusive of 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 the group are exempt from Income Tax. 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 main source of operational funding from the Tertiary Education Commission (TEC). The Institute considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. 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 will not seek repayment of 2020 investment plan funding, which includes SAC funding, if there is under-delivery in the 2020 year. As a consequence, the Institute has not recognised any SAC funding during the ninemonth period.

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

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

Fees-free revenue
The Institute considers fees-free revenue is non-exchange revenue and recognises revenue when the course withdrawal date for an eligible student has passed. The Institute has presented funding received for fees-free as part of tuition fees. This is on the basis that receipts from the TEC are for payment on behalf of the student as specified in the relevant funding mechanism. However, for the 2020 year, the predecessor ITP has recognised all the 2020 fees free funding because, in response to the Covid-19 pandemic, the TEC confirmed that it will 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.

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 by the TEC 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 financial year. PBRF revenue is measured based on the funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

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

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

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

Notes to the Financial Statements

for the nine months ended 31 December 2020

2. REVENUE (CONTINUED)

Interest and dividends

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

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Government funding classified as non-exchange transactions		
Student disability grant	0	0
Literacy funding	0	0
Youth guarantee funding	100	100
Other Government grants	48	48
Māori and Pacific Islands grant	0	0
Student Achievement Component (SAC) funding	946	946
Performance based research funding	0	0
Other Government funding	731	731
Total Government funding classified as non-exchange transactions	**1,825**	**1,825**
Tuition fees and departmental revenue classified as exchange transactions		
Tuition fees - international students	15,327	15,327
Total tuition fees and departmental revenue classified as exchange transactions	**15,327**	**15,327**
Tuition fees and departmental revenue classified as non-exchange transactions		
Tuition fees - domestic students	7,648	7,648
Other tuition fees classed as non-exchange transactions	660	660
Total tuition fees and departmental revenue classified as non-exchange transactions	**8,308**	**8,308**
Total tuition fees and departmental revenue	**23,635**	**23,635**

All in $'000	Group Actual 2020	Institute Actual 2020
Other revenue classified as exchange transactions		
Other revenue	11,565	8,209
Interest revenue	54	19
Dividend revenue	0	1,000
Student service fees	1,155	861
Total other revenue classified as exchange transactions	**12,774**	**10,089**
Other revenue classified as non-exchange transactions		
Research revenue	591	591
Total other revenue classified as non-exchange transactions	**591**	**591**
Total other revenue	**13,365**	**10,681**
Total revenue	**38,825**	**36,140**

Revenue classification		
Exchange revenue	**28,101**	**25,416**
Non-exchange revenue	**10,724**	**10,724**
Total revenue	**38,825**	**36,140**

Notes to the Financial Statements

for the nine months ended 31 December 2020

3. EXPENDITURE

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.

		Group	Institute
All in $'000	**Note**	**Actual 2020**	**Actual 2020**
Employee expenses			
Wages and salaries		44,589	42,478
Defined contribution plan employer contributions		1,255	1,199
Board fees	20	241	107
Other employee expenses		3,662	3,434
Total employee benefits expense		**49,748**	**47,218**

Depreciation and amortisation expenses			
Depreciation	8	4,845	4,650
Amortisation	9	2,841	2,755
Total depreciation and amortisation		**7,686**	**7,405**

Interest expense			
Interest expense		504	496
Total interest		**504**	**496**

Administration and other expenditure Auditors' remuneration			
Fees to principal auditor for financial statement audit		223	196
Additional audit fee paid PBRF audit		6	6
Total auditors' remuneration		**229**	**202**

All in $'000	Note	Group Actual 2020	Institute Actual 2020
General costs			
Operating lease payments		1,155	1,155
Bad and doubtful debts - written off		332	330
Net increase/(decrease) bad and doubtful debts provision		835	838
Course delivery expenses		5,103	5,256
Donations & koha		5	5
Research & development expense		267	267
Administrative, materials and consumables expenses		11,777	10,360
Scholarships		43	43
Other expenditure		3,444	3,578
Total general costs		**22,961**	**21,832**
Total other expenditure		**23,190**	**22,034**
Total expenditure		**81,128**	**77,153**

4. 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.

All in $'000	Actual 2020	Actual 2020
Cash at bank and on hand	2,578	83
Total cash and cash equivalents	**2,578**	**83**
Weighted average effective interest rate	1.3%	0.1%

Notes to the Financial Statements

for the nine months ended 31 December 2020

5. STUDENT FEES AND OTHER RECEIVABLES

ACCOUNTING POLICY

Receivables are carried at their face value, less any provision for impairment.

Fair value

Student fees are due before a course commences or are due upon enrolment if the course has already begun. For course that span more than one semester, domestic students can arrange fees to paid in two instalments. Student fee receivables are non- interest bearing and are generally paid in full by course commencement date. Therefore, their carrying value approximates their fair value.

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

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

Due to the large number of student receivables, the impairment assessment is performed on a collective basis, based on an analysis of past collection history and debt write-offs.

Provisions for impairment on other receivables are based on past collection history and debt write-offs.

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Receivables classified as exchange transactions		
Student fees and sundry receivables	1,654	1,654
Related party receivables	0	0
Other receivables	2,166	1,815
Total receivables classified as exchange transactions	**3,820**	**3,469**
Receivables classified as non-exchange transactions		
Student fees and sundry receivables	13,535	13,533
Total receivables classified as non-exchange transactions	**13,535**	**13,533**
Total student fees and other receivables (excluding impairment)	**17,355**	**17,002**
Less provision of impairment for receivables	(1,910)	(1,899)
Total student fees and other receivables	**15,445**	**15,103**

	Group			Institute		
	2020			2020		
All in $'000	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Impairment						
Ageing profile for receivables at year end						
Not past due	11,856	0	11,856	11,756	0	11,756
Past due 1 - 30 days	3,426	(140)	3,286	3,253	(137)	3,116
Past due 30 - 60 days	98	(10)	88	17	(2)	15
Past due 61 - 90 days	431	(216)	215	432	(216)	216
Past due over 90 days	1,544	(1,544)	0	1,544	(1,544)	0
Total impairment	**17,355**	**(1,910)**	**15,445**	**17,002**	**(1,899)**	**15,103**

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Movements in the provision for impairment of receivables		
At 1 April 2020	(1,436)	(1,408)
Additional provisions made during the year	(650)	(650)
Provisions adjustments during the year	(174)	(171)
Receivables written-off during the year	350	330
At 31 December 2020	**(1,910)**	**(1,899)**

Notes to the Financial Statements

for the nine months ended 31 December 2020

6. INVENTORY

ACCOUNTING POLICY

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

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

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

	Group	**Institute**
All in $'000	**Actual 2020**	**Actual 2020**
Commercial Inventory	282	282
Total inventory carrying value	**282**	**282**

No inventories are pledged as security for liabilities.

7. ASSETS HELD FOR SALE

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Property held for sale	2,064	2,064
Total assets held for sale	**2,064**	**2,064**

Property held for sale represents the land at Ward Street. A contract for sale and purchase has been signed and the sale is expected to complete in the second quarter of 2021.

Non-current assets held for sale
A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset is measured at the lower of its carrying amount and fair value less costs to sell. Write-downs of the asset are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised. A non-current asset is not depreciated or amortised while classified as held for sale.

Notes to the Financial Statements

for the nine months ended 31 December 2020

8. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY
Property, plant, and equipment consists of seven asset classes: land, buildings, infrastructure, computer hardware, furniture and equipment, motor vehicles and library collection. 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 cost, 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 deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions
The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and the 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 the 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 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. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Buildings (including components) 25 to 100 years 1% to 4%
- Infrastructure 10 to 50 years 2% to 10%
- Leasehold improvements 3 to 10 years 10% to 33.3%
- Computer hardware 5 years 20%
- Furniture and equipment 2 to 13 years 7.7% to 50%
- Motor vehicles 4 years 25%
- Library collection 10 years 10%

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

Impairment of property, plant and equipment
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.

Valuation
The most recent valuations of land, buildings was performed by an independent registered valuer, Telfer Young (Waikato) LimIted. The valuation is effective as at 31 December 2018. The most recent valuation for infrastructure assets was performed by Klu'd up. The valuation is effective as at 31 December 2018.

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

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

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

The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obselescence due to over-design or surplus capacity.

The replacement is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.

The property has been valued on the basis that the buildings meet the current earthquake standards.

The remaining useful life of assets is estimated.

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Infrastructure
Infrastructure assets such as roads, car parks, footpaths, underground utilities (for example, water supply and sewerage treatment systems), and site drainage have been independently valued at depreciated replacement cost. The valuations have been performed in accordance with the New Zealand Asset Valuation and Depreciation Guidelines issued by NAMS Group. The significant assumptions applied in the determining the depreciated replacement cost of infrastructure assets are similar to those described above for specialised buildings.

Restrictions on title
Under the Education and Training Act 2020, the Institute is required to notify Te Pūkenga, who then obtains consent from the Secretary for Education, to dispose of land and buildings.

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

Notes to the Financial Statements

for the nine months ended 31 December 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	1 April 2020			2020			31 Dec 2020		
All in $'000	Cost or fair value	Accumulated depreciation	Net carrying value	Additions	Reclassifications	Depreciation	Cost or fair value	Accumulated depreciation	Net carrying value
Land	23,968	0	23,968	0	(2,064)	0	21,904	0	21,904
Infrastructure	14,361	(419)	13,942	0	0	(372)	14,361	(791)	13,570
Buildings	118,913	(4,751)	114,162	1,019	0	(2,084)	119,932	(6,835)	113,097
Furniture and equipment	17,937	(11,145)	6,792	687	0	(698)	18,624	(11,843)	6,781
Computer hardware	15,315	(10,007)	5,308	1,903	0	(1,598)	17,218	(11,605)	5,613
Motor vehicles	344	(306)	38	0	0	(10)	344	(316)	28
Library collection	4,272	(3,997)	275	361	0	(83)	4,633	(4,080)	553
Total property, plant and equipment	**195,110**	**(30,625)**	**164,485**	**3,970**	**(2,064)**	**(4,845)**	**197,016**	**(35,470)**	**161,546**

Group - Assets under construction	1 April 2020	2020		31 Dec 2020
All in $'000	Opening Value	Additions	Capitalisations	Closing Value
Buildings	3,718	778	(1,037)	3,459
Leasehold improvements	796	1,064	(1,782)	78
Furniture and equipment	716	73	(671)	118
Library collection	213	149	(362)	0
Total	**5,443**	**2,064**	**(3,852)**	**3,655**

Total property, plant and equipment	**165,202**

Group - Depreciation All in $'000	Depreciation on disposals	Impairment losses recognised	Impairment losses reversed	Depreciation	Total depreciation
Infrastructure	0	0	0	(372)	(372)
Buildings	0	0	0	(2,084)	(2,084)
Furniture and equipment	0	0	0	(698)	(698)
Computer hardware	0	0	0	(1,598)	(1,598)
Motor vehicles	0	0	0	(10)	(10)
Library collection	0	0	0	(83)	(83)
Total depreciation	**0**	**0**	**0**	**(4,845)**	**(4,845)**

Institute	1 April 2020			2020			31 Dec 2020		
All in $'000	Cost or fair value	Accumulated depreciation	Net carrying value	Additions	Reclassifications	Depreciation	Cost or fair value	Accumulated depreciation	Net carrying value
Land	23,968	0	23,968	0	(2,064)	0	21,904	0	21,904
Infrastructure	14,361	(419)	13,942	0	0	(372)	14,361	(791)	13,570
Buildings	115,191	(3,829)	111,362	1,019	0	(1,896)	116,210	(5,725)	110,485
Furniture and equipment	17,238	(10,595)	6,643	687	0	(704)	17,925	(11,299)	6,626
Computer hardware	15,237	(9,943)	5,294	1,904	0	(1,592)	17,141	(11,535)	5,606
Motor vehicles	307	(304)	3	0	0	(3)	307	(307)	0
Library collection	4,272	(3,997)	275	362	0	(83)	4,634	(4,080)	554
Total property, plant and equipment	**190,574**	**(29,087)**	**161,487**	**3,972**	**(2,064)**	**(4,650)**	**192,482**	**(33,737)**	**158,745**

Notes to the Financial Statements

for the nine months ended 31 December 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets under construction	**1 April 2020**	**2020**		**31 Dec 2020**
All in $'000	**Opening Value**	**Additions**	**Capitalisations**	**Closing Value**
Buildings	3,718	778	(1,037)	3,459
Computer hardware	796	1,064	(1,782)	78
Furniture and equipment	716	73	(671)	118
Library collection	213	149	(362)	0
Total	**5,443**	**2,064**	**(3,852)**	**3,655**

Total property, plant and equipment	**162,400**

Depreciation **All in $'000**	**Depreciation on disposals**	**Impairment losses recognised**	**Impairment losses reversed**	**Depreciation**	**Total depreciation**
Infrastructure	0	0	0	(372)	(372)
Buildings	0	0	0	(1,896)	(1,896)
Furniture and equipment	0	0	0	(704)	(704)
Computer hardware	0	0	0	(1,592)	(1,592)
Motor vehicles	0	0	0	(3)	(3)
Library collection	0	0	0	(83)	(83)
Total depreciation	**0**	**0**	**0**	**(4,650)**	**(4,650)**

9. 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 of the Wintec group are initially recognised at historical cost. They have a finite useful life and, subsequent to initial recognition, should be carried at cost less accumulated amortisation and impairment losses. They are amortised over a period not exceeding 5 years.

Internally developed courses

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

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

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

> i) it is technically feasible to complete the development so that the course or programme will be available for use and/or sale;
>
> (ii) management intends to complete the development of the course or programme and use or sell it:
>
> (iii) there is an ability to use or sell the course or programme;
>
> (iv) it can be demonstrated how the course or programme will generate probable future economic benefits;
>
> (v) there are adequate technical, financial and other resources available to complete development of the course or programme and to use or sell the course or programme; and
>
> (vi) the expenditure attributable to the course or programme development can be reliably measured.

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

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

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 the following can be demonstrated:

- It is technically feasible to complete the product so that it will be available for use or sale.
- Management intends to complete the product and use or sell it.
- There is an ability to use or sell the product.
- It can be demonstrated how the product will generate probable future economic benefits.
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available.
- 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 to 6 years 16.7% to 33.3%

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

Impairment of intangible assets

Intangible assets 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.

Goodwill

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

Notes to the Financial Statements

for the nine months ended 31 December 2020

9. INTANGIBLE ASSETS (CONTINUED)

Group

	1 April 2020			2020					31 Dec 2020		
All in $'000	Cost or fair value	Accumulated amortisation	Net carrying value	Additions / reclassification	Revaluation	Disposals cost	Disposal amortisation	Amortisation	Cost or fair value	Accumulated amortisation	Net carrying value
Computer software	21,707	(10,445)	11,262	1,895	0	0	39	(2,493)	23,602	(12,899)	10,703
Goodwill	407	(407)	0	0	0	0	0	0	407	(407)	0
Course development	435	(105)	330	1,947	0	0	0	(348)	2,382	(511)	1,871
Total intangible assets	**22,549**	**(10,957)**	**11,592**	**3,842**	**0**	**0**	**39**	**(2,841)**	**26,391**	**(13,817)**	**12,574**

Group

Intangible assets under construction

	1 April 2020	2020			31 Dec 2020
All in $'000	Cost	Additions	Expensed	Capitalisations	Net Carrying Value
Computer software	1,317	884	0	(1,976)	225
Course development	5,264	106	(1,266)	(1,947)	2,157
Total	**6,581**	**990**	**(1,266)**	**(3,923)**	**2,382**
Total intangibles					**14,956**

Group

Amortisation

All in $'000	Amortisation on disposals	Impairment losses recognised	Impairment losses reversed	Amortisation	Total amortisation
Computer software	0	0	0	(2,493)	(2,493)
Goodwill	0	0	0	0	0
Course development	0	0	0	(348)	(348)
Total amortisation	**0**	**0**	**0**	**(2,841)**	**(2,841)**

Institute

All in $'000	1 April 2020 Cost or fair value	1 April 2020 Accumulated amortisation	1 April 2020 Net carrying value	2020 Additions / reclassification	2020 Revaluation	2020 Disposals cost	2020 Disposal amortisation	2020 Amortisation	31 Dec 2020 Cost or fair value	31 Dec 2020 Accumulated amortisation	31 Dec 2020 Net carrying value
Computer software	21,525	(10,363)	11,162	1,855	0	0	0	(2,462)	23,380	(12,825)	10,555
Goodwill	0	0	0		0	0	0	0	0	0	0
Course development	0	0	0	1,947	0	0	0	(293)	1,947	(293)	1,654
Total intangible assets	**21,525**	**(10,363)**	**11,162**	**3,802**	**0**	**0**	**0**	**(2,755)**	**25,327**	**(13,118)**	**12,209**

Institute

Intangible assets under construction

All in $'000	1 April 2020 Cost	2020 Additions	2020 Expensed	2020 Capitalisations	31 Dec 2020 Net Carrying Value
Computer software	1,317	884	0	(1,976)	225
Course development	5,263	106	(1,266)	(1,947)	2,157
Total	**6,580**	**990**	**(1,266)**	**(3,923)**	**2,382**
Total intangibles					**14,591**

Institute

Amortisation

All in $'000	Amortisation on disposals	Impairment losses recognised	Impairment losses reversed	Amortisation	Total amortisation
Computer software	0	0	0	(2,462)	(2,462)
Goodwill	0	0	0	0	0
Course development	0	0	0	(293)	(293)
Total amortisation	**0**	**0**	**0**	**(2,755)**	**(2,755)**

Notes to the Financial Statements

for the nine months ended 31 December 2020

10. TRADE 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.

Payables under exchange transactions	**Group**	**Institute**
All in $'000	**Actual 2020**	**Actual 2020**
Trade payables	(2,065)	(2,036)
Other payables	(3,065)	(2,945)
Total payables under exchange transactions	**(5,130)**	**(4,981)**

Payables under non-exchange transactions		
Other payables		
Related party payables		
Net GST payable/(receivable)	(835)	(793)
Total payables under non-exchange transactions	**(835)**	**(793)**
Total trade and other payables	**(5,965)**	**(5,774)**

11. EMPLOYEE BENEFIT LIABILITIES

ACCOUNTING POLICY
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 expenses in the surplus or deficit when incurred

Employee entitlements	**Group**	**Institute**
All in $'000	**Actual 2020**	**Actual 2020**
Accrued pay	(464)	(444)
Annual leave	(2,759)	(2,590)
Long service leave	(32)	(32)
Other employee entitlements	(1,197)	(1,087)
Total Employee benefit liabilities	**(4,452)**	**(4,153)**
Current portion	**(4,338)**	**(4,039)**
Non-current portion	**(114)**	**(114)**
Total employee benefit liabilities	**(4,452)**	**(4,153)**

Notes to the Financial Statements

for the nine months ended 31 December 2020

12. REVENUE RECEIVED IN ADVANCE

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Revenue received in advance		
Government grants	(1,830)	(1,830)
Students' fees	(15,931)	(15,931)
Other revenue received in advance	(995)	0
Total revenue received in advance	**(18,756)**	**(17,761)**
Current portion	(18,756)	(17,761)
Non-current portion	0	0
Total revenue received in advance	**(18,756)**	**(17,761)**

13. BORROWINGS

ACCOUNTING POLICY
Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the Institute or the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowings	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Current portion	(2,014)	(2,014)
Non-current portion	(28,566)	(29,266)
Total	**(30,580)**	**(31,280)**

Borrowings
The Institute had a revolving cash facility of $30m , and a working capital overdraft facility of $8.5m with the Bank of New Zealand providing funding for capital projects and liquidity. Certain covenants are required to be met in relation to the facilities. The maturity date of the existing facility is 20 January 2022 Under Ministry of Education consent to borrow dated 12 August 2015, the Waikato Institute of Technology Limited is required to stepdown the maximum aggregate borrowing limits.

Bank Covenants	Actual	Required	Headroom
Maximum total debt to total debt plus equity ratio	18%	<=20%	
Minimum interest cover ratio	7%	>=3%	
Non BNZ debt of $250,000	158,000	250,000	92,000

Wintec did not meet some of the TEC conditions and in accordance with TEC we have advised the TEC of the breach and confirmed with them that there has been no default or potential default of any terms of the range rate term loan facility or working capital facility.

The Institute and Group have no finance leases.

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for the nine months ended 31 December 2020

14. OTHER FINANCIAL ASSETS AND LIABILITIES

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 and loans to subsidiaries

Term deposits and loans to subsidiaries are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance. At year end, term deposits and loans to subsidiaries are assessed for indicators of impairment. If they are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

New Zealand Government bonds

Government bonds are classified as available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial asset. They are included in non-current assets unless the bonds mature or are intended to be disposed of within 12 months of the end of the reporting period.

Bonds are recognised initially at fair value plus transaction costs. Subsequent to initial recognition bonds are carried at fair value with changes in their fair value recognised in other comprehensive revenue and expense.

At the end of each reporting period an assessment is made of whether there is objective evidence that investments in bonds are impaired. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payment and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is removed from equity and recognised in surplus or deficit.
If, in a subsequent period, the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed through surplus or deficit.

Managed fund

The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is classified as held for trading. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

Unlisted Shares

Investments in unlisted shares are classified as available-for-sale financial assets. They are included in non-current assets unless it is intended that the investments will be disposed of within 12 months of the end of the reporting period.

Unlisted shares are recognised initially at fair value (plus transaction costs). Subsequent to initial recognition they are carried at fair value with change in their fair value recognised in other comprehensive revenue and expense.

At the end of each reporting period an assessment is made of whether there is objective evidence that they are impaired. A significant or prolonged decline in the fair value of the shares below their original cost is considered evidence that they are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is removed from equity and recognised in surplus or deficit. Impairment losses recognised in surplus or deficit are not reversed through surplus or deficit.

Fair value

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

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

All in $'000	Group Actual 2020	Institute Actual 2020
Financial instrument categories		
The accounting policies for financial instruments have been applied to the line items below:		
Financial assets - loans and receivables at amortised cost		
Cash and cash equivalents	2,578	83
Term Deposits with maturities greater than 3 months at acquisition	655	655
Shares in Subsidiaries at Cost	0	2,397
Student fees and other receivables	15,445	15,103
Total loans and receivables	**18,678**	**18,238**
Financial assets - available for sale at fair value		
Government bonds		
Financial assets - available for sale	2,064	2,064
Total available for sale	**2,064**	**2,064**
Financial liabilities		
Financial liabilities measured at amortised cost		
Creditors and other payables	(5,965)	(5,774)
Finance leases	0	0
Borrowing	(30,580)	(31,280)
Total financial liabilities measured at amortised cost	**(36,545)**	**(37,054)**

Notes to the Financial Statements

for the nine months ended 31 December 2020

14. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

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

Group 2020

All in $'000	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years
Trade and other payables	(5,965)	(5,965)	(5,965)	0	0	0	0
Borrowings	(30,580)	(30,580)	(1,965)	(49)	(28,566)	0	0
Finance leases	0	0	0	0	0		0
Total financial liabilities at amortised cost	**(36,545)**	**(36,545)**	**(7,930)**	**(49)**	**(28,566)**	**0**	**0**

Institute 2020

All in $'000	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years
Trade and other payables	(5,774)	(5,774)	(5,774)	0	0	0	0
Borrowings	(31,280)	(31,280)	(1,965)	(49)	(29,266)		0
Finance leases	0	0	0		0	0	0
Total financial liabilities at amortised cost	**(37,054)**	**(37,054)**	**(7,739)**	**(49)**	**(29,266)**	**0**	**0**

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 is exposed to price risk. The investment philosophy and approach is conservative, it recognises that all investments held should be low risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Institute and the group is exposed to currency risk. The Institute and the group manages currency risks by entering forward foreign exchange contracts and through diversifying investments across different currencies.

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 and the group does not actively manage its exposure to fair value interest rate risk. The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Group				Institute			
	2020				2020			
	<1 year	">1 year - <2 years"	>2 years	Total	<1 year	">1 year - <2 years"	>2 years	Total
Cash & cash equivalents	2,578	0	0	2,578	83	0	0	83
Term deposits	655	0	0	655	655	0	0	655

Cash flow interest rate risks

Cash flow interest rate risk is the risk that 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. Generally, the Institute and the group raises long-term borrowing at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Institute and the group borrowed at fixed rates directly. Under the interest rate swaps, the Institute and the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Institute and the group, causing it to incur a loss. In the normal course of business, the Institute and the group is exposed to credit risk from cash and term deposits with banks, receivables, Government bonds, loans to subsidiaries, derivative financial instrument assets, and bonds within the managed fund investment. For each of these, the maximum credit 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 and bonds, which give rise to credit risk. The Institute and the group limits the amount of credit exposure to any one financial institute for term deposits to no more than 25% of total investments held. The Institute and the group invests funds only with registered banks that have a Standard and Poor's credit rating of at least A2 for short-term investments and A for long-term investments. The Institute and the group has experienced no defaults of interest or principal payments for term deposits. The Institute and the group holds no collateral or other credit enhancements for financial instruments that give rise to credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

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14. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
The maximum credit exposure for each class of financial instrument is as follows:		
Cash and cash equivalents	2,578	83
Long Term deposits	655	655
Investments	0	2,397
Student fees and other receivables	15,445	15,103
Total credit risk on loans and receivables	**18,678**	**18,238**
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:		
Counterparties with credit ratings		
Cash and cash equivalents:		
AA-	2,578	83
A		
Short term deposits:		
AA-	655	655
A		
Counterparties without credit ratings		
Existing counterparty with no defaults in the past	15,445	17,500
Existing counterparty with defaults in the past		
Total Counterparties without credit ratings	18,678	18,238
Debtors and other receivables		
Existing counterparty with no defaults in the past	15,445	15,103
Existing counterparty with defaults in the past		
Total debtors and other receivables	**15,445**	**15,103**

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

Liquidity risk
Liquidity risk is the risk that the Institute and the 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 aims to maintain flexibility in funding by keeping committed credit lines available. The Institute and the group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

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

Group 2020

All in $'000	Carrying amount	Contractual cashflows	Less than 6 months	6- 12 months	1 - 2 years	2 - 3 years	More than 3 years
Payables	(2,900)	(2,900)	(2,900)	0	0	0	0
Accrued Expenses	(3,065)	(3,065)	(3,065)	0	0	0	0
Unsecured loans	0	0	0	0	0	0	0
Secured loans	(30,580)	(30,580)	(1,965)	(49)	(28,566)	0	0
Finance leases	0	0	0	0	0	0	0
Total	**(36,545)**	**(36,545)**	**(7,930)**	**(49)**	**(28,566)**	**0**	**0**

Institute 2020

All in $'000	Carrying amount	Contractual cashflows	Less than 6 months	6- 12 months	1 - 2 years	2 - 3 years	More than 3 years
Payables	(2,829)	(2,829)	(2,829)	0	0	0	0
Accrued Expenses	(2,945)	(2,945)	(2,945)	0	0	0	0
Unsecured loans	0	0	0	0	0	0	0
Secured loans	(31,280)	(31,280)	(1,965)	(49)	(29,266)	0	0
Finance leases	0	0	0	0	0	0	0
Total	**(37,054)**	**(37,054)**	**(7,739)**	**(49)**	**(29,266)**	**0**	**0**

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14. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Sensitivity analysis

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

Group	**+100BPS**		**-100BPS**	
Interest rate risk 31 December 2020	**Surplus**	**Equity**	Surplus	**Equity**
Financial assets				
Cash and cash equivalents	26	26	(26)	(26)
Short term deposits for terms of 3 months or less	6	6	(6)	(6)
Investments	0	0	0	0
Listed Shares	0	0	0	0
Financial liabilities				
Derivative financial instruments	0	0	0	0
Borrowings	(306)	(306)	306	306
Total sensitivity to interest rate risk	**(274)**	**(274)**	**274**	**274**

Group	**+100BPS**		**-100BPS**	
Interest rate risk 31 December 2020	**Surplus**	**Equity**	Surplus	**Equity**
Financial assets				
Cash and cash equivalents	1	1	(1)	(1)
Short term deposits for terms of 3 months or less	6	6	(6)	(6)
Investments	0	0	0	0
Listed Shares	0	0	0	0
Financial liabilities				
Derivative financial instruments	0	0	0	0
Borrowings	(313)	(313)	313	313
Total sensitivity to interest rate risk	**(306)**	**(306)**	**306**	**306**

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

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

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

* Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.

* Valuation techniques using observable inputs - Financial instruments with quoted process for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable.

* Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

Group

All in $'000	Total	Quoted market price	Observable inputs	Significant non-observable inputs	Valuation technique
Fair value of financial instruments 31 December 2020					
Financial assets					
Cash and cash equivalents	2,578	2,578	0	0	0
Investments	655	655	0	0	0
Financial liabilities					
Borrowings	(30,580)	(30,580)	0	0	0
Total	**(27,347)**	**(27,347)**	**0**	**0**	**0**

Institute

All in $'000	Total	Quoted market price	Observable inputs	Significant non-observable inputs	Valuation technique
Fair value of financial instruments 31 December 2020					
Financial assets					
Cash and cash equivalents	83	83	0	0	0
Investments	3,052	655	0	0	0
Financial liabilities					
Borrowings	(31,280)	(31,280)	0	0	0
Total	**(28,145)**	**(30,542)**	**0**	**0**	**0**

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15. CAPITAL MANAGEMENT

The Institute and the group's capital is its equity, which comprises accumulated funds and 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 the that the Institute effectively achieves its objectives and purpose, while remaining a going concern. All external obligations imposed have been satisfied with the exception of TEC conditions of consent.

16. EQUITY

ACCOUNTING POLICY
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:
- general funds;
- property revaluation reserves.
- fair value through other comprehensive revenue and expense reserve; and
- trusts and bequests reserve.

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

Fair value through other comprehensive revenue and expense reserve
This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense

Trusts and bequests reserve
The trusts and bequests reserve are a component of equity which has been created by the Institute.
Transfers from the reserve may be made only for certain specified purposes or when certain specified conditions are met. The restrictions on use may be established by the Institute or legally through the terms and conditions of specific trusts and bequests

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

	Group	Institute
All in $’000	**Actual 2020**	**Actual 2020**
General funds		
At 1 April	158,693	154,536
Transfer from revaluation reserves on sale of assets held for sale	0	0
Distribution to the Crown	0	0
Surplus/(deficit) for the year before other comprehensive revenue and expenditure	(42,303)	(41,013)
Capital contributions from the Crown	0	0
Balance as at 31 December	**116,390**	**113,523**

All in $'000	Group Actual 2020	Institute Actual 2020
Property revaluation reserves		
Balance as at 1 April	24,972	24,972
Property revaluation reserve transfer on reclassification	0	0
Transfer to equity on sale of assets held for sale	0	0
Land net revaluations gain	0	0
Infrastructure revaluation gain	0	0
Buildings net revaluations gain	0	0
Balance as at 31 December	**24,972**	**24,972**
Property revaluation reserves		
Property revaluation reserves consist of:		
Land	16,760	16,760
Infrastructure	1,640	1,640
Buildings	6,572	6,572
Total property revaluation reserves	**24,972**	**24,972**
Trusts and bequests		
Opening balance	654	654
Interest received	15	15
Less grants awarded	(15)	(15)
Total property revaluation reserves	**654**	**654**
Total equity	**142,016**	**139,149**

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17. MAJOR BUDGET VARIATIONS

Explanations for major comprehensive revenue and expense budget variations from the 2020 the Institute budget are detailed below in this table:

	Group			Institute		
All in $'000	**Actual 2020**	**Budget 2020**	**Variance**	**Actual 2020**	**Budget 2020**	**Variance**
Statement of comprehensive revenue and expense						
Surplus/(deficit)	(42,303)	(39,404)	(2,899)	(41,013)	(40,399)	(614)
Revenue variances						
Government funding	1,825	0	1,825	1,825	0	1,825
Student fees and departmental revenue	23,635	22,792	843	23,635	22,792	843
Other revenue	13,365	18,084	(4,719)	10,681	13,376	(2,695)
Expenditure variances						
Employee benefit expenses	49,748	48,620	1,128	47,218	46,288	930
Depreciation and amortisation	7,686	5,561	2,125	7,405	5,473	1,932
Interest expense	504	675	(171)	496	675	(179)
Administration and other expenses	23,190	25,423	(2,233)	22,034	24,132	(2,098)
Other comprehensive revenue and expense						
Other comprehensive revenue and expense	0	0	0	0	0	0
Total comprehensive revenue and expense	**(42,303)**	**(39,404)**	**(2,899)**	**(41,013)**	**(40,399)**	**(614)**

Explanations for major statement of financial position budget variations from the 2020 Institute budget are detailed below in this table:

	Group			Institute		
All in $'000	**Actual 2020**	**Budget 2020**	**Variance**	**Actual 2020**	**Budget 2020**	**Variance**
Statement of financial position						
Current assets	20,956	19,391	1,565	18,073	18,734	(661)
Non-current assets	180,813	188,694	(7,881)	180,043	188,038	(7,995)
Current liabilities	31,073	30,616	457	29,588	33,879	(4,291)
Non-current liabilities	28,680	26,319	2,361	29,380	25,000	4,380
Equity	142,016	151,150	(9,134)	139,149	147,894	(8,745)
Total statement of financial position	**142,016**	**151,150**	**(9,134)**	**139,149**	**147,894**	**(8,745)**

Explanations for major statement of cash flows budget variations from the 2020 Institute budget are detailed below in this table:

	Group			Institute		
All in $'000	**Actual 2020**	**Budget 2020**	**Variance**	**Actual 2020**	**Budget 2020**	**Variance**
Statement of cash flows						
Cash flow from operating activities	(17,505)	5,656	(23,161)	(16,622)	4,859	(21,481)
Cash flow used in investing activities	(2,936)	(2,344)	(592)	(2,884)	(2,145)	(739)
Cash flows from financing activities	18,340	(3,750)	22,090	19,340	(3,750)	23,090
Net (decrease)/increase in cash and cash equivalents	(2,101)	(438)	(1,663)	(166)	(1,037)	871
Cash and cash equivalents at beginning of the period	4,679	603	4,076	249	(3,721)	3,978
Total cash and cash equivalents at end of the period	**2,578**	**165**	**2,413**	**83**	**(4,768)**	**4,851**

Explanation of major budget variations:
Student fee revenue is over budget due to higher domestic numbers in semester 2 and the retention of TEC funding due to Covid 19.

Other revenue is down due to the impact of Covid 19 on revenue gathering activities due to campus closure and the border closure.

Depreciation is higher than budget due to the adoption of our parents accounting policies with the increase in depreciation rates and change in useful life of assets.

Expenditure was reduced due to Covid 19 resulting in lower costs on other revenue where planned activities where not held, and reduced travel.

The decrease in Non-current assets versus budget is due to the disposal of land, an increase in depreciation rates due to the adoption of our parents accounting policies, and a hold on capital purchases due to cash restraints.

The major variance in the operational flows of the cashflows is due to very low international enrolments and payments in the latter part of the 2020 financial year for semester 1 of 2021. This was a direct result of covid-19 and the closure of the borders

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18. OPERATING LEASES

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.

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year	1,236	1,142
Later than one year and not later than five years	3,467	3,087
Later than five years	7,021	7,005
Total leases as lessee	**11,724**	**11,234**

19. COMMITMENTS AND CONTINGENCIES

	Group	Institute
All in $'000	**Actual 2020**	**Actual 2020**
The Institute has the following commitments at balance date:		
Capital commitments		
As at 31 December 2020 the Institute and Group have no capital commitments	0	0
Total capital commitments	**0**	**0**
The Institute has the following contingent assets at balance date:		
Contingent assets		
As at 31 December 2020 the Institute and Group have no contingent assets	0	0
Total contingent assets	**0**	**0**
The Institute has the following contingent liabilities at balance date:		
Contingent liabilities		
Wintec entered into an operation and maintenance agreement with the Colleges of Excellence in the Kingdom of Saudi Arabia on 8 April 2014. Under this agreement Wintec was required to provide a performance bond which was done under a counter agreement between the Bank of New Zealand and Banque Saudi Fransi. In 2019 Wintec had ceased this operation and is in the process of winding up the companies. The amount of this bond at 31 December 2020 was $2.0m and continues to be renewed until the finalisation of the outstanding issues. The Institute and group have no other contingent liabilities.	2,000	2,000
Total contingent liabilities	**2,000**	**2,000**

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20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

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

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

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

	Group	Institute
All in $'s	**Actual 2020**	**Actual 2020**
Key management personnel compensation		
Board members		
Full-time equivalent members	1.0	1.0
Remuneration	106,851	106,851
Executive Leadership Team and Chief Executive		
Full-time equivalent members	10.0	8.0
Remuneration	1,698,746	1,390,876
Total full-time equivalent members	**11**	**9**
Total key management personnel remuneration	**1,805,597**	**1,497,727**

Board member remuneration		
Niwa Nuri (Te Arawa)	25,906	25,906
Margaret Devlin	16,189	16,189
Michael Crawford	12,951	12,951
Kiri Goulter	12,951	12,951
Tania Hodges	12,951	12,951
Raewyn Mahara	12,951	12,951
Pamela Storey	12,951	12,951
Total Board members remuneration	**106,851**	**106,851**

Related party transaction not at "arms length"
Wintec provided office space to its subsidiary Soda during the year at nil cost.

21. 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 intra-group 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 obtains control of the entity and ceases when the Institute loses control of the entity.

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 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 statement. Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting.

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 only after its share of the surpluses equals the share of deficits not recognised.

Details of holdings in subsidiaries and associates are shown in the table below:

Subsidiary/Associate/Joint Venture	% Ownership	Balance date	Business activity
Soda Inc Ltd	100	31-Dec	Creative industries business incubator
Motortrain Limited	25	31-Dec	Developing training materials for motor industry
MondragonWintec SaudiA arabia LLC*	100	31-Dec	Education - now dormant
Wintec KSA Limited	100	31-Dec	Education - now dormant
Polytechnics International New Zealand (PINZ)	100	31-Dec	Off shore consultancy
Wintec Foundation Trust	100	31-Dec	Charitable Trust
Students Residence Trust	0	31-Dec	Student Accommodation
LearningWorks Ltd	100	31-Dec	Developing and delivering training to industry

Notes to the Financial Statements

for the nine months ended 31 December 2020

22. EVENTS AFTER BALANCE DATE

The Land at Ward Street available for sale completed on 31 March 2021. Wintec received $2.124m on 31 March 2021.

On the 30th June 2021 the debt with the BNZ bank has been repaid in full and both the term loan and the overdraft facility have been closed. Our parent Te Pūkenga are now funding our debt.

Covid 19 update
On 17 August 2021 the New Zealand Government declared a state of emergency and put the County into Level 4 lockdown due to the Delta strain being in the community.

Wintec was prepared for this situation having been through it before and was able to deploy our emergency protocols for the event. Staff were able to work from home and as such Wintec could still operate through the period of lockdown. Students were informed of the process and where possible online teaching commenced. In addition, students who needed laptops for online learning had them delivered by a team with contactless delivery. Our information technology teams were available to students with technology needs and access.

23. COVID 19

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

During this period, the Institute closed all delivery sites and brought forward the mid-semester break to align with the new timing of the school holidays in New Zealand. Most staff moved to a 'work from home' model and teaching was changed to on-line delivery after the mid-semester break.

After 13 May and thorough to the end of the 2020 financial year, the Institute has continued with on-line delivery where possible. However, for those students that benefit from face to face training classes have resumed. Semester two was in the main face to face teaching with a mix of on-line learning and classroom based where required.

The effect on our operations is reflected in these financial statements based on the information available to the date these financial statements are signed. At this time, it is difficult to determine the full on-going effect of COVID-19 and therefore some material uncertainties remain. There could also be other matters that affect the Institute going forward that we are not yet aware of.

We have also disclosed in the financial statements our significant assumptions and judgements regarding the future potential impacts that may have a material impact on the Institute. These uncertainties may have a material impact on the Institute going forward.

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

Ongoing financial difficulties and funding support
The TEC has confirmed that 2020 funding for Investment Plans and Fees Free will continue. The TEC has informed ITPs that it will not recover 2020 funding because of either non-achievement of Education Performance Indicators or under-delivery during the 2020 year. This provides the Institute with certainty that it can continue to deliver to students despite disruption caused by COVID-19. A consequence of this is the Institute has recorded a receivable and revenue for the period ended 31 December 2020 of $2.5 million for the remaining 2020 funding (both investment plan and fees free) to be received after balance date.

However, as a result of the decline in international students due to the Covid-19 pandemic, the Company going forward is forecasting a loss of $7.5 million on 2021.

Government funding
The TEC confirmed during March 2020 that 2020 funding for Investment Plans and Fees Free will continue, and that it will not recover 2020 funding because of either non-achievement of Education Performance Indicators or under-delivery during the 2020 year.

This provided the Institute with certainty that it could continue to deliver to students despite the disruption caused by Covid-19. As a consequence of this, Wintec recognised all the 2020 funding as revenue in its financial statements for the three-month period ended 31 March 2020. The Institute has not recognised any SAC funding during the period.

Student numbers and fees revenue
For 2020 international numbers were close to budget levels due to most students being in country prior to the lock down. The main issue is with 2021 where borders continue

to be closed and therefore only student that are in country can enrol. However it should be noted that our 2021 domestic enrolments are significantly up on 2020 although at an insufficient level to offset the drop in 2021 international students.

Expenditure
As a result of Covid-19, the Institute has incurred additional expenditure to cover off PP&E, personal protective equipment, security and cleaning. This has in the main been offset by a reduction in power costs as a consequence of the campus being closed and a mild winter. Travel costs were also underspent due to travel restrictions both in country and offshore.

Additional capital costs were incurred to ensure that staff and students could where possible work from home and or be taught from home. This was partially funded by a government initiative and also through reprioritisation of capital spend.

Valuation of investment property
Our valuers carried out a desk top review and their comments were that “prior to the COVID-19 pandemic the Waikato region had been well positioned with strong population and economic growth. The market fundamentals have not substantively changed in terms of supply and demand, particularly for average and good quality investments. Since the COVID-19 lockdown, the leasing market has softened, with no resultant decrease in rental levels, while purchasers remain confident, despite the uncertainty.”

Their observations have seen no value impact in the residential and industrial sector and subdued performance in the office, retail and hospitality/tourism sectors. Forecasted negative impacts may initially have been insulated by Government support packages, however some uncertainty still exists.

- Further information about the key valuation assumptions used in estimating the fair value of land and buildings at 31 December 2020 are provided in the property, plant, and equipment note 8.

Impairment of tangible and intangible assets

- An impairment assessment has been completed for tangible and intangible assets. The result of this assessment was that there was no impairment

Debt
The Institute has held external debt since 2008 and has used debt historically as a mechanism to fund capital investment. The Company also has access to an $8.5 million overdraft facility.

The cash flow impact of the forecast operation deficits for 2020 and 2021 will result in a breach of the Company’s TEC covenants in 2021 and one of its banking covenants. As it was also unlikely the Company will be able to comply with the reducing debt limits 2021 set by the Secretary of Education in 2015, the Company worked with TEC and Te Pukenga to alter the borrowing conditions of debt facilities and to restate borrowing limits to 2019 levels of $43.5 million. Approval for this facility was provided on the 14 December 2020, subject to sign off by Wintec and Te Pukenga’s board.

As described above, Te Pūkenga is the 100% shareholder of the Company. The Company has received a letter of support from Te Pūkenga advising Te Pūkenga’s intentions to provide financial support to assist its 100% subsidiaries in meeting their liabilities as and when they fall due, but only to the extent that funding is not otherwise available to meet the same. Subsequent events where our debt to the bank has been repaid means we will no longer have a risk of breaching banking covenants.

Salary Sacrifice
During the Covid 19 period the Board and the Chief Executive sacrificed 20% of their salary for 6 months to go to the hardship fund to assist Wintec students during this period.

Notes to the Financial Statements

for the nine months ended 31 December 2020

24. RECONCILIATION OF EQUITY

The following table shows the changes in equity resulting from the transition from Waikato Institute of Technology to Waikato Institute of Technology Ltd.

Ligar Limited had been wound up before 1 April 2020. LearningWorks owned 50% of the entity. At 1 April 2020 both the LearningWorks investment and that of the non- controlling entity have been eliminated as the company no longer exists.

		Group			Institute		
All in $'000	**Notes**	**Actual 31 March 2020**	**Effective Accounting Changes**	**Actual 1 April 2020**	**Actual 31 March 2020**	**Effective Accounting Changes**	**Actual 1 April 2020**
Assets							
Current assets							
Cash and cash equivalents		4,679	0	4,679	249	0	249
Student fees and other receivables	a	44,583	(898)	43,685	43,185	0	43,185
Prepayments		1,162	0	1,162	1,123	0	1,123
Inventory		412	0	412	412	0	412
Total current assets		**50,836**	**(898)**	**49,938**	**44,969**	**0**	**44,969**
Non-current assets							
Property, plant and equipment		169,907	0	169,907	166,930	0	166,930
Intangible assets		18,173	0	18,173	17,742	0	17,742
Other financial assets - non-current		654	0	654	3,066	0	3,066
Total non-current assets		**188,734**	**0**	**188,734**	**187,737**	**0**	**187,737**
Total assets		**239,570**	**(898)**	**238,672**	**232,706**	**0**	**232,706**
Liabilities							
Current liabilities							
Trade and other payables		8,529	0	8,529	8,498	0	8,498
Employee entitlements		4,316	0	4,316	4,048	0	4,048
Revenue received in advance		29,124	0	29,124	27,913	0	27,913
Borrowings		3,734	0	3,734	3,734	0	3,734
Total current liabilities		**45,703**	**0**	**45,703**	**44,193**	**0**	**44,193**

All in $'000	Notes	Group: Actual 31 March 2020	Group: Effective Accounting Changes	Group: Actual 1 April 2020	Institute: Actual 31 March 2020	Institute: Effective Accounting Changes	Institute: Actual 1 April 2020
Liabilities							
Non-current liabilities							
Employee Entitlements		144		144	145		145
Revenue received in advance		8,506		8,506	8,206		8,206
Total non-current liabilities		**8,650**	**0**	**8,650**	**8,351**	**0**	**8,351**
Total liabilities		**54,353**	**0**	**54,353**	**52,544**	**0**	**52,544**
Net assets		**185,217**	**(898)**	**184,319**	**180,162**	**0**	**180,162**
Equity							
General funds		159,142	(449)	158,693	154,536	0	154,536
Property revaluation reserve		24,972	0	24,972	24,972	0	24,972
Trust, endowments and bequests		0		0	0	0	0
Restricted reserves		654		654	654	0	654
Total equity attributable to the Institute		**184,768**	**(449)**	**184,319**	**180,162**	**0**	**180,162**
Non-controlling interest		**449**	**(449)**	**0**	0	0	0
Net assets		**185,217**	**(898)**	**184,319**	**180,162**	**0**	**180,162**

Vesting

As part of the reform of the delivery of vocational education in New Zealand, the Education (Vocational Education and Training Reform) Amendment Act 2020 converted the Waikato Institute of Technology into the Waikato Institute of Technology Limited on 1 April 2020. On this date, the rights, assets, and liabilities of Waikato Institute of Technology vested in Waikato Institute of Technology Limited for no consideration. The Waikato Institute of Technology Limited has applied PBE IPSAS 40 PBE Combinations to account for the vesting of the assets and liabilities. The carrying amount of assets, liabilities, and equity reserves included in Waikato Institute of Technology's final disestablishment report as at 31 March 2020 were carried forward to become the opening balances for the Waikato Institute of Technology Limited's statement of financial position at 1 April 2020. There was an adjustment made to the Group accounts relating to the winding up of one of the group entities, note above describes the transactions involved. The opening 1 April 2020 balances are presented in the statement of financial position.

Notes to the Financial Statements

for the nine months ended 31 December 2020

25 CHILDCARE SUMMARY

	Actual 2020 $'000	Budget 2020 $'000	Actual 2019 $'000
Revenue			
Government grants (children under two)	178	189	237
Government grants (two and over)	77	58	114
Government grants (20 hours ECE)	215	182	223
Government grants (plus 10)	37	26	34
Incentive grant	0	0	-
Fees Work and Income New Zealand (WINZ)	92	60	109
Other fees targeted	79	69	120
Other trading revenue	**678**	**584**	**836**

Expense			
Staffing	526	542	692
Other costs	38	40	52
Other trading expenses	**564**	**582**	**744**
Trading surplus	**114**	**2**	**92**

26 STATUTORY REPORTING DEADLINE

The timeline for providing the audited report to the Minister was 30 April 2021. The Institute and its auditors needed to consider the impact of the new reporting requirements on key information in the financial statements. Consequently, the Institute could not report before the statutory deadline.

27. DIRECTORS' INTERESTS

Directors' have disclosed the following interests for the period ended 31 December 2020 in accordance with Section 140 of the Companies Act 1993.

Director	Entity	Relationship
CRAWFORD, Michael John Cameron	Wintec Student Residence Trust	Trustee
	Michael Crawford Family Trust	Trustee
	Institute of Directors	Chartered Member
	Chartered Accountants Australia and New Zealand (CAANZ)	Member
	High Court of NZ	Enrolled Barrister & Solicitor
	NZ Shareholders Association	Member
	Enterprise Angels	Member and Investor Representative
	Forest & Bird	Member
	Tātau Tātau Commercial Ltd	Director
	Frank Risk New Zealand Ltd	Chair
	Frank Risk Management Ltd	Chair
	Horsham Ltd	Director & Shareholder
	Directors Inc Ltd	Director & Shareholder
	Student Rentals New Zealand Ltd	Director
	Nyriad Ltd	Shareholder
	Datagate Innovation Ltd	Shareholder
	Figured Ltd	Shareholder
	UBCO Ltd	Shareholder
	Roholm Ltd	Shareholder
	Enterprise Angels Fund 2 LP	Investor
	InsightAI Ltd	Investor
	Galileo Mining Ltd (Aust)	Investor
DEVLIN, Margaret	Institite of Directors	Chartered Fellow, and also Institute of Directors' Waikato Branch Committee Member.
	Waikato University	Council Member and Audit and Risk Committee Member
	Waikato District Council	Audit and Risk Committee Member (Chairman)
	Lyttleton Port	Director
	Watercare Services Ltd	Chairman
	Waikato Regional Airport Ltd	Director
	Women in Infrastructure Network	Chairman
	IT Partners Group	Director
	Aurora Energy	Director
	Infrastructure New Zealand	Director
	Hospice Waikato	Chairman
	Waimea Water Ltd	Director

Notes to the Financial Statements

for the nine months ended 31 December 2020

27. DIRECTORS' INTERESTS (CONTINUED)

GOULTER, Kiri Adrianne	The Wintec Foundation	Trustee
	Waikato Regional Economic Development Ltd	Director
	Kiri Goulter Consulting Ltd	Director
	Santana Ventures	Director
	Te Awa River Ride Trust	Board member
HODGES, Tania Lee	Digital Indigenous.com Ltd	Managing Director and Shareholder
	Te Pūkenga	Council Member (Ministerial Appointment)
	Toi Ohomai Institute of Technology Ltd	Director
	Whanau.com Trust	Trustee
	Independent Whanau Ora Advisory Group	Member
	Waikato Tainui Koiora Strategy Panel	Panel Member
MAHARA, Raewyn Janeen	Tertiary Education Commission - Te Taumata Aronui Maaori and Iwi Advisory Board	Board member
	Waikato-Tainui	General Manager, Education and Pathways
	Ministry of Education - National Maaori NCEA Panel	Panel Member
NURI, Niwa Ranji	Tuhono Trust	Accountant
	Rototuna Primary School	Trustee
	Te Arawa Lakes Trust	Trustee
	Lotteries Oranga Marae Committee	Committee Member
	Tu Tonu Limited	Director
	Grandparents Raising Grandchildren Trust	Trustee
	Te Kopu NZ Ltd	Chair
	Hemi James Robb Whanau Trust	Chair
	Taranaki Tona Nuri Whanau Trust	Chair
	Hariata Robb – Kawha Whanau Trust	Chair
	Ngati Tarawhai Iwi Trust	Trustee
	Toi Ohomai Institute of Technology Ltd	Director
STOREY, Pamela Romsos	The Good Collective	Director
	Waikato Regional Council	Councillor – Waikato Constituency
	Rabobank New Zealand	Chair – Upper North Island Client Council
	Fonterra	Shareholder/Supplier
	LIC	Shareholder
	Ballance Agri Nutrients	Shareholder
	Farmlands	Shareholder
	Taniwha Estate Ltd	Director
	Taniwha Trust	Trustee

STATEMENT OF SERVICE PERFORMANCE

Statement of Service Performance

The 2020 Statement of Service Performance (SSP) comprises the set of key performance indicators (KPIs) agreed with TEC and approved as part of the Investment Plan 2019-20.

The Investment Plan is Wintec's funding agreement with the Tertiary Education Commission (TEC). It contains the key performance indicators agreed between Wintec and the TEC for the period of the Investment Plan (2019-20). The KPIs demonstrate Wintec's progress towards success in:

- delivering quality provision which is relevant to the needs of the region's learners, communities, and employers;
- driving improved educational outcomes, improving infrastructure and facilities to enable quality teaching and learning, and enhance work and social environments;
- increasing financial sustainability, and
- securing greater organisational efficiency.

In addition to the Investment Plan, Wintec also has Strategic and Business Plans, written to engage staff, students, employers, community organisations, international partners and other stakeholders with Wintec's strategic vision and our strategies for achieving success.

The 2020 SSP includes the mandated Educational Performance Indicators (EPIs) agreed with TEC through the 2019-2020 Investment Plan process, other EPIs factored in by TEC in the assessment of our 2018 performance, and key initiatives arising out of the 2020 Business Plan.

For the most part, they focus on shifting our performance towards achieving parity for Māori and Pasifika cohorts, relative to non-Māori and non-Pasifika by 2022. These stretch targets have been set for three years (as required by TEC in the Investment Plan), using 2017 EPI results as the baseline. In some cases, the shift required is relatively small (between 1-2%). For others, the shift is greater, and may be up to 5% over three years. Initiatives piloted during 2019 to lift student have continued into 2020. These initiatives will require time to mature and have an impact on closing the parity gap.

Note: As part of the 2019-2020 Investment Plan process, the TEC changed the EPIs for tertiary providers, and applied them to all funding sources, not just Student Achievement Component (SAC) funding.

The new EPIs are expressed according to different strategic groups (Māori, Pasifika, and Non-Māori and Non-Pasifika), and across different cohort groupings (Levels 1-3, Levels 4-7 non degree, Level 7 degree, and Level 8-10). In addition, the TEC have introduced new cohort-based measures for qualification completion and first-year retention.

For ease of reading this statement the EPIs no longer reported on in 2020 are represented as "n/a" (not applicable).

Notes SAC Funded includes:

- Competitive Process Funding
- EFTS based tuition subsidies
- Māori and Pasifika Trades Training (MPTT) Levels 1 and 2
- Māori and Pasifika Trades Training (MPTT) Levels 3 and 4
- Plan Process Funding
- Plan Process Levels 1 and 2 for under 25s
- SAC Level 3 and 4 Competitive Process Funding

Key terms:

EFTS – Equivalent Full Time Student/s

EPI – Educational Performance Indicator

FTE – Full Time Equivalent

ITP – Institute of Technology and Polytechnic

MPTT – Māori and Pasifika Trades Training

NZQF – New Zealand Qualification Framework

PBRF – Performance Based Research Fund

PTE – Private Training Establishment

SAC – Student Achievement Component

SCC – Successful Course Completion

STP – Secondary Tertiary Partnerships

TEC – Tertiary Education Commission

TNW – Te Ngawhā Whakatupu

TROQ – Targeted Review of Qualifications

WTA – Waikato Trades Academy

EDUCATIONAL PERFORMANCE – ALL SAC-FUNDED STUDENTS

Objectives		Measures			
Participation		**2018 Actual**	**2019 Actual**	**2020 Planned**	**2020 Actual**
Level 1 to 3	Māori	n/a	29%	31%	28%
	Pasifika	n/a	6.5%	7%	7.7%
	Non-Māori and Non-Pasifika	n/a	66%	62%	66%
Level 4 to 7 (non-degree)	Māori	n/a	23%	27%	22%
	Pasifika	n/a	6.5%	8%	7%
	Non-Māori and Non-Pasifika	n/a	71%	65%	72%
Level 7 degree	Māori	n/a	24%	24%	25%
	Pasifika	n/a	6.7%	6%	7.1%
	Non-Māori and Non-Pasifika	n/a	71%	70%	70%
Level 8 to 10	Māori	n/a	18%	15%	11%
	Pasifika	n/a	3.2%	5%	3.4%
	Non-Māori and Non-Pasifika	n/a	79%	80%	86%
First-year retention					
Level 4 to 7 (non-degree)	Māori	n/a	45%	50%	50%
	Pasifika	n/a	56%	50%	30%
	Non-Māori and Non-Pasifika	n/a	61%	60%	62%
Level 7 degree	Māori	n/a	69%	70%	63%
	Pasifika	n/a	71%	70%	68.9%
	Non-Māori and Non-Pasifika	n/a	72%	75%	73%
Progression					
Level 1 to 3	Māori	n/a	25%	48%	18%
	Pasifika	n/a	21%	46%	19.6%
	Non-Māori and Non-Pasifika	n/a	38%	55%	42%
Course completion					
Level 1 to 10	Māori	n/a	66%	77%	67%
	Pasifika	n/a	64%	77%	67.3%
	Non-Māori and Non-Pasifika	n/a	79%	83%	78%
Number of expected graduates					
Level 1 to 3[3]	Māori	n/a	214	195	167
	Pasifika	n/a	50	45	59
	Non-Māori and Non-Pasifika	n/a	701	425	754

2020 Context

Initiatives to support equitable outcomes for all learners.

Over the previous two years we have increased our strategic and management priority directed at lifting the achievement of Māori and addressing equity issues. We have had a continued and sustained approach to lifting Māori achievement to higher levels of the New Zealand Qualifications Framework (specifically, shifting from Levels 3 and 4, to Levels 5, 6, 7 and above), and implemented a range of initiatives to support learners to be successful.

Te Ngawhā Whakatupu (TNW) was developed as a capability framework identifying three key cultural competencies, Te Reo and Tikanga, Te Tiriti and Ako. These competencies lead to excellence in teaching and learning.

Through Ōritetanga (including additional support from TEC), we strengthened our commitment to furthering our engagement with Māori and increased our investment in supporting our staff to develop their capability in, and engagement with Te Ao Māori and the Pasifika world view.

With the establishment of Te Pūkenga, this work has been further consolidated under Tōia Mai Excellence Framework – Wintec's response to delivering on Te Pae Tawhiti (Te Tiriti Excellence Framework) – to be rolled out in 2021. Tōia Mai drives a whole of organisational cultural shift, and introduces a new operating model focussed on improving inclusivity, partnerships, and equitable outcomes for Māori.

Impact of COVID-19

Campus lockdown, due to COVID-19 saw an adjustment in implementation focus for the Ōritetanga project as services shifted to support, first distance delivery, then the re-engagement of learners back on campus for Semester 2. During this time many of the Ōritetanga strategies continued to be implemented, including:

- the foundations of a holistic support and advisory model, including learner case management, financial services and reporting;
- implementation of learner pulse surveys and scalable attrition reporting, and
- embedded learner support across programmes with high attrition.

At an institutional level, the case management support offered during and post lockdown for those learners who were absent from class showed positive results, with 84% of those learners who were case managed remaining on track with their learning in Semester 2.

The additional financial support offered by Wintec also made a significant difference for our learners, with close to 1,200 receiving financial support and 92% of those were still engaged in learning until the end of the year.

The impact of these initiatives is reflected in the EPI results for 2020.

Participation

Goals for increased enrolments and participation for Māori and Pasifika learners are agreed with TEC and articulated in Wintec's Investment Plan 2019-20 (formulated in 2018). Since the development of those goals, Wintec has invested significant resource in developing and implementing learner success initiatives to support improved outcomes for Māori and Pasifika learners, aligned to the government's expectations to ensure equitable outcomes for all learners.

Level 1 to 3

28% of SAC-funded enrolments in 2020 at Level 1 to 3 (263 out of 949 EFTS) identified as Māori, which is below the target set of 31%. This is lower than the level of participation in 2018 and 2019 and equates to a reduction of 34 EFTS on 2019 levels. While there has been an increase in enrolments in Business and Trades programmes over the last 2 years, there has been a reduction in the number of enrolments in Science and Primary Industries. This is due to a shift in provision, and the decreased delivery of horticulture programmes in the region, rather than a reflection on programme quality.

There has been an increase in the number of Pasifika, and Non-Māori and Non-Pasifika learners at this level (from 7% in 2019 to 7.7% in 2020 for Pasifika, and 62% in 2019 to 66% in 2020 for Non-Māori and Non-Pasifika). This is representative of continued growth in Level 1 to 3 over time, from 479 EFTS in 2014 to 949 EFTS in 2020, at just over 2%.

Level 4 to 7 (non-degree)

There has been a slight decrease in Māori and Pasifika participation in Level 4 to 7 (non-degree) programmes, and an overall reduction in participation numbers for all learner groups from 2,672 EFTS in 2019 to 2,616 EFTS in 2020

Level 7 degree

25% of enrolments in Level 7 degree programmes identified as Māori, which is slightly above the target set (24%). A decrease in enrolments in Information Technology (down 13 EFTS on 2019 levels) and Business and Enterprise (down 7 EFTS on 2019 levels) has been offset by an increase in enrolments in Health and Social Practice (an increase of 13 EFTS on 2019 levels) and Media Arts (an increase of 9 EFTS on 2019 levels). Increased Pasifika enrolments in Media Arts and Early Childhood Education at this level has resulted in an increased participation rate, from 6.7% in 2019 to 7.1% in 2020 (a total of 102 EFTS of the 1,436 EFTS delivered at Level 7 degree.

Level 8 to 10

Non-Māori and Non-Pasifika enrolments in Level 8 to 10 has increased from 79% in 2019 to 86% in 2020, despite a reduction in the overall numbers of postgraduate enrolments, and a decrease in the number of Māori learners at this level (from 18% in 2019 to 11% in 2020). Pasifika enrolments at this level have remained steady year on year (3.2% in 2019 and 3.4% in 2020). It should be noted however, that this is a relatively small cohort, and subject to fluctuations.

First-year retention

Level 4 to 7 (non-degree)

Overall, the rate of first-year retention across Level 4 to 7 (non-degree) is subject to fluctuations (48% in 2018, 57% in 2019, and 58% in 2020) due to the relatively small number of eligible learners in this cohort, as Wintec offers few qualifications at this level that are more than 2 EFTS in duration (predominantly programmes in Engineering and Industrial Design).

An increase in first-year retention for Māori learners at Level 4 to 7 (non-degree) from 45% in 2019 to 50% in 2020 is pleasing, and reflective of the initiatives embedded across Wintec to lift learner success. 68% of learners in this cohort are enrolled in Engineering and Industrial Design programmes, with a 42% retention rate in 2020.

In absolute terms, the first-year retention rate for Pasifika learners at Level 4 to 7 (non-degree) has declined (from 56% in 2019 to 30% in 2020). However, it should be noted that this is a small cohort (9 enrolments in 2020, 77% of whom are enrolled in Engineering and Industrial Design programmes), and the non-retention of one student has a significant impact on the overall result.

In programmes with embedded support through Ōritetanga, retention of Māori and Pasifika learners increased by approximately 25%, meaning that 325 more Maori and Pasifika continued on their learning journey with Wintec, when compared to 2019 levels.

For Non-Māori and Non-Pasifika, first-year retention at Level 4 to 7 (non-degree) has remained consistent year on year at 62%. 69% of learners in this cohort are enrolled in Engineering and Industrial Design programmes, with a retention rate of 56% in 2020.

First-year retention

Level 7 degree

The first-year retention rate for Māori at Level 7 degree is 63%, a decrease of 6% on 2019 levels (69%), although within the range of 58% to 65% achieved over the last five years. 45 learners in this cohort identified as Pasifika, and achieved a retention rate of 68.9%, which is slightly below the target set, although within the range achieved between 2015-2019 (62%-76%).

A slight increase in retention for Non-Māori and Non-Pasifika (from 72% in 2019 to 73% in 2020) reflects an increase in the number of learners in the starting cohort, and a slight increase in retention overall. It is worth noting that approximately 50% of all learners at Level 7 degree are enrolled in Health and Social Practice programmes, which has shown an increase in retention overall year on year.

Progression

Progression is the rate of enrolment in a higher-level qualification in the following year for students who have completed a qualification at levels 1-4 of the National Qualification Framework (NQF). Students may progress to qualifications at the same institution, or another institution in New Zealand. Progression data is made available by TEC in April 2021 (the final due date for 2020 results).

Course completion

Note: course completion results presented here are as at 21 April 2021, as final results are provided by TEC after April 2021 (the final due date for 2020 results)

Course completions for Māori learners at Levels 1 to 10 is currently at 67%, slightly below the 2019 result of 66% and below the target set (77%). The disparity between Māori, and Non-Māori and Non-Pasifika is slowly decreasing, reflecting the investment Wintec has made over the past 3 years in developing and implementing initiatives to better support learner success, and achieve equitable outcomes for all learners. It should be noted that the 2020 result provided here is an interim one, and is expected to increase once final results are provided by TEC.

Pasifika course completion rates have increased from 64% in 2019 to 67.3% in 2020, although below the target set (77%). This is a relatively small cohort, and subject to fluctuations year on year.

In programmes where embedded support was offered through Ōritetanga, a three-year trend of falling course completion rates for Māori and Pasifika learners was reversed. In those programmes, course completion rates rose from 62% to 67% for Māori learners, and from 64% to 67.3% for Pasifika learners.

Course completions for Non-Māori and Non-Pasifika is relatively consistent year on year. A significant increase in course completions in Business and Enterprise programmes, from 74% in 2019 to 85% in 2020 is particularly pleasing.

Number of expected graduates Level 1 to 3

Note: Graduation figures for 2020 cannot yet be finalised as course results will not be finalised until April 2021 and qualifications may be conferred after this time.

However, as at 18 January 2021, 167 SAC-funded qualifications at Level 1 to 3 have been completed by Māori learners, which is below the target set (195 graduates) and lower than the 2019 result (223 graduates). 59% of qualifications completed in this cohort are across 5 programmes in the Centre for Trades, 3 of which were identified as priority programmes under Ōritetanga. Fewer enrolments in this cohort in 2020 (485 learners) than in 2019 (533 learners) is a primary driver for the decrease in the number of expected graduates at this level.

59 qualifications have been completed by Pasifika learners in this cohort, exceeding the target set (45 graduates). The majority of qualifications completed were in the Centre for Trades, with nearly 50% of qualifications awarded identified as priority programmes under Ōritetanga. Overall, learner support initiatives delivered through Ōritetanga can be evidenced as having a positive impact on learner success.

As at 26 January 2021, 754 qualifications have been completed by Non-Māori and Non-Pasifika learners, which is an increase on 2019 levels (701 graduates) and far exceeding the 2020 target set (425 graduates). A significant increase in the number of enrolments in Introduction to Team Leadership 3 (an in-work qualification delivered via our subsidiary, Learning Works) is the key contributor to this result (189 completions in 2020, compared with 85 completions in 2019.

Educational Performance (All SAC Funded Learning):

	Measures			
Objectives	**2018 Actual**	**2019 Actual**	**2020 Planned**	**2020 Actual**
Percentage of agreed TEC SAC funding achieved	100.8%	96%*	100%	92.3%
Delivery of provision targeted to meet Youth Guarantee (YG) priorities	54% (49 EFTS delivered)	96% (48 EFTS delivered)	100% (50 EFTS)	48% (24 EFTS)

Key points:
As at 28 January 2021, a total of 3,777 SAC-funded EFTS (Level 3 and above) were delivered in 2020, equating to 92.3% of our funding allocation. This is a drop in EFTS of approximately 4.3% (170 EFTS) when compared to 2019, arising out of various environmental factors. Wintec continues to deliver quality education and have implemented process improvements to address this issue and to increase retention and completion rates for our learners.

Youth Guarantee (YG) EFTS has declined year on year, from 49 EFTS in 2018 (54% of allocation), to 48 EFTS in 2019 (96% of allocation), to 24 EFTS in 2020 (48% of allocation). This is consistent with YG delivery across New Zealand, due to changes in the eligibility criteria for YG funding, and the availability of other fees free trades and associated programmes. We have taken this into consideration in setting the targets for 2021.

Educational Outcomes

	Measures			
Objectives	2018 Actual	2019 Actual	2020 Planned	2020 Actual
Student satisfaction	90%	92%	92%	93%
Graduate satisfaction	91%	89%	90%	91%
Employer and Engagement Satisfaction**	79%	85%	80%	86%

*** This measure cannot be directly compared to previous years as this new indicator combines both employer and Employer Engagement Group satisfaction (these were reported separately in 2018).*

Annual surveys are used to gauge customer satisfaction and engagement with key stakeholder groups.

Student Satisfaction

Student satisfaction is measured through surveying students at key interaction points of their journey. Students are asked questions regarding their satisfaction with various elements of their programme of study (e.g. quality of teaching, learning environment, programme overall and satisfaction with Wintec) via EvaluationKit software which enables them to respond to surveys through a pop-up in the Moodle platform. Student satisfaction data is analysed alongside other performance indicators in measuring the overall health and sustainability of our programmes. The satisfaction data from the survey is included in the online self-assessment dashboards which allow programme staff to view the data online and use this as part of their programme evaluation.

The student satisfaction metric in this report is based on their overall programme satisfaction as measured by the end of semester survey. In 2020 a total of 6,718 students were surveyed and 3044 responses received. The margin of error for the survey is +/- 1.3%.

Despite the impact of COVID-19 students' satisfaction with their programme of study was the highest ever recorded (93%). Among reasons given by respondents for their satisfaction were their supportive and understanding tutors, the flexibility offered to enable them to continue in their studies (including deadline extensions and additional drop-in sessions) as well as the material (e.g. loan laptops) and financial support (through the Manaaki Financial Support Grant) offered. Student support teams and initiatives were also acknowledged, particularly by Māori and Pasifika respondents.

This feedback validates the considerable work undertaken by Wintec to ensure students were adequately supported during the COVID-19 lockdown and resulting adaptation to online delivery. This involved a cross functional team of Wintec staff who built a proactive customer care model, assisting over 2,000 learners with family, food, shelter, mental health and study needs, providing a truly holistic support system. A series of Learner Pulse surveys occurred every two weeks during lockdown, asking learners not only how they were going with their study, but also about their financial and resource needs. Data was used to enable targeted support which included phone calls to learners who requested assistance. Faculty kept a rolling issues and resolutions register to track implementation. Learner Pulse insights were reported fortnightly to Faculty, the Executive team and the Wintec Board detailing the experiences of our learners, and how Wintec was responding to the needs identified, ensuring the learner voice was heard at all levels of the organisation.

The Learner Pulse framework will continue to be developed in 2021 as part of the Tōia Mai excellence framework that will guide system-wide change to enable Wintec to improve equitable outcomes for Māori learners/tauira and demonstrate Te Tiriti o Waitangi partnerships.

Graduate Satisfaction

The Graduate Destination Survey enables Wintec to assess progress towards our goal of producing satisfied, industry-relevant and employable graduates. It allows us to track graduate employment and further study outcomes over time as well as gather feedback on the relevance of our qualifications to industry.

Wintec graduates are surveyed approximately six months after they complete their studies. All graduates who have successfully completed a Wintec programme that leads to a formal qualification the previous year are included in the survey which includes questions regarding employment, further study and the programme recently completed. In 2020 a total of 3,409 graduates were surveyed and 1,006 responses were received. The margin of error for the survey is +/- 2.6%.

The graduate satisfaction metric in this report is based on overall programme satisfaction (91%). This is an improvement on the 2019 result (89%) but within the margin of error for the survey. Graduate satisfaction levels above 90% were also recorded for these indicators: quality of teaching, programme content, development of skills and knowledge, career prospects, and programme resources and facilities. The highest level of satisfaction (94%) was with the development of skills and knowledge which reflects Wintec's

Educational Outcomes (continued)

role as a provider of vocational and professional education.

Overall, 86% of graduates surveyed were in employment or further study at the time of the survey. This is lower than recorded in the 2019 survey (91%) and is indicative of the impact COVID-19 has had on the ability of some of our graduates to participate in employment and further study.

Considerable favourable feedback was received from Wintec graduates regarding the real-world, hands-on training that enabled an easy transition into the workplace. Graduates also acknowledged the industry-relevant programme content, the expert knowledge of their tutors as well as the support services provided.

The feedback from this survey indicates Wintec programmes are successfully preparing graduates to participate in productive employment through relevant skills and knowledge gained through our teaching and learning activities.

Feedback received from our graduates remains an important aspect of our improvement initiatives. It provides teaching centres with information on the employment and further study outcomes of their graduates – information which is also valuable in marketing Wintec qualifications. Graduate feedback is also used to improve programmes for subsequent student cohorts.

Employer and Engagement Satisfaction Survey
Wintec's relationship with industry, as a provider of vocational training, is critical in order to ensure it is able to provide relevant qualifications and work-ready and employable graduates. Wintec aims to build collaborative and mutually beneficial partnerships with business, industry and the community.

An annual online survey of our industry engagement group members, relevant industry associates as well as employers identified through the graduate survey is conducted to gain feedback about Wintec graduates, the effectiveness of industry engagement groups and links with industry.

In 2020 a total of 361 industry contacts were surveyed and 101 responses received. While the employer satisfaction measure improved in 2020 to 86% (compared to 85% in 2019) this increase cannot be regarded as significant as it is within the margin of error for the survey (+/- 8.3%).

Reasons given by employers for recommending Wintec graduates included their hands-on and technical skills gained through field-based training, readiness for work, professionalism and willingness to learn. This emphasises the importance of industry placements during training and for tutors to spend time in industry to maintain current skills and knowledge.

Members of Wintec's industry engagement groups valued the opportunity to partner with Wintec in the development of programmes.

The results of this survey confirm that Wintec is continuing to successfully meet industry needs through the provision of highly employable graduates. The levels of satisfaction with Wintec graduates and the way Wintec works with industry/employers to develop qualifications are evidence of Wintec's success in continuing to develop its relationship with industry and employers.

2020 Business Plan Commitments

Focus Areas	Measures		
Objectives	**2019 Baseline**	**2020 Planned**	**2020 Actual**
Organisational Performance			
Achieve targeted SAC L3+ allocation	3,948 EFTS	3,881 EFTS	3,777 FTS
Achieve MPTT EFTS target	285 EFTS	300 EFTS	303 EFTS
Achieve agreed Youth Guarantee EFTS target	48 EFTS	50 EFTS	24 EFTS
Wellbeing and Capability			
Achieve Workwell Gold status	Silver	Gold	Gold
Reduce gender pay disparity	2.9%	<5%	<5%
Achieve gender tick accreditation	not applicable (new initiative)	achieve accreditation	accreditation achieved
Increase Māori and Pasifika workforce representation	17%	20%	19%
Increase employee engagement score on 2019 levels	64%	65%	74%
Increase Employee Experience overall response rate	87%	70%	74%
Māori and Pasifika			
Revise and implement Te Ngawhā Whakatupu (Māori Capability Framework)	not applicable (new initiative)	develop implementation plan	implementation plan developed and incorporated into Tōia Mai
Develop and plan for implementation of Pasifika Success Indicators	not applicable (new initiative)	develop implementation plan	now superseded by the implementation of Tōia Mai
Research			
Research degree completions	39	33	29
Achieve budgeted PBRF revenue	$1.1M	$1.1M	$1.13M
Achieve non-PBRF revenue (including Ligar)	$461,000	$320,000	$483,000
External research income*	$424,000	$780,000 (Investment Plan target) $100,000 (revised 2020 Business Plan target)	$60,000
Internationalisation			
Achieve business plan stretch target for international on-shore EFTS (Investment Plan target was 1250)	1203 EFTS	1270 EFTS	1181 EFTS
Achieve international off-shore colleges revenue	$2M	$2.1M	$2.2M
Achieve Train the Trainer (short course) revenue	$2.2M	$2.5M	$40,000
Achieve revenue from international off-shore commercial initiatives	$2.3M	$2.6M	$1.02M

* Note: this figure was agreed with TEC as part of the 2019-20 Investment Plan process in 2018.

2020 Business Plan Commitments (continued)

Key points:

Organisational Performance

As at 28 January 2021, a total of 3,777 SAC-funded Level 3+ EFTS were delivered in 2020, which equates to 92.3% of our total funding allocation. This is a drop in EFTS of approximately 4.3% (170 EFTS) when compared to 2019, arising out of various environmental factors. While COVID-19 and associated lockdowns affected our Semester 1 intake, modest recovery was achieved in Semester 2 through an increased focus on regional delivery, additional intakes, and direct sales to businesses.

Youth Guarantee EFTS are declining year on year, from 49 EFTS in 2018, to 48 EFTS in 2019, and 24 EFTS in 2020 (below the target set of 50 EFTS. There are two primary reasons for this:

- eligibility criteria for learners to access this funded delivery is very restrictive and only extends to a limited number of programmes, and
- the government's budget announcement of fees free trades and associated programmes, which further reduces eligibility.

This is an issue experienced by all providers across the tertiary network. Consequently, we have significantly revised our target for 2021 to 13 EFTS.

A total of 303 EFTS were delivered through Māori and Pasifika Trades Training (MPTT) in 2020. COVID-19 lockdown presented some challenges in ensuring that students were retained. However, provision of technology and other materials to assist with studies enabled us to reach our targeted completions. The two largest MPTT programmes in 2020 were Te Ara Putake – My Academic Pathway (60 EFTS) and Construction Trade Skills Level 3 (59 EFTS).

Wellbeing and Capability

An increased response rate for the 2020 Employee Experience and Engagement survey (87%), resulted in an increase in the overall employee experience score from 70% in 2019 to 74% in 2020, and an increase of 10% in the overall employee engagement score from 64% in 2019 to 74% in 2020. Of particular note, the areas of Engagement, Communication, Senior Leadership and Flexibility showed significant improvement on 2019 results, reflecting a positive staff response in a year when our workplace and practices were impacted at varying levels due to COVID-19. An organisation Employee Experience and Engagement Plan has been developed, to be implemented and monitored throughout 2021.

Maori and Pasifika workforce representation has increased from 16.4% in 2019 to 19% in 2020 (Māori staff 15.1%, and Pasifika staff 3.9%). Strategies to increase Māori and Pasifika staff representation continue, and several new initiatives are currently out for consultation. These include:

- the development of whānau support guidelines, in consultation with Māori staff;
- drafting of new interview questions with a focus on bi-culturalism, Te Tiriti, and equity;
- draft guidelines on how to conduct more culturally responsive interviews, and
- regular and structured forums for Māori staff to seek input and provide feedback on initiatives being developed and implemented.

Our median gender pay gap has been maintained at 3.3%, which is slightly higher than the 2019 result of 2.9%, but significantly lower than 2018 levels (6.8%). As this measure is subject to fluctuations, we continue to monitor levels as we proceed through the annual remuneration process to ensure we remain on track.

Māori and Pasifika

A further review of Te Ngahwhā Whakatupu (TNW) capability framework was completed and presented to Wintec Board. TNW identified three key cultural competencies - Te Reo and Tikanga, Te Tiriti, and Ako – which lead to excellence in teaching and learning. Together with Ōritetanga, TNW is now incorporated into Tōia Mai – Wintec's excellence framework to guide organisation-wide change, enabling Wintec to improve equitable outcomes for learners and demonstrate Te Tiriti partnerships. This is consistent with the core outcomes of equity and partnership sought by Te Pūkenga through Te Pae Tawhiti (Te Tiriti Excellence Framework) and the Tertiary Education Strategy.

Two Pasifika leads were appointed during 2020: a fixed-term 0.8 FTE lead appointed to develop Wintec's Pasifika Strategy and Engagement Plan, and a 0.7 FTE focussed on Pasifika Learner Success. These appointments ensure that Wintec has a culturally appropriate response to Pasifika staff, student and community needs. The two leads are also responsible for developing a plan to implement Ako Aotearoa's five Pasifika Success Indicators – a toolkit that demonstrates quality practice that students have identified as having a significant influence on their perceived pathways to success.

The development of a Pasifika Communication and Engagement Strategy was placed on hold, pending the appointment of Pasifika leads. Regular communication in relation to Pasifika matters continued through a range of mechanisms, including:

- Fono support to K'aute Pasifika for the Pan-Pacific Hub;
- Promotion of Pacific language weeks, and
- Staff updates and public relations stories relating to Pasifika staff and student success (eg, the inaugural Peta Karalus Scholarships, and stories around the Pasifika Pipeline).

Research

Overall, research degree enrolments and completions have declined on 2019 volumes, with only 29 research degree completions in 2020 compared with 39 completions in 2019. Interestingly, the drop is in domestic students, rather than international which saw 2 more research degree completions than in 2019. We are in the process of reviewing and revising our postgraduate and research strategy, particularly in light of the impact of COVID-19 border closures (reducing the number of potential new international students taking up postgraduate enrolments).

Despite the disruptions of COVID-19 in 2020, there has been a significant increase in the number of cross-sector, interdisciplinary and collaborative research projects and events, providing excellent opportunities for Faculty to engage further with industry and community. With approximately 80 active researchers allocated 0.2 FTE of research time, and an improving research culture providing more mentorship of new and emerging researchers, we are in a strong position for the next PBRF application round.

International

A total of 1,181 international EFTS were delivered in 2020, equating to approximately 93% of the target set (1,270 EFTS). This is a direct consequence of the impact of COVID-19 and associated border closures, impacting on the ability for new international learners to travel to New Zealand. A strong Semester 1 intake off-set the negative impact of border closures on Semester 2. Longer term, the impact of COVID-19 will be more directly felt in 2021 as any potential new students will primarily be on-shore students looking to study further and or/visitors looking to extend their stay in New Zealand, via the student visa pathway. More positively, and despite the impacts of COVID-19, we have seen a 20% increase in EFTS from South East Asia on 2019 volumes. This growth is primarily due to an increase in Semester 1 enrolments from the Philippines, which now accounts for 59% of all South East Asia EFTS.

Projected year end revenue from international off-shore colleges is $2.3M, $200,000 more than the target of $2.1M. While enrolments were slightly lower than expected in Guizhou for the Chinese 2019/20 academic year, enrolments at Jinhua were maintained into Semester 2. During COVID-19 lockdown, staff were redeployed out of China, and delivery shifted to online modes.

Our target of $2.6M revenue from international off-shore commercial activities was not achieved, impacted by the travel restrictions imposed as a result of COVID-19, and our inability to travel to deliver key aspects of current contracts. However, innovative responses to the COVID-19 restrictions, together with flexibility on the part of funding partners to try new things (including new modes / methods, such as blended and interactive modules supported by Zoom-based tutorials to replace face to face delivery), returned some momentum, delivering approximately $1.3M revenue at year end.

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