Te Pūkenga

2021
Te Pūrongo ā-Tau
Annual Report

Te Pūkenga – New Zealand Institute of Skills and Technology

Te Pūkenga

Ngā Ihirangi | Contents

Tirohanga Whānui | Overview

Tō Mātou Tirohanga Roa | Our vision

Whakairohia he toki, tāraia te anamata.
Learning with purpose, creating our futures.

Tō Mātou Pūtake | Our purpose

E tuku ana e Te Pūkenga ngā huarahi mātauranga hiranga, tino kounga hoki hei tautoko i ngā ākonga, ngā kaitukumahi me ngā hapori ki te whiwhi i ngā pūkenga, mōhiotanga, āheinga hoki kei te hiahiatia e Aotearoa i āianei, mō āpōpō hoki. Noho ai ngā ākonga me ō rātou whānau hei pūtake mō ā mātou mahi katoa.

Te Pūkenga provides excellent and quality education opportunities that support learners, employers and communities gain the skills, knowledge and capabilities Aotearoa needs now and for the future. Learners and their whānau are at the centre of all we do.

Ngā Whakaawenga | Enablers for change

Reform of Vocational Education (RoVE) includes seven key changes that will enable a unified vocational education system:

1. Create Workforce Development Councils
2. Establish Regional Skills Leadership Groups
3. Establish Te Taumata Aronui
4. Create Te Pūkenga
5. Shift the role of supporting workplace learning from Transitional Training Organisations (TITOs) to providers
6. Establish Centres of Vocational Excellence
7. Unify the vocational education funding system.

Ā mātou whāinga tōmua | Our priorities

1. A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do.
2. Delivering customised learning approaches that meet the needs of learners and trainees wherever they are.
3. Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa New Zealand. Excellence in educational provision for all.
4. Services that meet the specific regional needs of employers and communities.
5. Transition educational services in a smooth and efficient manner.

Ngā Whāinga Matua| Our outcomes

1. Give effect to Te Tiriti o Waitangi in all that we do.
2. Provide exceptional learning experiences and equitable outcomes for Māori.
3. Be learner centred. Recognise the diverse and unique needs of all learners, with a focus on the unmet needs of Māori, Pacific and disabled learners, and staff, to empower diversity, belonging, and wellbeing.
4. Partner with employers to deliver relevant work-integrated education that meets skills needs.
5. Be responsive and empowering to staff and learners.
6. Become a connected and future focussed education provider driven by innovation, collaboration, research, data driven decision-making and teaching excellence.
7. Delivering regional flexibility and nationally consistent outcomes. Create-barrier free access, mobility across, and clear pathways within the network for learners.
8. Become a sustainable network of provision creating social, economic, environmental and cultural wellbeing.
9. Focus on efficient and cost-effective delivery across the network.

Ā Mātou Uara | Our values

Manawa nui
We reach out and welcome in

Manawa roa
We learn and achieve together

Manawa ora
We strengthen and grow the whole person

Ngā Tohu Whakatipu| Our Guiding Documents

Education and Training Act 2020 and Crown Entities Act 2004

Te Pūkenga — New Zealand Institute of Skills and Technology Charter

Minister’s Letter of Expectations

Te Pae Tawhiti — Te Tiriti o Waitangi Excellence Framework

Ka māwhiti ki Te Pūkenga | Te Pūkenga at a glance

8,018
Full-time equivalent employees
Subsidiaries 7,837
Parent 181

205,328
Learners

48,734
Graduates

48
Programmes introduced in 2021

146
Research degree completion

1220
Transition plans in place for programmes in 2022

234
Unique delivery sites recorded

$2,215m
land, buildings, infrastructure and leasehold improvements

2759
programmes delivered across our network

78%
of all courses completed

71%
Māori completed courses
(SAC funding only)

Key areas of provision
(includes WBL)

23% Architecture and Building

16% Engineering and related technology

13% Health

11% Management and Commerce

10% Society and Culture

7% Mixed field programmes

Te Pūronga a te Heamana me te Kaiwhakahaere Mātāmua | Chair and Chief Executive's Report

Transition has continued to be a central theme at Te Pūkenga. Over the course of 2021 we moved beyond our initial establishment mahi, to focus on integrating a network of campus-based, work-based and online vocational, on-the-job and higher education learning.

Te Pūkenga became Aotearoa New Zealand's largest tertiary education provider when we were established on 1 April 2020 as part of the Reform of Vocational Education (RoVE). As one of seven key parts of the Reform, we see our position as a cornerstone of this once-in-a-generation opportunity to transform the way vocational, on-the-job and higher education is delivered.

Our role is clear: we must bring together 16 Institutes of Technology and Polytechnics, and up to nine Industry Training Organisations, to build a system that puts learners and their whānau at the centre of everything we do. It must be simple to understand and navigate, and responsive to the needs of all learners, employers and communities. We also need to embed Te Tiriti excellence and equity of access and outcomes, particularly for Māori, Pacific and disabled learners.

This is no small task, and one we've been working towards in the midst of a global pandemic. Our people across the network have been responding to changing requirements and supporting ākonga as the ground constantly shifts. COVID-19 has impacted our network – changing ways of working and learning, and the resilience required to support ākonga, kaimahi and our communities – this pandemic has been felt daily by our people.

Throughout all of this, we have asked our kaimahi, learners, employers and others to contribute to our kaupapa, as well as creating the right conditions for effective Te Tiriti-based relations. We cannot build the future of vocational and on-the-job learning without them, the knowledge and experience they bring and the connections and understanding of the communities and regions we support. While we did not confirm our Operating Model by the end of the year as we had planned, we made substantial progress in its development, with the input and collaboration of our partners and stakeholders. Due to restrictions and uncertainty of COVID-19, we engaged both in-person and online, with our network helping us test the functions and structures Te Pūkenga will need in the future. We heard from a diverse collective of over 3,000 people in the community on our proposed structure that aligns teaching and learner across Ako Networks and brings together more holistic support for learners.

Integral to this work is the development of our proposed Ako Networks that currently align to specific industries and vocational pathways. These networks will group subject experts with student support, industry, employers, iwi, and others to deliver teaching and learning and support the application of work-based skills across the motu.

We built on Te Pae Tawhiti, our Te Tiriti o Waitangi Excellence Framework which draws on self-reflective practice to identify actions and change both within Te Pūkenga and across the network. We have implemented action plans and quarterly reporting at each of our subsidiaries is in place. We've moved away from compliance-based Te Tiriti activity to genuine partnership and representation. In 2021, we increased the number and influence of Māori leadership functions in the network and introduced systems and strategies for both Māori learner success and Te Tiriti relationships.

Our world-leading Ākonga at the Centre research was published as three complementary reports, highlighting the voices of ākonga Māori, Pacific and disabled learners and the enablers and barriers they face in vocational and applied learning settings. Using human-centred design and best practice, we developed a series of 20 learner personas, seven kaimahi personas and seven employer personas and Te Rito Framework to ensure these learnings are able to be applied to everything we do, right across our network and systems. Our learner personas bring our research to life, helping us to grasp the impact of our decisions on each ākonga we support.

We engaged with over 1,000 kaimahi across our network in the transformation and transition of our programmes, the development of our Academic Quality Assurance and Regulatory Framework, and academic governance and future planning. These pieces of work are essential as we move towards a system that enables our ākonga to seamlessly transition between locations and modes of delivery. With over 2700 programmes delivered across our network, it also represents a substantial effort in collaboration as our network negotiates how to best equip our learners in their chosen fields. We've made substantial progress, with transition plans in place for 1220 programmes in 2022.

Te Pūkenga Work Based Learning Limited (WBL) was established and the first four Industry Training Organisations transitioned their arranging training functions into our whānau. We welcomed Competenz at a pōwhiri in Kirikiriroa Hamilton and Connexis, BCITO and MITO with online whakatau due to COVID-19 restrictions.

Our size and scale enabled opportunities to meet the needs of employers, industries, and communities. We signed agreements, developed partnerships, and built relationships within the several industries including the oil and gas industry to work in sustainable energy, and the conservation sector to build a skills academy.

We began developing an integrated, collective approach to international education aimed at a creating and supporting skilled and culturally competent global ākonga. By focusing both onshore and offshore, we can create value for Aotearoa New Zealand despite the uncertainty that continues due to the COVID-19 virus. We expect to develop an implementation plan, aligned to our Operating Model to give effect to this approach.

In 2021, our focus moved from establishing our governance structures to ensuring key voices could be heard at the table. We added interim staff and learner committees and Kōmiti Māori to provide a range of perspectives to our governance. A nominee from each committee sits on our Council to ensure their voices are part of every decision. They have taken on an incredible responsibility for the voices of their peers in the greatest transformation in New Zealand education for over 30 years.

We grew rapidly over 2021. With 15 kaimahi in January, we closed the year with 133. These kaimahi brought passion and drive which enabled us to make the progress we did. To support them on this journey, we reaffirmed our values and embedded ways of working suited to an organisation of our size. We also acknowledge the contributions of our network, whether through secondment, working group or contributing to projects alongside the business as usual, their expertise help to shape our collective future.

In 2021, we continued to engage with other entities in the vocational and tertiary education eco-system particularly with the Ministry of Education, Tertiary Education Commission and New Zealand Qualifications Authority. With Workforce Development Councils (WDCs), Regional Skills Leadership Groups (RSLGs) and Centres of Vocational Excellence (CoVEs) formally standing up in 2021, it was vital we cemented meaningful ways of working together.

Financially we performed better than expected, with some ITP subsidiaries and Work Based Learning delivering a surplus due to higher than anticipated revenue. As a group this led to a $7.623m surplus. We know we need to build in resilience to social and economic changes so we are truly sustainable in the future.

Large scale transformation including programme success and execution does not happen overnight – nor would it be effective if it did. We need a considered plan to achieve what has been envisioned by RoVE, with milestones along the way. Right now, we're focused on the critical path – those changes we need to put in place – we refer to 1 January 2023 as our first horizon. But we also need to keep an eye on the future and the changes we expect to put in place over our future horizons in 2026 and 2033. This is how we will build an integrated, connected, and cohesive system.

The organisation we're building needs to be responsive to the needs of our learners and their whānau, employers and communities. We must deliver on what is expected from this significant change, but also be adaptable so we can fit and flex as the world shifts and changes. We expect that will mean ongoing iterative change to the system as we continue to strive to do better for ākonga, to close the equity gap and support communities across Aotearoa.

As we look ahead to 2022, we know our work will increase considerably as we move beyond integration towards operating as a single entity. This is a significant change for our people, our learners, and our communities. We expect it will be challenging – and we expect to be challenged. This will help us shape an organisation that is truly responsive to the needs of all learners and is an open and genuine Te Tiriti partner.

As Chair and Chief Executive of Te Pūkenga, we are proud to present our first full-year Annual Report. It celebrates integration and progress towards our vision. It's infused with our purpose, our values, our priorities, and the requirements set out in our Charter – they drive everything we do on this journey as Te Pūkenga.

Murray Strong
Chair

Stephen Town
Chief Executive

Te Kaunihera | Members of Council

Members of Te Pūkenga Council

Member	Start date	Current term ends	Appointed by
Murray Strong (Chair)	1 April 2020	31 March 2024	Minister of Education
Kim Ngārimu (Deputy Chair)	1 April 2020	31 March 2023	Minister of Education
Kathy Grant	1 April 2020	31 March 2023	Minister of Education
Peter Winder	1 April 2020	31 March 2023	Minister of Education
Sam Huggard	1 April 2020	31 March 2023	Minister of Education
Tania Hodges	1 April 2020	31 March 2023	Minister of Education
Maryann Geddes	1 April 2020	31 March 2024	Minister of Education
John Brockies	18 June 2020	31 March 2024	Minister of Education
Tagaloatele Peggy Fairbairn-Dunlop	1 April 2021	31 March 2025	Minister of Education
Dr Teorongonui Josie Keelan	2 November 2021	31 December 2022	Komiti Māori nomination
Heath Sawyer	4 October 2021	31 December 2022	Interim Staff Committee nomination
Jordan Gush	4 October 2021	2 April 2022	Interim Learner Committee nomination

Ngā Komiti a te Kaunihera | Committees of the Council

Appointment and Remuneration Committee

The objective of the Committee is to oversee the effective management of the appointment and remuneration of the Chief Executive and their direct reports; some aspects of the appointment of the tier 2 kaimahi; the appointment, removal, and replacement of directors of the wholly-owned subsidiaries of Te Pūkenga and fees for those directors.

Members: Maryann Geddes (Committee Chair), Murray Strong, Kim Ngārimu.

Risk and Audit Committee

The objective of the Committee is to assist the Council in fulfilling its financial and compliance responsibilities by overseeing:

- the internal control environment
- the risk management framework
- the internal and external audit functions
- the Annual Report and financial statements
- audit, risk and compliance issues for Te Pūkenga and its subsidiaries
- the Group Treasury Policy and treasury activities.

Members: Peter Winder (Committee Chair), Sam Huggard, Murray Strong, Kathy Grant.

Capital Asset Management and Infrastructure Committee

The objective of the Committee is to assist the Council in fulfilling its strategic, financial and compliance responsibilities by overseeing the Group's capital assets and infrastructure. The management of property (including operating leases), plant, equipment, investments, vehicles, IT infrastructure, strategic databases, brands and intellectual property falls within the scope of consideration. The management of monetary assets and liabilities such as working capital, cash and loans falls outside the scope. The Committee will consider:

- corporate planning
- asset information management
- levels of service
- lifecycle management strategy (including risk management)
- financial forecasts
- business cases
- implementation governance
- engagement with tangata whenua.

Members: Kathy Grant (Committee Chair), Peter Winder, Tania Hodges, Murray Strong.

Health, Safety and Wellbeing Committee

The objective of the Committee is to assist the Council to provide leadership and policy in discharging its health, safety and wellbeing management governance responsibilities by:

- guiding the strategic direction, culture and expectations in relation to best practice health, safety and wellbeing including Te Ao Māori concepts of hauora such as te taha wairua (spiritual wellbeing), te taha hinengaro (mental and emotional wellbeing), te taha tinana (physical wellbeing), and te taha whānau (family and social wellbeing)
- ensuring that these give effect to Te Tiriti o Waitangi and embed and uphold it in all that Te Pūkenga does
- monitoring the implementation, effectiveness and consistency of health and safety systems, including hazard and risk management and worker and participation engagement, including in respect of each subsidiary company of Te Pūkenga
- reviewing the performance of health, safety and wellbeing systems and policies and recommending to the Council any necessary changes
- providing guidance to subsidiaries in relation to health, safety and wellbeing legislative and organisational compliance.

Members: Sam Huggard (Committee Chair), Murray Strong, Kim Ngārimu, Maryann Geddes.

Te Poari Akoranga

As required by the Education and Training Act 2020, Te Pūkenga Council must establish an academic board consisting of its Chief Executive and kaimahi and ākonga of Te Pūkenga to advise it on matters relating to work-based learning, courses of study or training, awards, other academic matters, and exercise powers delegated to it by the council.

Members: Angela Beaton (Committee Co-Chair), Jeanette Grace (Committee Co-Chair), Linda Aumua, TeUrikore Biddle, Mary-Liz Broadley, Glynnis Brook, Neil Carroll, Greg Durkin, Lorna Gilliespie, Jordon Gush, Liz McKenzie, Doug Pouwhare, Sue Smart, Natalie Waran, Dahrian Watene, Deborah Young, Stephen Town.

Komiti Māori

Komiti Māori | Māori Advisory Committee represents Māori learners, their whānau, hapū and iwi, Māori employers, and Māori communities. Members of Komiti Māori are appointed by Te Pūkenga Council on the joint advice of the Chief Executive of Te Pūkenga and the Chair of Mātauranga Iwi Leaders Group. The group of experts provide Council with advice, quality assurance and critical thought leadership. They will make recommendations for the terms, conditions, scope and powers of the permanent Komiti, which will be in place for 2023.

Interim Learner Advisory Committee

The Learner Advisory Committee will represent the voice of learners and help Council keep the needs of learners at the centre. The Committee's framework draws on elements from our subsidiaries' learner committees which will be tested ahead of the appointment of a permanent committee in 2023.

Interim Staff Advisory Committee

The Staff Advisory Committee represents our kaimahi voice in the development and review of key strategic matters with our Te Pūkenga Council. The current Interim Committee will also be tasked with designing and testing the Committee framework and processes, before a permanent Staff Advisory Committee starts in 2023. Each Te Pūkenga ITP subsidiary has elected a representative to the Staff Committee, and in turn they have elected two Co-Chairs, as well as representatives to Te Poari Akoranga and Komiti Māori. Elections for a permanent committee will take place in the second half of 2022.

Rōpū Kaiarataki | Leadership Team

Stephen Town, Chief Executive

Stephen has held executive positions for more than 20 years in tertiary education, local government, and transport. Previous roles include leading Tauranga City Council, Regional Director of the NZTA Northland/Auckland and Chief Executive of Auckland Council. His first chief executive role was at Wanganui Regional Community Polytechnic in 1994, making him the youngest Chief Executive in New Zealand at the time.

Ana Morrison, DCE Partnerships and Equity

Ana (Ngāti Whakaue, Ngāti Tūwharetoa) was Executive Director Strategic Partnerships and Māori Success at Toi Ohomai and is an experienced public and private sector leader. She is an influential advocate for Tiriti excellence, equitable outcomes for Māori, and Aotearoa Inc.

Dr Angela Beaton, DCE Delivery and Academic

Angela is an experienced executive and academic leader with experience in the public and private sector, including tertiary education, health, and research organisations. She has delivered large scale, academic innovations, collaborating with learners, industry, researchers, communities, iwi, Pacific leaders and education providers.

Tania Winslade, DCE Learner Journey and Experience

Tania (Ko Ngāti Awa te iwi, ko Te Patuwai te hapū) joined Te Pūkenga from an executive leadership role at Auckland Council. She has worked as an international commercial lawyer and in international development. Previous roles focused on supporting Māori and all New Zealanders to thrive, including in public law and policy, economic development, governance, and people and organisational performance.

Vaughan Payne, DCE Operations

Vaughan is from the Bay of Plenty iwi of Whakatōhea (Mataatua) and Ngāi Tai (Tainui). He has led national system improvements in planning and freshwater management and has worked in the public and private sectors. He was previously Chief Executive of Waikato Regional Council, working to unlock the region's growth potential while looking after its environment and people.

Warwick Quinn, DCE Employer Journey and Experience

Warwick was the Chief Executive of BCITO, Motor Trade Association and Registered Master Builders Association. He has held the role of General Manager Regulatory in LINZ, and statutory positions of Valuer-General and Chief Crown Property Officer. He has worked in local authorities, multi-national property companies and banks.

Tō mātou tīmatanga mai | Our beginnings

Te Pūkenga was established on 1 April 2020 as one of seven key changes as part of the Reform of Vocational Education (RoVE) – the most significant set of changes for the tertiary education sector in more than 25 years.

The once-in-a-generation reforms are designed to create a strong, unified, sustainable vocational education system that is fit for the future of work, and delivers the skills that learners, employers and communities across Aotearoa New Zealand need to thrive.

The focus of RoVE is to create a system that better supports learners and is more relevant to work. Learners will be able to move more easily between regions, and between work-based and provider-based training. They will be able to continue training more easily if their employment situation changes. There will be a stronger focus on employers so that they are better supported by the system, which delivers the skills they need. Work-integrated learning will become more important, giving people more flexibility in what, where, and how they learn.

Our part in these reforms is to bring together a network of Institutes of Technology and Polytechnics, and Industry Training Organisations to deliver on this vision. By working together, as one network with learners (in particular Māori, Pacific and disabled learners) and their whānau at the centre, we can build Te Pūkenga to be fit for the future of work, delivering vocational and applied learning that enable learners, employers and communities to thrive.

We put learners at the centre of everything we do. Our goal is to enable all our learners to build skills and knowledge, to support their future success – whether those aspirations are to obtain an apprenticeship, grow confidence, get a job, complete post-graduate study, return to work or study, or support their entrepreneurial aspirations as an employer or future employer. It also means our ākonga and their whānau have a strong role to play in developing and shaping a vocational education sector that meets their needs, now and in the future.

Our Charter sets out our legislative responsibilities – not only what we must do, but also how we must deliver. Through our Charter, we have a responsibility to reflect Māori-Crown partnership and give effect to Te Tiriti o Waitangi through our governance, management and operations.

Between our establishment on 1 April 2020 and 1 January 2023 when we become responsible for delivery, we are laying the foundations, embedding Te Tiriti excellence and learner centred thinking into everything we do, and connecting our network – so we can all share practice with potential and build Te Pūkenga together.

You will read a lot about our Operating Model in this document. It describes how Te Pūkenga will operate in the future, the future experience that learners, employers, kaimahi and iwi, hapū and Māori will have, and how we as a network will advance equity, especially for Māori, as well as Pacific and disabled learners. It outlines what we will do and how we will be organised to deliver on our vision, the intent of RoVE and our Charter. In 2021, we engaged on a proposed Operating Model and heard from over 3,000 people in our sector who provided their whakaaro.

He tiro whakamuri
A year in review

He tiro whakamuri | A year in review

This Annual Report covers a year in which Aotearoa New Zealand and our network faced ongoing challenges and change. While responding to outbreaks and moving to online learning options, our network worked through a key year of transformational change.

Urupare KŌWHEORI-19 | COVID-19 response

Our response to the COVID-19 pandemic in 2021 was measured, deliberate and effective. Over 2021, our ākonga and kaimahi were impacted by outbreaks, lockdowns, border restrictions and changing public health measures. We looked after our people and provided leadership to the network. Our subsidiaries continued to respond exceptionally well following the previous year's challenges, especially those in Tāmaki Makaurau and Te Tai Tokerau (Northland).

Te Pūkenga established a COVID-19 National Response Working Group. The group has four areas of responsibility: managing 'here and now' issues, identifying issues where a national position is likely or required, connecting the network, kaimahi and ākonga, and improving our practice.

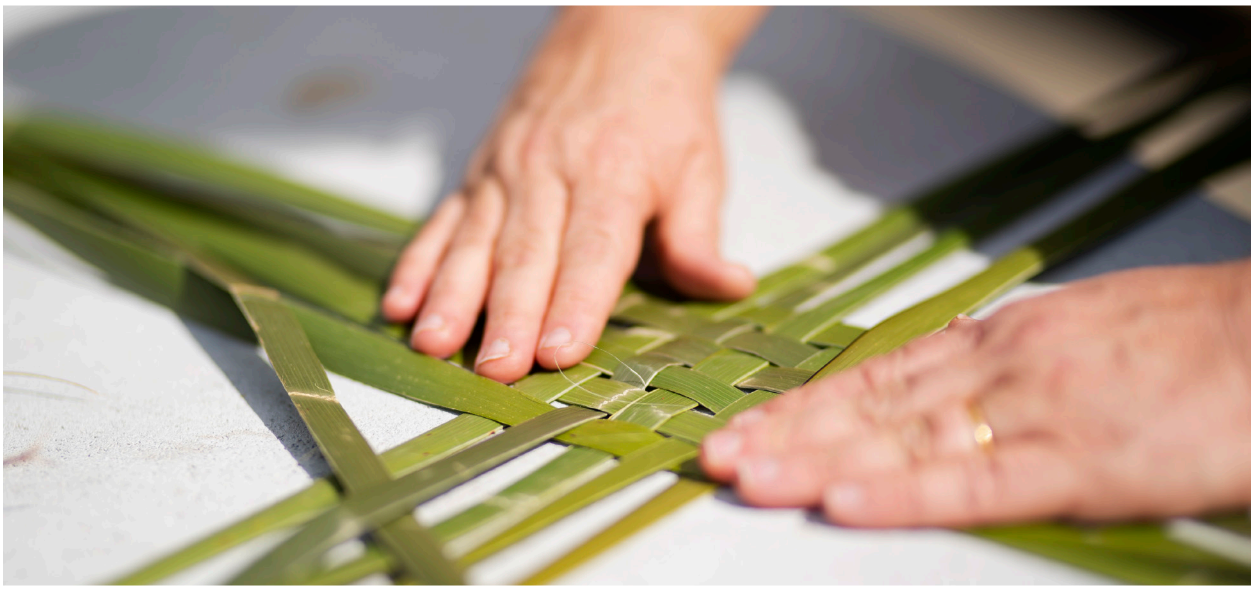
With ākonga wellbeing top of mind, in August 2021 Te Pūkenga established weekly meetings with learner leaders and kaimahi who support ākonga from across the network. These meetings were an opportunity to highlight issues and themes happening on the ground and share solutions. The forum also streamlined distribution of the Hardship Fund for Learners (HAFL) and Technology Access Fund (TAFL) grants, with $5.3 million to learners in 2021, following distribution of $7.1 million in 2020.

A short-term Vaccination Project Steering Group was also formed to consider a national position on vaccinations. In December 2021, Te Pūkenga confirmed a default position that anyone visiting Te Pūkenga network locations, including employees, learners, contractors and visitors, must be vaccinated, unless a local risk assessment determines otherwise. Each subsidiary completed a risk assessment to provide local context for vaccination policies, which were approved by Te Pūkenga Council.

We were striving for consistency across the network and wanted to keep our ākonga and kaimahi safe. Our position on vaccination also allowed our network to respond quickly when regional settings changed. At Red, My Vaccine Pass was legally required for people to be on campus. Making sure our ākonga and kaimahi were vaccinated at lower levels also meant the transition could be made smoothly when required.

Our position also recognised that some subsidiaries may have had different requirements to meet the needs of their communities, iwi aspirations and the requirements of the COVID-19 Protection Framework traffic light system.

Our risk-based approach struck a balance between being inclusive and equitable and meeting our health and safety obligations.



Te Mahere Mahi | Integrated Work Plan

In preparation for 1 January 2023, we have developed Te Pūkenga Work Plan. The plan groups key activities, identifies interdependencies, and makes sure our work is connected and collaborative and in line with Council priorities and Te Pūkenga outcomes.

Te Pūkenga Work Plan comprises four portfolios outlined below:

Portfolio	Programmes focus	Includes
Our Pathway (Transition to Horizon 1)	Activities that smooth the transition for learners and staff while immediately demonstrating some meaningful change.	• Day one (1 January 2023) operations and enrolment • RoVE and Te Pūkenga alignment • Te Tiriti excellence • Digital ecosystem • Integrated delivery of teaching and learning
Preparing for Success	Delivering equity for priority learners, increasing access to quality education, and becoming an inclusive environment with a diverse, culturally and disability-confident workforce.	• Learner (and their whānau) success and equity • Capability and people
Effective partnerships	Delivering active and meaningful partnerships, where we uphold and honour Te Tiriti o Waitangi and offer services that meet the needs of employers, communities, and iwi.	• Partnerships and equity • Partnerships and engagement
Leadership	Mahi that defines the future state of Te Pūkenga, and the benefits and outcomes that we seek to bring for Aotearoa.	• Insights, measurement and digital systems

Hauora me te Haumaru | Health and Safety

In 2021 we saw more engagement across our network with health and safety matters. We began to build a network view of capability and capacity, mana, significant incidents, concerns and successes. Activity related to COVID-19 added to an already large workload for kaimahi at the subsidiaries, particularly those working in health and safety areas.

We conducted the second Aromātai Kaimahi survey across our ITP subsidiaries in May. The purpose of this survey was to collect direct feedback from our network people about how they are feeling as we collectively look and work towards the future. The survey was open for two weeks and 53 percent of network people provided feedback.

The survey identified three key areas: wellbeing, change leadership and communicating change. We reviewed wellbeing frameworks and initiatives and expect to release a network-wide programme in early 2022. We also developed subsidiary change leadership teams, and, together with the Communication Lead forum, identified ways we could improve communication channels, formats and updates, which we are implementing.

The programme of work for 2022 will build on the achievements of 2021 and strengthen our Workplace Safety and Health system based on Te Pae Māhutonga and Te Whare Tapa Whā, organisational values and sound legislative compliance.

Te Ōritetanga me te Whai Wāhitanga | Equity and inclusion

As shared within Te Piko Our Strategy and echoed through our founding documents, we aspire to create responsive and empowering learning environments, for both our ākonga and kaimahi. Our kaimahi are essential in building a network that places ākonga at the centre. We are committed to enabling our kaimahi with the skills to build cultural safety and deliver equitable outcomes for learners who have been under served in the past.

Over the course of 2021, as our Te Pūkenga whānau grew, we knew we must build a values-led workplace that celebrates diversity in thought and experience. We also knew that it was vital, given our busy workplan, to create an environment that allows a dispersed and remote team to connect authentically.

We started building these important aspects into our culture, including opening and closing our week with online karakia and waiata. We held tikanga-based and meaningful, kaimahi Māori-led whakatau remotely to welcome and celebrate new Te Pūkenga people into our team. We relaunched our values, with new concept translations to lead us through this transition – Manawa Nui, Manawa Roa and Manawa Ora. We also launched Te Pūkenga Ohu Kaimahi Māori, a community of our Māori people, providing uri-Māori with a safe and supportive space to network and wānanga kaupapa that impact on the critical mahi of embedding Te Tiriti into everything we do.

To measure the impact of our efforts we launched an internal parent survey, Our Wellbeing Our Leadership, in November 2021, achieving a participation rate of 76 percent. Results showed that leaders in Te Pūkenga strongly demonstrate our values and create a safe and trusting environment for teams. We also identified areas to improve, resourcing within teams (including budget, facilities and equipment), and building systems, processes and work environments that support safety and wellbeing for all Te Pūkenga people.

As the year closed, we implemented Ipukarea, our new people information system and are confident this will see process and data efficiencies as we move into 2022.

Summary of equal opportunities work

Objective	Progress
A summary of its equal employment opportunities programme and the extent to which the Council was able to meet the opportunities.	Our commitment to being a good employer ensures equal employment opportunity through practice. The work initiatives advanced and contributing to our EEO good practice in 2021 have included: • change leadership development • hauora framework • developing commitments to give effect to Te Tiriti o Waitangi and equity • development of a wellbeing platform • resilience and mindfulness development • organisational values awards • Working Flexibly and Remote Policy • Remuneration Policy • COVID-19 Policies.

Tā te Kaunihera Whāinga Tōmua Tahi | Council Priority One:

A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do.

Ko te pae tawhiti whāia kia tata, ko te pae tata whakamaua kia tina.
Seek to bring distant horizons closer, and sustain and maintain those that have arrived.

Following the introduction of Te Pae Tawhiti, Te Tiriti o Waitangi Excellence Framework to subsidiaries in 2020, our focus in 2021 shifted to developing and implementing local action plans across the network. Subsidiaries produced quarterly action plans and impact reporting from the second half of the year, and these were combined into a network-wide report to Council in November.

In the latter part of 2021, the business divisions of Te Pūkenga Work Based Learning also started their Te Pae Tawhiti self-reflective process and will begin action plan and impact reporting in 2022.

Through this, we saw the network increasing the number and influence of Māori leadership functions, improving organisational structures, systems and strategies for both Māori learner success, and Te Tiriti relationships. This further embeds Te Pae Tawhiti into the activities and change processes the subsidiaries are carrying out as part of the transition. Our network has also been making progress in advancing and consolidating local and regional partnerships with Te Tiriti partners and Māori employers and organisations.

In July, we published an overview of the insights gained from self-reflective reports the network completed in 2020. These insights then guided key pieces of work, such as the development of our proposed Operating Model. A tool was developed to build Te Tiriti o Waitangi into every function and make sure every function is Te Tiriti-honouring. We also piloted a Māori Partnership and Engagement Plan to make it easier for Māori, iwi and hapū voices to influence our development. Iwi engagement workshops were held to capture those perspectives.

We started developing Whiria Te Pūkenga (interim name), a framework to support culturally responsive programme development and delivery. The framework aims to improve outcomes for all learners by embedding Mātauranga Māori across all facets of learning and teaching. This is a collaborative project with kaitiaki and exponents of Mātauranga Māori from Te Pūkenga network whānau, weaving together their Māori worldview with Charter and Te Pae Tawhiti expectations and Te Rito insights in mind. Whiria Te Pūkenga will inform the Ako Framework and systemic structure required to bring true and meaningful partnership in learning at Te Pūkenga.

We laid the foundations to improve the way Te Pūkenga works with and for our Te Tiriti partners. In partnership with the Mātauranga Iwi Leaders Group of the Iwi Chairs Forum, we established the Māori Advisory Committee of Council (Komiti Māori). Komiti Māori ensures diverse iwi affiliations and expertise are well represented and that independent Māori voices influence the development and ongoing activity of Te Pūkenga, holding us to account and supporting us to improve in our commitment to honouring Te Tiriti o Waitangi in all that we do. We also entered into a partnership agreement with Te Mana Ākonga: National Māori Tertiary Student's Association to elevate the Māori learner voice and influence within our organisation.

Take wānanga | Case study: We began piloting innovative Māori-led Te Tiriti o Waitangi opportunities focused on Māori aspirations for the future of work.

Pūhoro STEMM Academy partners with Toi Ohomai Institute of Technology (Rotorua), Eastern Institute of Technology (Hawke's Bay) and Universal College of Learning (Manawatū) to encourage 600 rangatahi into education and career pathways in Science, Technology, Engineering, Math and Mātauranga Māori. The pilot tests how innovative education programmes and Te Tiriti partnerships within the vocational education sector can target young Māori to foster a passion for sectors where Māori have low representation. Young Māori have enormous potential for science, technology and innovation and programme providers like Pūhoro offer a great way to connect rangatahi to their natural talent in these areas.

In tandem, an Equity Experts Group was established, with external equity champions providing strategic advice, thought leadership and critique as we develop our equity strategy. We also established Te Pūkenga Network Disability Leadership Group of network and external disability leaders. This group supports work on the disability capability plan and other learner-facing initiatives such as Te Rito Action Plans, Disability Action Plans, and the Learner Mental Wellbeing Project.

Corresponding outcomes from the Transitional Statement of Intent 2021–2024

**Council Priority One:
A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do.**

Mana Orite | Partnerships and Equity

Objective	Progress
Mechanisms are in place to enable an effective partnership with Māori including a Māori advisory committee co-designed and formed in partnership with Māori and iwi, and one member elected to Te Pūkenga Council	All of the following statements relate to activity within the 2021 financial year. • Partnership agreement established between Te Pūkenga and an iwi collective. • Tripartite Tiriti relationship established between mana whenua hapū collective, and Te Pūkenga, and four Te Pūkenga subsidiaries. • Nine Tiriti relationships created in 2021. • Interim Māori Advisory Committee established through an iwi-led appointment process. • Interim Māori Advisory Committee member appointed to Council. • Māori Engagement Plan developed to guide Tiriti honouring engagement with Māori learners, whānau, hapū and iwi, and Māori employers. • Te Pūkenga Ohu Kaimahi Māori established to empower Māori staff on academic, non-academic and wellbeing.

Summary of ways barriers were reduced and underserved learners were attracted

Objective	Progress
An account of the extent to which the Council has eliminated unnecessary barriers to the progress of students	• All subsidiaries, business divisions and TITOs are completing outcome plans which align their equity strategies to Te Rito Outcomes Framework, Te Pūkenga version of the Learner Success Framework. • Subsidiaries have shared processes for distributing HAFL funding, enabling more seamless distribution of hardship support to learners across our network.
An account of the extent to which the council has avoided the creation of unnecessary barriers to the progress of students	• Established an Interim Learner Advisory Committee (ILAC) to represent the voice of learners and help Council keep the needs of learners at the centre. • Developed 20 learner personas to help our network understand the needs of our learners. • Created Te Rito Framework to ensuring learnings are being applied in everything we do. • Established a Learner Centred Design Network Forum with representation from all subsidiaries and seven TITOs which meets bi-monthly.
An account of the extent to which the Council has developed programmes to attract students from groups in the community that are: • under-represented in the institution’s student body • disadvantages in terms of their ability to attend the institution.	• Unification is a collaborative development of new programmes that clearly delivers to our Charter, focuses on equitable outcomes for under-served learners. In 2021 transition plans were agreed for 1220 programmes to become unified.

Tā te Kaunihera Whāinga Tōmua Rua | Council Priority Two:

Delivering customised learning approaches that meet the needs of learners and trainees wherever they are.

We take a learner-centred approach, putting ākonga and their whānau at the heart of our kaupapa, organisation and decision-making. This approach positions learners as active agents whose knowledge, experiences, learning, and ideas inform how Te Pūkenga operates. We involve ākonga as partners in their learning journey and seek their participation in all aspects of the organisation.

Following first-of-its-kind research into the barriers to and enablers of learners' success conducted in 2020, we published three insights reports in 2021 on the needs of learners, specifically Māori learners, Pacific learners and disabled learners. These reports provided valuable insights for the development of our proposed Operating Model.

We also conducted 34 interviews with subsidiary ākonga and kaimahi, to find out how learner voice is currently captured across the motu. In response to the opportunities and insights identified, a resource to strengthen learner voice was shared back to the network.

Our Te Rito Outcomes Framework brings these research pieces together into a simple view of the focus areas that are critical to learner success, as identified by ākonga and those that support them. It is an easy-to-understand reference for Te Pūkenga network that centres equity, inclusion and successful outcomes for all learners in our action plans and decision-making.

Kotahitanga | Unification

Across our network, subsidiaries deliver multiple programmes leading to the same qualifications. In order to reduce duplication and ensure consistency, Te Pūkenga is working collaboratively as a network to develop a unified programme for each qualification for delivery across the motu.

Two approaches are being taken towards programme unification – transformation and transition.

Transformation is a collaborative development of a new programme that clearly delivers to our Charter, focuses on equitable outcomes for under-served learners, and enables learners to move seamlessly between modes and locations of learning.
For transformation projects we established reference groups, with representatives from across the sector, ākonga, kaimahi, professional bodies and organisations, hapori community services user advocacy groups, employers and workforce.
These reference groups use codesign tools to develop ngā mātāpono (guiding concepts) that will be applied during the development process for each area.

Transition is a collective agreement to move to a single, current programme with either minor updates to ensure it works for all current providers, regions, and delivery modes, or redevelopment to meet changed qualification requirements. In most cases, we will transition to deliver one existing programme with some minor updates.

In 2021, programme unification projects were launched for a number of disciplines and qualifications. These include transformative developments of Undergraduate Nursing programmes (Bachelor of Nursing Māori, Bachelor of Nursing Pacific, and Bachelor of Nursing) and Bachelor of Social Work and transitional redevelopments of Animal Healthcare, Veterinary Nursing, and Bachelor of Accounting and New Zealand Diploma of Business. Transitional unification projects were also launched for suites of programmes in primary industries, trades, hospitality and tourism, hairdressing and beauty, and sports, recreation and exercise.

We have engaged with more than 800 kaimahi during these developments and look forward to engaging with more of our Te Pūkenga network throughout 2022 as we to continue to progress the unification programme of work.

Take wānanga | Case study: Tai Poutini Polytechnic and Primary ITO are making it easier and more flexible for agriculture students to learn their trade and get working. Under the initiative, launched at the start of 2021, West Coast learners can seamlessly move between learning at the polytechnic, to on-the-job with Primary, and back to the polytechnic if needed, without disrupting their studies. The programme has been designed to enable and encourage students to transition into full time employment when they are ready, and to complete their studies as farm-based learners. As part of the pilot programme, Primary ITO's local West Coast Training Adviser is now based at Tai Poutini Polytechnic's Greymouth campus, further supporting the development of learning pathways and engagement with local students and high schools.

Corresponding outcomes from the Transitional Statement of Intent 2021–2024

Council Priority Two:
Delivering customised learning approaches that meet the needs of learners and trainees wherever they are

Ākonga at the centre

Objective	Progress
Increasing percentage (or number) of subsidiaries who have adopted the Learner Success Framework	Te Rito Outcomes Framework is Te Pūkenga version of the Learner Success Framework. All subsidiaries and Transitional Industry Training Organisations are completing outcome plans, which align their organisational equity strategies to Te Rito Outcomes Framework. This, for the first time, provides a network overview of actions and initiatives designed to meet the needs of traditionally under-served learners.
Learner-centred design working groups mobilised	A Learner Centred Design Network Forum with representation from all subsidiaries and seven TITOs has been established and meets bi-monthly.
Learner committee formed and representative to Council elected	The Interim Learner Advisory Committee (ILAC) has been established and fully inducted. The co-chair has been appointed to Te Pūkenga Council.

Organisational health and capability

Objective	Progress
Annual survey of all staff within the Te Pūkenga group shows improving engagement overall	Improvement from 51 percent in May 2021 to 53 percent in January 2022 (reflective of final 2021 position). Participation rate improved from 52.6 percent to 54.3 percent.

Tā te Kaunihera Whāinga Tōmua Toru | Council Priority Three:

Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for all.

During 2021, foundational elements were put in place to begin to transition and transform academic delivery through innovation and collaboration. We shared tools to make it easier to network and collaborate across our 17 subsidiaries. Seven qualification groupings were designed to support the development of Ako Networks in 2022. These groupings will support integrated delivery across various modes – enriched work-based, blended and distance learning – and will enable our kaimahi to share their expertise with others delivering similar learning opportunities.

We started developing Te Kawa Maiorooro | Te Pūkenga Academic Regulatory Framework to ensure the delivery of quality education. This work will continue into 2022 with consultation on the framework prior to implementation.

Four network-wide working groups were established to develop underpinning frameworks for enrolment, assessment, recognising learning, and learning and teaching. These will be implemented before 2023 and will provide a consistent experience for our learners. In addition, four learner-facing regulatory working groups were established so we could hear how learners want us to approach these activities.

We began work to create Te Pūkenga learning and teaching strategy, or Ako Framework, to ensure learners, employers and our people what to expect from our learning and teaching. In 2021, we looked to understand the learning and teaching frameworks already in place across our network. To do this, we established taura-here (those to bind together) to provide prototypes for our Ako framework.
We conducted eight online workshops, involving 75 taura-here from our subsidiaries, TITOs, industry and government. In early 2022, we'll test these elements of the framework before finalising and beginning implementation.

Take wānanga | Case study: In 2021, Te Pūkenga partnered with Amazon Web Services (AWS) to deliver AWS re/Start micro-credential, a full-time, online programme designed to prepare learners for a career in cloud computing. The programme was targeted towards Māori and Pacific learners, and those affected by COVID-19. It connected learners with employers, resulting in 80 percent employment for the first cohort of ākonga. This programme was initially delivered through Unitec and expanded to include Ara Institute of Canterbury later in the year. In the first half of 2022, we expect this programme to be delivered across five locations: Auckland, Hawke's Bay, Wellington, Queenstown and Palmerston North in partnership with the local providers. The micro-credential was supported of a number of government agencies and by more than 11 businesses across the country who provide internships to the ākonga of this initiative.

Corresponding outcome from the Transitional Statement of Intent 2021–2024

Council Priority Three:
Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for all.

Academic Delivery Innovation

Objective	Progress
Increasing number of discipline areas where high-quality standardised education and training programmes are adopted across the network	During 2021, Te Pūkenga programme portfolio (Level 1 – 10), which includes 1347 unique qualifications and 2759 programmes was fully described in a data model. During 2021 work commenced and continues to unify 205 programmes. This will result in 49 programmes for delivery in 2023 – a reduction in duplication of 76% for this part of the portfolio. During 2021, the 360 qualifications for which there is only one programme currently available were identified. Together this means 565 of the 1347 qualifications will be unified for 1 January 2023, with further unification completed by 1 January 2024.
Establish and mobilise discipline forums	Discipline forums (known as 'collabs') were established across disciplines to advance programme unification in 2021.

Tā te Kaunihera Whāinga Tōmua Whā | Council Priority Four: Services that meet the specific regional needs of employers and communities.

Industry and employers are a critical partner for Te Pukenga. Employers need to have a strong voice in vocational and on-the-job learning to make sure our raukaura (graduates) have the skills and attributes they value.

During 2021 we researched existing employer engagement frameworks across the network and developed an overarching framework for Te Pūkenga which we shared with Workforce Development Councils and Regional Skills Leadership Groups to ensure employers experience a connected system, that optimises their time and interactions across the system. We will develop the framework further in 2022 and embed it in our Operating Model.

With nearly 60 percent of all learning undertaken in the workplace, employers play a critical teaching role. They are our tutors in the workplace and need support to ensure our work-based learners have a rewarding and successful experience.

In 2021 we developed employer personas that provided insights into how employers can become better and more culturally competent teachers. These informed eight new service concepts developed by a co-design team which were further tested and refined with employer workshops.

We also explored different delivery models. With a national network, employers will no longer need to interact with multiple providers. A Heads of Agreement with New Zealand Defence Force has led to a 5-year Master Relationship Agreement and new governance structures. Similar approaches are underway with the Department of Corrections and Fonterra.

In May, we signed a Memorandum of Understanding with the Energy Academy to trial how industry can connect more closely with academic learners and tutors by providing industry mentors and live industry projects for students to work on.

A joint venture with the Department of Conservation investigated the potential to establish a sector-based Conservation Skills Academy. Similar mahi is underway in health (Otago Hospital Project), IT (digital internship) and forestry with discussions with other sectors and employers ongoing.

Based on what we learned in 2021, our focus for 2022 is to embed flexible and responsive processes, systems and structures into our Operating Model so that Te Pūkenga can continuously meet employer needs.

Making sure our campuses are fit-for-purpose and meet the needs of local communities in the short and long term is a priority for Te Pūkenga. An interim Capital Asset Management Strategy was developed in 2021. It outlines an approach for Te Pūkenga over the next one to three years that will provide short term gains and allow us to make 'no regret' capital investment decisions now. The four to ten-year strategy will be developed in 2022 in parallel with the Operating Model and other workstreams.

A Capital Asset Investment Governance Framework has been designed to clarify how we address investment decisions, while offering subsidiaries a clearly defined structure to follow when submitting investment requests. The purpose of this framework is to enable Te Pūkenga to better compare investment decisions across the network so we can make more equitable and informed investments.

Recent earthquakes in Aotearoa New Zealand have demonstrated that seismic activity can threaten capital assets and lives, highlighting the importance of proactively understanding and managing seismic risk. In 2021, we developed a Seismic Strategy and policy. The purpose of the strategy is to review seismic risk across the network and manage it through short, medium and long-term priorities.

Corresponding outcomes from the Transitional Statement of Intent 2021–2024

Council Priority Four: Services that meet the specific regional needs of employers and communities

Employer Aligned

Objective	Progress
Increasing number of employers engaged with Te Pūkenga programmes	Baseline to be determined The transition of support for employers via TITOs joining Te Pūkenga Work Based Learning subsidiary has resulted in a significant number of new employers now engaged with Te Pūkenga programmes. However, a method to accurately quantify the full cohort engaged via both WBL and ITP subsidiaries remains to be developed.

Tā te Kaunihera Whāinga Tōmua Rima | Council Priority Five: Transition educational services in a smooth and efficient manner.

2021 was a year of high-level design, co-design, and conceptual thinking that culminated in a proposed Operating Model. We also finished the initial design of our service concepts, which illustrate the different services Te Pūkenga will offer to give effect to our Charter and the intentions of RoVE.

We heard feedback from more than 3,000 people in our sector, including learners, Māori, Pasifika, disabled groups, staff, employers and industry. Overall, there was support for the direction, concepts, and principles of the proposed Operating Model. Māori feedback also illuminated changes we could make to the engagement process to help us more fully meet iwi partner expectations, and our Charter obligations regarding partnerships.

In response to feedback, we updated and clarified what the future experience of Te Pūkenga will look like for key stakeholders and when they can expect to enjoy it in our "What you can expect" document, available on our website.

In December we adapted our approach to the remaining two phases of the Operating Model dividing them into four main workstreams:

1	**Delivery** – focusing on the detailed design of functions and their interactions to deliver services to learners and employers.
2	**Enabling functions acceleration** – fast tracking enabling functions required for any organisation as they will not change. This may include functions such as Marketing and Communications, People and Culture, Finance and other corporate services.
3	**ITP staged integration** – formalising the staged integration of our Institutes of Technology and Polytechnics, considering: • regional representation • regional leadership structure and accountability • design and delivery of regional leadership.
4	**WBL integration** – transitioning TITOs into Te Pūkenga, ensuring this work continues and does not lose momentum.

In March, Hon Chris Hipkins, the Minister of Education approved the establishment of a new work-based learning subsidiary to manage the arranging training functions of Transitional Industry Training Organisations (TITOs) choosing to transfer to Te Pūkenga.

Te Pūkenga Work Based Learning Limited (WBL) was created in April, with John Brockies appointed as inaugural Board Chair and Fiona Kingsford of Competenz as acting Chief Executive. BCITO Chief Executive Toby Beaglehole was appointed Chief Executive of WBL in October.

Following approval of transition plans by the TEC Board, three organisations – Competenz, Connexis and BCITO – successfully transitioned to WBL in 2021, bringing together more than 700 people who deliver on-the-job training for 55,000 apprentices and employers. In November, MITO's transition plan to join WBL on 1 January 2022 was approved.

The strong foundations laid in 2021 have allowed us to shift from high-level and conceptual thinking to detailed design and implementation in 2022.

Corresponding outcomes from Transitional Statement of Intent 2021–2024

Council Priority Five: Transition educational services in a smooth and efficient manner

Operating Model

Objective	Progress
Operating model designed and agreed by Te Pūkenga Council by 31 December 2021	This work was delayed by unexpected challenges as a result of our Head Office in Kirikiriroa, as well as staff based in Tamaki Makaurau and Te Tai Tokerau being at Alert Level 3 for a significant portion of last year. This meant that we had to adapt and hold engagement meetings online. Wide engagement on a conceptual Te Pukenga Operating model was undertaken in December 21. The next stage of detailed organisational design is underway for implementation by 1 January 2023.

TITO Transition and WBL

Objective	Progress
Increasing number of apprentices and trainees engaged in on-job training	Total learners in industry training transferred to Te Pūkenga in 2021 is 54,489* (up from 43,544 in 2020 for the same TITOs). *provisional numbers as at March 2022; only three TITOs officially counted in Te Pūkenga numbers for 2021.
Increase in number of transition plans agreed	Activity up until 31 December 2021: • Four Transitions were successfully implemented (Competenz, Connexis, BCITO and MITO). • One Transition plan was approved in 2021 for transition on 1 July 2022 (Service IQ).

Network Collaboration

Objective	Progress
Increasing percentage of internal stakeholders who agree that Te Pūkenga is operating as a single entity	Average response to staff survey question: "I can see that there is a strong focus on how we can work together across Te Pūkenga" remained stable at 58%.
Percentage of external stakeholders who agree that Te Pūkenga is operating as a single entity	Baseline to be determined An external stakeholder engagement survey is under development in 2022 to provide a baseline for this measure.
New internationalisation strategy developed	International strategy was finalised in 2021 and approved by Te Pūkenga Council in March 2022.

Governance and Accountability

Objective	Progress
All legislative requirements met	An attestation of legislative compliance was approved by ELT on 16 December 2021.
External review of effectiveness of Council completed	External review initiated in 2021 and will be completed by the beginning of April 2022.

Capital Asset Strategy and Network Stabilisation

Objective	Progress
Capital asset management strategy is developed by 31 December 2021	1–3-year strategy approved by Council in May 2021. Four–ten-year strategy will be developed in 2022 following the operating model.

Raraunga whakatutukitanga
Performance data summary

Nga whakapaunga putea | Appropriation Reporting

Scope of Appropriation

The appropriation is limited to operating funding for establishing a single national vocation education institution.

The following table shows Te Pūkenga appropriation:

All in $000s	to 30 June 2021		to 30 June 2020	
	Budget	**Actual**	**Budget**	**Actual**
Vocational education				
Establishment of a Single National Vocational Education Institution	69,082	63,082	11,100	11,100
Total Appropriation	**69,082**	**63,082**	**11,100**	**11,100**
Support for a Single National Vocational Education Institution	20,000	4,000	10,000	10,000
Total appropriation – non-departmental capital expenditure	**20,000**	**4,000**	**10,000**	**10,000**

Budget figures include adjustments made through the supplementary estimates. The figures presented above are GST exclusive.

What is intended to be achieved with the Appropriation

Establishment of a Single National Vocational Education Institution.

How performance will be assessed and end of year reporting requirements

Assessment of performance	to 30 June 2021		to 30 June 2020	
	Budget	Actual	Budget	Actual
The New Zealand Institute of Skills and Technology submits reports that show it is meeting the targets and milestones in its funding agreement with the Crown	Achieved	Achieved	Achieved	Achieved

What is intended to be achieved with the Appropriation

Support for a Single National Vocational Education Institution.

How performance will be assessed and end of year reporting requirements

Assessment of performance	to 30 June 2021		to 30 June 2020	
	Budget	Actual	Budget	Actual
Te Pūkenga submits reports that show it is meeting the targets and milestones in its funding agreement with the Crown.	Achieved	Achieved	Achieved	Achieved

Further details on the performance of Te Pūkenga are provided on pages 27 – 34.

Statement of the cost of outputs

The Crown Entities Act 2004 required that Te Pūkenga group performance reporting complies with generally accepted accounting practice in New Zealand (GAAP) and disclose actual revenue and expenses incurred, compared to budget, for each output class.

Te Pūkenga activities contribute to one broad class of outputs: Teaching and learning.

All in $000s	2021		2020	
	Budget	Actual	Budget	Actual
Outputs				
Teaching and Learning	0	0	0	0
Revenue	1,088,320	1,170,612	406,589	362,390
Expenditure	1,139,473	1,162,351	857,031	836,591

These figures are for the period 1 January 2021 to 31 December 2021 (2020: reporting period 1 April 2020 to 31 December 2020) as reflected in the Statement of Comprehensive Revenue and Expense, page 39.

Tauākī tutukitanga ratonga | Statement of Service Performance

Te Pūkenga Statement of Service Performance for 2021 is based upon commitments made in two different publications:

1. Statement of Performance Expectations 2021
2. Investment Plan Summary

1. Statement of Performance Expectations

The Transitional Statement of Performance Expectations 2021 contained six non-financial performance measures (one operational and five educational), which reflected the limitations in parent-level, performance-related business processes at the time. With improvements in this area over 2021 we have supplemented the original metrics to provide a more fulsome picture of network performance, including Educational Performance Indicators (EPIs), hence some do not have official 2021 targets.

Operational measure: Te Pukenga **–** NZIST submits reports that show it is meeting the targets and milestones in its funding agreement with the Crown.

This measure is reported as achieved – quarterly reports were provided and accepted by TEC as meeting this purpose. The work programme evolved significantly during 2021 requiring constant review of targets and milestones considering a range of factors.

Educational measures: Learner data for 2021 is based on finalised results. It is also worth noting that where industry training data is presented it reflects only the three TITOs that had transitioned to Te Pūkenga by October 2021.

Nevertheless, the volume of delivery across the network has increased markedly above 2020 levels. It is pleasing to note that these increases are noted across both ITP and Industry Training funding sources, whereas in the past one might have been expected to improve at the expense of the other. Further analysis is provided in the Investment Plan summary section.

Volume of Delivery						
Source of Funding	Head count			EFTS/STMs		
	2020 Actuals	2021 Target	2021 Provisional	2020 Actuals	2021 Target	2021 Provisional
Overall	189,000	n/a	205,328	79,997	n/a	87,766
Industry training*	43,544	n/a	54,489	15,724	n/a	21,352
SAC	103,504	n/a	116,808	50,281	50,850	57,366
YG	1,565	n/a	1,523	1,015	n/a	979
International	13,845	n/a	8,137	9,297	n/a	4,477
Other	30,976	n/a	29,841	3,680	n/a	3,592

** These numbers reflect the total learners that transferred to Te Pūkenga during 2021. They were not Te Pūkenga learners for the entire reporting period, but transferred on the following dates: Competenz – 2 August; Connexis – 1 September; BCITO – 4 October*

Learner Participation*		
Priority group	2020 Actuals	2021 Provisional
Māori	21.7%	21.4%
Pasifika	8.7%	8.8%
Learners with disability	6.5%	6.6%

**Domestic students and industry trainees/apprentices*

Whilst the participation rates of priority learners appear to have changed little from 2020, pleasing increases in absolute numbers of Māori and Pasifika learners within the ITP subsidiary network were evident. These are discussed in the Investment Plan Summary section.

Successful Course Completion*				
Ethnicity group	**Cohort group**	**2020 Actuals**	**2021 Target**	**2021 Provisional**
All learners	All levels	79.2%	83.2%	77.5% Not achieved
Māori	All levels	71.6%	n/a	70.9%
	Levels 4 – 7 (non-degree)	69.8%	n/a	70.0%
	Level 7 (degree) – Level 10	84.1%	n/a	82.7%
Pasifika	All levels	71.9%	n/a	69.1%
	Levels 4 – 7 (non-degree)	67.7%	n/a	65.4%
	Level 7 (degree) – Level 10	81.2%	n/a	78.9%
Non-Māori and non-Pasifika	All levels	82.6%	n/a	80.6%
	Levels 4 – 7 (non-degree)	81.4%	n/a	79.1%
	Level 7 (degree) – Level 10	88.9%	n/a	87.5%

**Student Achievement Component funded learners completing courses at levels 1–10*

Credit achievement*		
	2020 Actuals	**2021 Provisional**
All learners	73.8%	60.9%
Māori	66.6%	54.0%
Pasifika	64.2%	48.4%
Non-Māori and non-Pasifika	77.9%	64.4%

**Industry trainees/apprentices*

Overall course completion and more so credit achievement for industry trainees/apprentices, has provisionally reduced. This is undoubtedly due in part to the continued disruptions caused by the COVID-19 pandemic, but has also been heavily influenced by the increased volume of delivery at certain levels within the portfolio.
As described in the Investment Plan summary section, the growth within the network was stimulated by the TTAF initiative. The vast majority of Targeted Training and Apprenticeship Fund (TTAF) delivery occurred in Level 4 programmes, (followed by level 3 and then 5/6) and historic analysis of network EPIs shows that lifting learner success in these levels has been challenging, so a rapid increase in volume of delivery in these areas has potentially to impacted EPIs, as shown in the table below.

Delivery and Completion Rates by Qualification Level 2020 vs 2021				
	2020		**2021**	
Intended qualification cohort group	**SAC EFTS Delivered**	**Course completion rate**	**SAC EFTS Delivered**	**Course completion rate**
Excluded from cohort	400	79.6%	553	73.2%
Level 1 to 3	12133	69.7%	15043	69.7%
Level 4 to 7 (non-degree)	19644	77.9%	23755	76.4%
Level 7 degree	16561	87.5%	16648	86.1%
Level 8 to 10	801	83.4%	929	79.4%

Disparity in Successful Course Completion*					
Ethnicity group	**Cohort group**	**2020 Actuals**	**2021 Target**	**2021 Provisional**	**Result**
Māori	All levels	-11.0%	Improve	-9.7%	Achieved
	Levels 4 – 7 (non-degree)	-11.6%	Improve	-9.1%	Achieved
	Level 7 (degree) – Level 10	-4.8%	Improve	-4.8%	Not achieved
Pasifika	All levels	-10.7%	Improve	-11.5%	Not achieved
	Levels 4 – 7 (non-degree)	-13.7%	Improve	-13.7%	Not achieved
	Level 7 (degree) – Level 10	-7.7%	Improve	-8.6%	Not achieved

**Student Achievement Component funded learners completing courses at levels 1-10*

Disparity in Credit achievement*		
	2020 Actuals	**2021 Provisional**
Māori	-11.3%	-10.4%
Pasifika	-13.7%	-16.0%

**Industry trainees/apprentices*

A slight improvement is observed in the inequity of course completion rates and credit achievement for Māori when compared with non-Māori and non-Pacific learners, whereas inequity for Pacific learners has risen overall.

These results continue to highlight the importance of transformational initiatives described in earlier sections aimed at improving equity for underserved learners.

Cohort-based Qualification Completion*		
	2020 Actuals	**2021 Provisional**
All learners	51.6%	50.3%
Māori	48.6%	46.4%
Pasifika	48.5%	46.1%
Non-Māori and non-Pasifika	53.1%	52.2%

**Student Achievement Component funded learners*

It should be noted that the qualification completion rates for 2021 are still provisional at this stage and are likely to improve as ‘eligibility to graduate’ processes are completed and reported in the April 2022 SDRs. However, given the noted reduction in course completion rates within parts of the portfolio, the results are likely to still be lower than 2020.

It is also important to note that the methodology by which qualification completion is calculated is based on the TEC approach, which measures the rate of completion over periods of time that are distinct to each qualification level. For example, level 1–3 certificates are given an expected two-year completion period, and level 7 degrees a six-year completion period. Therefore, a 2021 qualification completion rate is a mixture of learners that, depending on the level of qualification, were expected to be completed by 2021. If the current TEC methodology continues to be used, then the true impact of Te Pūkenga interventions on this measure may be some way off. It is envisaged that from 2023 onwards additional learner success outcomes will be used to give more meaningful performance measures. Similarly, work continues with TEC to understand the adjustments and new indicators that may need to be developed to measure the performance outcomes of the Unified Funding System (UFS).

First year retention rate*	2020 Actuals	2021 Provisional
All learners	65.9%	66.9%
Māori	59.3%	61.5%
Pasifika	60.8%	61.7%
Non-Māori and non-Pasifika	68.3%	68.7%

***Student Achievement Component funded learners**

Cohort-based Programme Completion*	2020 Actuals	2021 Provisional
All learners	66.5%	64.7%
Māori	62.5%	58.7%
Pasifika	61.1%	60.7%
Non-Māori and non-Pasifika	68.4%	67.1%

**Industry trainees/apprentices*

Progression rate from levels 1-4*	2020 Actuals	2021 Provisional
All learners	35.3%	36.3%
Māori	36.2%	38.4%
Pasifika	38.6%	39.5%
Non-Māori and non-Pasifika	34.5%	35.1%

**Student Achievement Component funded learners*

Progression rates have increased however, like the above, this is mostly a measure of learners progressing from 2020 into 2021 (with some smaller sized qualification progressions possible within 2021). Further consideration of the ongoing use of this progression measure as the UFS is implemented is being discussed with TEC.

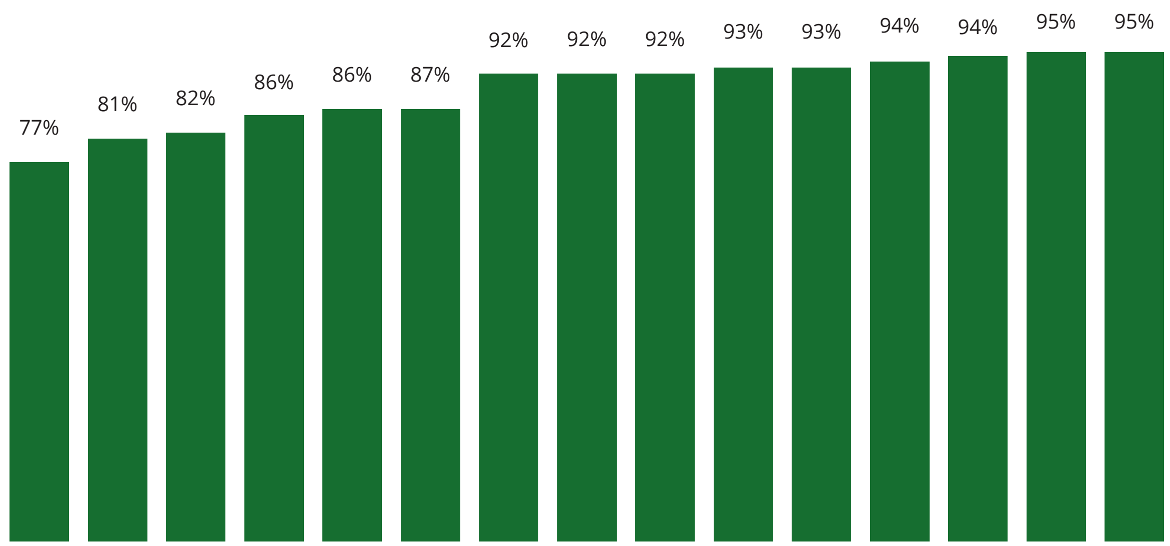
Number of Research Degrees completed*

2020 Actuals	2021 Target	2021 Provisional	Result
99	Improve	146	Achieved

**Total number of students who have finished their research degree*

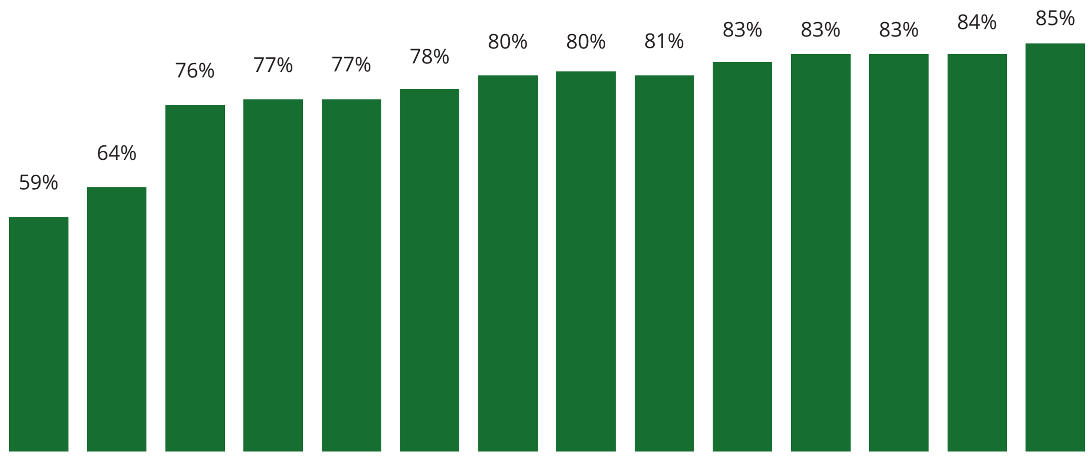
The increase in research degree completions likely reflects recent growth in the number of research degrees available across the Te Pūkenga subsidiary network.

Learner satisfaction



The learner satisfaction figure reflects data from both ITPs and TITOs. Three providers use NPS score rather than overall student satisfaction and hence are not included here. Of the fifteen subsidiaries that use overall student satisfaction, six reported student satisfaction between 80 and 90 percent, and eight report rates above 90 percent. Methodology varies between subsidiaries in terms of questions and response types included in overall student satisfaction so consolidated analysis is not possible. An integrated, network-wide learner survey is planned for 2022.

ITP graduate employment outcomes



The employment outcomes figure reflects graduate survey data provided by 14 ITP subsidiaries. Survey timing and definition of employment varies between surveys and therefore consolidated analysis is not possible. Employment definition includes full-time, part-time, self-employed, casual, and voluntary. Te Pūkenga has no intention to implement network-wide graduate outcomes survey in 2022.

2. Whakarāpotonga o te Mahere Haumi | Investment plan summary

2021 was an unprecedented year of delivery within Te Pūkenga network. Domestic subsidiary ITP delivery increased by 9 percent (with 148,000 learners in 2021, up from 136,000 in 2020). Almost all new learners were engaged within the level 3–6 vocational network. The number of industry trainees and apprentices also increased (by 24 percent compared to 2020), with an additional 12,000 trainees and apprentices. As a result, Te Pūkenga accounted for 26 percent of all tertiary delivery in New Zealand, up from 23 percent in 2020.

The decrease in international learner engagement was significant with just over 8,000 international learners engaged, approximately 5,700 less than in 2020.

Along with the overall growth of Te Pūkenga network, shifts within the mix of provision reflect our ability to meet the changing demand signalled in the 2021 Investment Plan.

The table below illustrates the shifts in Te Pūkenga delivery by subject area from 2020 to 2021. This trend aligns with the key shifts of delivery in priority areas and ANZSIC classifications, as described in the 2021 Investment Plan.

Te Pūkenga ITP Subsidiary MoP shifts by NZSCED 2020 – 2021

NZSCED	2020	2021	EFTS change	% Change
01 – Natural and Physical Sciences	562	672	110	20%
02 – Information Technology	3356	2951	-406	-12%
03 – Engineering and Related Technologies	6740	7163	423	6%
04 – Architecture and Building	6369	8201	1832	29%
05 – Agriculture, Environmental and Related Studies	2649	3384	735	28%
06 – Health	10367	11143	776	7%
07 – Education	1938	2033	95	5%
08 – Management and Commerce	11006	9350	-1656	-15%
09 – Society and Culture	8067	8504	437	5%
10 – Creative Arts	3816	3783	-33	-1%
11 – Food, Hospitality and Personal Services	3154	2937	-217	-7%
12 – Mixed Field Programmes	6246	6293	47	1%
Total	**64269**	**66413**	**2144**	**3%**

Te Pūkenga WBL MoP shifts by NZSCED 2020 – 2021				
NZSCED	**2020**	**2021**	**EFTS change**	**% Change**
03 – Engineering and Related Technologies	7997	9726	1729	22%
04 – Architecture and Building	8021	11987	3967	49%
05 – Agriculture, Environmental and Related Studies	1287	1546	260	20%
06 – Health	115	98	-17	-15%
08 – Management and Commerce	610	695	84	14%
10 – Creative Arts	15	8	-7	-46%
11 – Food, Hospitality and Personal Services	395	403	8	2%
Total	**18440**	**24463**	**6024**	**33%**

Increased delivery in areas supported by the Government initiative Targeted Training and Apprenticeship Fund (TTAF) is evident, for example agriculture (including the natural and physical sciences components), architecture and building, and engineering. This policy was a key driver of recruitment in 2021 and the ability of the network to meet the increased demand was commendable.

The downturn in food, hospitality and personal services reflects the impact of COVID-19 on this sector, both being the attraction of new learners to train in the area, and the fact that employment needs are so great that ongoing training of those already in the industry has been de-prioritized.

The downturn in areas of IT, management and commerce reflects the drop in international enrolments which previously have been heavily engaged in these areas of the portfolio.

Over 2021, Te Pūkenga focus on increasing study options available across the network was also evident. To realise the benefits of a network approach, this was achieved by supporting subsidiaries to deliver a broader range of programmes by seeking accreditation to deliver an already approved programme being delivered elsewhere in the network, rather than undertaking new and lengthy development. In 2021, 56 new programmes were made available within the network via this faster accreditation process. Most of these were in regional subsidiaries with the impacts on participation rates noted in the table below. The increase in online delivery as a response to ongoing COVID-19 disruptions is also evident in the growth experienced within the Open Polytechnic subsidiary.

Changes in enrolments compared to 2020 by region/subsidiary					
Region	**Subsidiary**	**2020**	**2021**	**EFTS change**	**Change**
Northland	NorthTec	2273	2366	93	4%
Auckland	Unitec/MIT	10857	11152	295	3%
Waikato	Wintec	5400	5360	-40	-1%
Bay of Plenty Region	Toi Ohomai	5666	5319	-347	-6%
Manawatu-Whanganui	UCOL	2963	3142	180	6%
Taranaki	WITT	1708	1646	-62	-4%
HB/Tairawhiti	EIT	4571	4703	132	3%
Wellington	WelTec/Whitireia	4526	4447	-79	-2%
Marlborough/Nelson	NMIT	2632	2471	-161	-6%
West Coast Region	Tai Poutini	225	290	65	29%
Canterbury	Ara	7197	7464	267	4%
Otago	Otago	5379	5649	271	5%
Southland	SIT	4902	4633	-269	-5%
All	OPNZL	5974	7770	1796	30%
Total		**64272**	**66414**	**2048**	**3%**

The participation rates of Māori and Pacific ākonga across the motu in the ITP subsidiary network was a highlight, with almost all regions increasing the participation rate of Māori and Pacific learners, and all but one region having higher participation rates in 2021 than regional population demographics.

Overall, the Te Pūkenga ITP subsidiary network now has a higher participation rate by Māori than the New Zealand population (increasing that by 0.6 percent in 2021), and a higher participation rate by Pacific learners than the New Zealand population (increasing that by 0.5 percent in 2021). This is further evidence of the ability for Te Pūkenga to co-ordinate an “all of network” approach to delivery that seeks to increase opportunities and access for all learners, but in particular learners who have historically been under-served.

Variation of Pacific participation compared to population			
	2020	2021	Change
Auckland	15.7%	19.0%	3.3%
Bay of Plenty Region	0.7%	1.5%	0.8%
Canterbury	1.7%	1.9%	0.2%
HB/Tairawhiti	0.0%	0.7%	0.7%
Manawatu-Whanganui	2.2%	1.7%	-0.5%
Marlborough/Nelson	-0.2%	0.4%	0.6%
Northland	1.1%	1.2%	0.1%
Otago	1.0%	2.0%	1.0%
Southland	0.1%	0.5%	0.4%
Taranaki	1.1%	0.8%	-0.3%
Waikato	1.0%	2.1%	1.1%
Wellington	7.8%	8.9%	1.1%
West Coast Region	0.3%	0.7%	0.4%
Te Pūkenga	-0.1%	0.4%	0.5%

Variation of Māori participation compared to population			
	2020	2021	Change
Auckland	5.6%	7.5%	1.9%
Bay of Plenty Region	6.3%	14.3%	8.0%
Canterbury	2.8%	3.4%	0.6%
HB/Tairawhiti	18.0%	17.0%	-1.0%
Manawatu-Whanganui	5.3%	5.2%	-0.1%
Marlborough/Nelson	-0.2%	0.9%	1.1%
Northland	4.5%	5.5%	1.0%
Otago	4.1%	3.4%	-0.7%
Southland	0.4%	1.7%	1.3%
Taranaki	-1.1%	2.2%	3.3%
Waikato	-4.5%	-1.8%	2.7%
Wellington	7.7%	8.5%	0.8%
West Coast Region	0.9%	1.2%	0.3%
Te Pūkenga	3.7%	4.3%	0.6%

The 2021 Investment Plan also outlined key shifts anticipated in levels of study. The tables below show the actual shifts in these areas that occurred, in line with focus areas within the investment plan.

Changes in enrolment compared to 2020 by level of study				
Level	**2020**	**2021**	**EFTS change**	**Change**
Excluded from cohort	3278	3043	-235	-7%
Level 1 to 3	14832	17133	2301	16%
Level 4 to 7 (non-degree)	22275	25684	3409	15%
Level 7 degree	21351	18772	-2579	-12%
Level 8 to 10	2536	1781	-755	-30%
Total	**64272**	**66414**	**2141**	**3%**

These results demonstrate how Te Pūkenga worked with the network throughout 2021 to ensure that forecast shifts in demand were realised.

The large increases at levels 1–7 non degree reflect the TTAF policy impacts, whilst the downturn in level 7 degree and above shows the impact in the downturn of international learner engagement.

Te Pūkenga also worked with the TEC throughout the year as those shifts in demand become apparent to ensure that additional funding could be secured where needed, and that the increased funding was well-aligned with the government's priorities for investment.

The support from TEC in responding to 2021 delivery demands and shifts was greatly appreciated and signals a strengthening trust and knowledge in Te Pūkenga operating as a co-ordinated and collaborative network of provision.

Ngā whakatutukitanga ā-pūtea
Financial Performance

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Te Pūkenga – New Zealand Institute of Skills and Technology and Group's financial statements and performance information for the year ended 31 December 2021

The Auditor-General is the auditor of Te Pūkenga – New Zealand Institute of Skills and Technology (Te Pūkenga) and the Group. The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of Te Pūkenga and the Group on his behalf.

Opinion

We have audited:

- the financial statements of Te Pūkenga and the Group on pages 39 to 108, that comprise the statement of financial position as at 31 December 2021, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of Te Pūkenga and the Group on pages 14 to 34 for the year ended 31 December 2021.

In our opinion:

- the financial statements of Te Pūkenga and the Group on pages 39 to 108:
  - present fairly, in all material respects:
    - the financial position as at 31 December 2021; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 14 to 34:
  - presents fairly, in all material respects, Te Pūkenga and the Group's performance for the year ended 31 December 2021, including:
    - for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - the service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2021; and
- what has been achieved with the appropriation for the year ended 30 June 2021 and the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 May 2022. This is the date at which our opinion is expressed. The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements the performance information and the appropriation statement, we comment on other information, and we explain our independence.

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 Council for the financial statements and the performance information

The Council is responsible on behalf of Te Pūkenga and the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of Te Pūkenga and the Group for preparing performance information and an appropriation statement that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements and the performance information the Council is responsible on behalf of Te Pūkenga and the Group for assessing Te Pūkenga and Group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate

Te Pūkenga and the Group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Education and Training Act 2020, the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements, the performance information and the appropriation statement, 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, performance information and appropriation statement.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Te Pūkenga and the Group's statement of performance expectations, investment plan and the Estimates and Supplementary Estimates of Appropriations – Vote Tertiary Education.

We did not evaluate the security and controls over the electronic publication of the financial statements and the 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 Te Pūkenga 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 Council.
- We evaluate the appropriateness of the reported performance information within Te Pūkenga's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Te Pūkenga 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, performance information and the appropriation statement, 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 Te Pūkenga and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, the performance information and the appropriation statement, including the disclosures, and whether the financial statements and the 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 the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and 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 Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 4 to 12, 38 and 110 to 119, but does not include the financial statements, the performance information, and our auditor's report thereon.

Our opinion on the financial statements, the performance information and the appropriation statement 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, the performance information and the appropriation statement, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, the performance information and the appropriation statement 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 Te Pūkenga 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 performed assurance engagements on the Group's Performance-Based Research Fund External Research Income. These engagements are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, Te Pūkenga or any of its subsidiaries.

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Statement of Responsibility

Te Pūkenga Council is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance about the integrity and reliability of reporting. The Council is responsible for the preparation of the statements of performance, an appropriation statement under section 19A of the Public Finance Act 1989, and financial statements for Te Pūkenga and the group and for the judgements made within them.

In the Council's opinion:

- The Statement of Performance fairly reflects the performance of the Parent for 1 January 2021 to 31 December 2021
- The Statement of Performance fairly reflects the performance of the group for 1 January 2021 to 31 December 2021
- The Financial Statements fairly reflect the financial position and operations of the Parent and the group for 1 January 2021 to 31 December 2021.

Signed by:

Murray Strong
Chair

31 May 2022

Stephen Town
Chief Executive

31 May 2022

Phillip Jacques
Interim Director, Finance

31 May 2022

Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2021

		Group			Parent		
All in $000s	Note	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Budget 2021	Actual 2020
Revenue							
Government funding	2	699,468	651,945	67,603	793,352	36,400	39,893
Tuition fees and departmental revenue	2	364,100	358,647	215,731	0	0	0
Other revenue	2	107,044	77,728	79,056	577	12	21
Total revenue		**1,170,612**	**1,088,320**	**362,390**	**793,929**	**36,412**	**39,914**
Expenditure							
Employee expenses	3	694,231	693,420	505,550	14,399	24,367	3,668
Depreciation expense	10	90,802	109,906	65,493	50	25	3
Amortisation expense	11	23,504	0	18,774	0	0	0
Finance costs	3	4,928	4,577	3,816	355	0	0
Administration and other expenses	3	348,886	331,570	242,958	780,355	22,630	11,525
Total expenditure		**1,162,351**	**1,139,473**	**836,591**	**795,159**	**47,022**	**15,196**
Share of associate / joint venture		(638)	0	623	0	0	0
Surplus/(deficit)		**7,623**	**(51,153)**	**(473,578)**	**(1,230)**	**(10,610)**	**24,718**
Other comprehensive revenue and expense							
Items that will not be reclassified to surplus/(deficit)							
Revaluation of land and buildings	21	322,657	0	105,767	0	0	0
Total items that will not be reclassified to surplus/(deficit)		**322,657**	**0**	**105,767**	**0**	**0**	**0**
Items that may be reclassified to surplus/(deficit)							
Changes in value of equity investments classified as at fair value through other comprehensive revenue and expense		0	0	(273)	0	0	0
Total items that may be reclassified to surplus/(deficit)		**0**	**0**	**(273)**	**0**	**0**	**0**
Total other comprehensive revenue and expense		**322,657**	**0**	**105,494**	**0**	**0**	**0**
Total comprehensive revenue and expense		**330,279**	**(51,153)**	**(368,084)**	**(1,230)**	**(10,610)**	**24,718**
Total comprehensive revenue and expense for the period attributable to:							
The Crown		330,279	(51,153)	(368,084)	(1,230)	(10,610)	24,718
Total		**330,279**	**(51,153)**	**(368,084)**	**(1,230)**	**(10,610)**	**24,718**

The budget for the Group relates to the published Statement of Performance Expectations 2021.
Explanations of major variances against budget are provided in Note 22.
The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2021

		Group			Parent		
All in $000s	Note	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Budget 2021	Actual 2020
ASSETS							
Current assets							
Cash and cash equivalents	4	207,371	209,577	132,320	65,086	2,742	35,291
Student fees and other receivables	5	141,745	76,514	114,422	14,775	105	1,917
Prepayments		35,957	15,732	16,978	6,937	8	2,788
Inventory	6	7,785	6,708	6,045	0	0	0
Assets held for sale	7	77,993	0	7,336	0	0	0
Related party loan receivables	27	0	0	0	60,400	0	0
Other financial assets	19	93,751	0	186,372	0	0	2,000
Total current assets		**564,603**	**308,531**	**463,473**	**147,198**	**2,855**	**41,996**
Non-current assets							
Property, plant and equipment	10	2,337,918	2,081,798	2,122,668	328	10,125	89
Intangible assets	11	73,038	76,134	72,935	0	0	0
Assets under construction - property, plant and equipment	10	62,564	0	41,449	0	0	0
Assets under construction - intangibles	11	7,003	0	12,662	0	0	0
Investment in associate	12	1,130	4,134	1,820	0	0	0
Investment property	13	4,545	14,703	3,925	0	0	0
Term receivables	5	194	0	289	0	0	0
Other financial assets - non-current	19	9,353	0	8,717	0	0	0
Total non-current assets		**2,495,745**	**2,176,769**	**2,264,465**	**328**	**10,125**	**89**
Total assets		**3,060,348**	**2,485,300**	**2,727,938**	**147,526**	**12,980**	**42,085**
LIABILITIES							
Current liabilities							
Trade and other payables	14	93,112	63,280	78,747	34,113	1,445	1,544
Employee entitlements	15	55,140	48,840	50,835	324	0	291
Revenue received in advance	16	167,977	122,431	128,584	12,001	0	5,532
Borrowings	17	24,233	55,335	56,461	0	0	0
Finance leases	18	2,785	0	2,457	0	0	0
Related party term deposit payables	27	0	0	0	67,600	0	0
Provisions - current	9	3,150	14,201	4,710	0	0	0
Total current liabilities		**346,397**	**304,087**	**321,794**	**114,038**	**1,445**	**7,367**

		Group			Parent		
All in $000s	Note	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Budget 2021	Actual 2020
Non-current liabilities							
Employee entitlements	15	3,890	5,087	3,711	0	0	0
Borrowings	17	35,324	72,698	65,090	0	0	0
Finance leases	18	38,713	0	39,001	0	0	0
Derivative financial instruments	8	23	0	399	0	0	0
Provisions - non-current	9	19,184	37,748	21,812	0	0	0
Total non-current liabilities		**97,134**	**115,533**	**130,013**	**0**	**0**	**0**
Total liabilities		**443,531**	**419,620**	**451,807**	**114,038**	**1,445**	**7,367**
Net assets		**2,616,817**	**2,065,680**	**2,276,131**	**33,488**	**11,535**	**34,718**
EQUITY							
General funds	21	1,275,994	1,231,896	1,254,242	33,488	11,535	34,718
Property revaluation reserve	21	1,232,491	804,042	908,112	0	0	0
Trust, endowments and bequests	21	3,849	29,742	3,524	0	0	0
Restricted reserves	21	104,483	0	110,253	0	0	0
Total equity attributable to Te Pūkenga		**2,616,817**	**2,065,680**	**2,276,131**	**33,488**	**11,535**	**34,718**
Non-controlling interest		0	0	0	0	0	0
Total equity		**2,616,817**	**2,065,680**	**2,276,131**	**33,488**	**11,535**	**34,718**

The budget for the Group relates to the published Statement of Performance Expectations 2021.
Explanations of major variances against budget are provided in Note 22
The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2021

		Group			Parent		
All in $000s	Note	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Budget 2021	Actual 2020
Opening balance		2,276,131	2,118,214	2,625,502	34,718	22,145	0
Acquired on amalgamation		5,320	0	0	0	0	0
Other comprehensive revenue and expense							
Surplus/(deficit)	21	7,623	(51,153)	(473,578)	(1,230)	(10,610)	24,718
Other comprehensive revenue	21	322,657	0	105,494	0	0	0
Total comprehensive revenue and expense		**335,600**	**(51,153)**	**(368,084)**	**(1,230)**	**(10,610)**	**24,718**
Other transactions							
Other contributions from the Crown		5,086	0	19,280	0	0	10,000
Distribution to the Crown	21	0	(1,381)	(568)	0	0	0
Total other transactions		**5,086**	**(1,381)**	**18,712**	**0**	**0**	**10,000**
Balance at 31 December		**2,616,817**	**2,065,680**	**2,276,131**	**33,488**	**11,535**	**34,718**

The budget for the Group relates to the published Statement of Performance Expectations 2021.
Explanations of major variances against budget are provided in Note 22.
The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2021

All in $000s	Group Actual 2021	Group Budget 2021	Group Actual 2020	Parent Actual 2021	Parent Budget 2021	Parent Actual 2020
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Government grants	733,843	648,149	453,934	786,991	38,400	43,550
Receipts from student fees	321,139	355,907	149,628	0	0	0
Receipt of dividends	112	0	42	0	0	0
Receipt of interest	2,886	3,117	4,668	510	12	16
Receipt of other revenue	96,673	187,417	65,817	73	0	0
Goods and services tax (net)	(461)	(19,954)	(47)	1,613	0	(135)
Payments to employees	(694,667)	(1,106,870)	(502,747)	(14,366)	(11,882)	(3,377)
Payments to suppliers	(332,576)	0	(237,430)	(753,548)	(38,147)	(12,671)
Interest paid	(2,324)	(2,022)	(1,768)	(355)	0	0
Net cash flow from operating activities	**124,625**	**65,744**	**(67,903)**	**20,918**	**(11,617)**	**27,383**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment	18,075	10,656	958	0	0	0
Proceeds from sale or maturity of investments	283,258	10,000	273,651	0	0	0
Cash received from subsidiaries for term deposit	0	0	0	131,200	0	0
Repayment of loans from subsidiaries	0	0	0	45,873	0	0
Cash paid to subsidiaries from matured term deposits	0	0	0	(63,971)	0	0
Loans to subsidiaries	0	0	0	(103,900)	0	0
Purchase of property, plant and equipment	(84,432)	(107,100)	(58,868)	(291)	(10,100)	(92)
Purchase of investments	(276,002)	(16,154)	(210,131)	0	0	(2,000)
Purchase of intangible assets	(14,917)	(15,461)	(12,538)	0	0	0
Net cash flow used in investing activities	**(74,019)**	**(118,059)**	**(6,928)**	**8,911**	**(10,100)**	**(2,092)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings	34,394	21,125	87,729	0	0	0
Proceeds from capital contributions from the Crown	7,050	10,000	10,000	0	0	10,000
Proceeds from suspensory loans from the Crown	0	0	(9)	0	0	0
Repayment of borrowings	(95,410)	(24,989)	(51,944)	0	0	0
Repayment of finance leases	(2,758)	0	(2,503)	0	0	0
Proceeds/Distributions to other financial activities	58,364	(4,699)	(3)	(34)	0	0
Net cash flows from financing activities	**1,641**	**1,437**	**43,270**	**(34)**	**0**	**10,000**
Net (decrease)/increase in cash and cash equivalents	**52,248**	**(50,878)**	**(31,561)**	**29,795**	**(21,717)**	**35,291**
Cash and cash equivalents at beginning of the period	**132,320**	**260,455**	**163,881**	**35,291**	**24,459**	**0**
Cash and cash equivalents from amalgamation	**22,803**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at end of the year	**207,371**	**209,577**	**132,320**	**65,086**	**2,742**	**35,291**

The budget for the Group relates to the published Statement of Performance Expectations 2021 - noting payments to employees and suppliers were not separated. Explanations of major variances against budget are provided in Note 22.
The accompanying notes form part of these financial statements.

Reconciliation from Net Surplus / (Deficit) to Net Cash Flow from Operating Activities

for the year ended 31 December 2021

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Surplus/(deficit)		7,623	(473,578)	(1,230)	24,718
Add/(less) non cash items:					
Depreciation and amortisation expense		114,306	84,267	50	3
Bad debt provision movement		(1,313)	1,001	0	0
Other losses/(gains)		1,570	4,419	0	0
Add/(less) items classified as investing or financing activities:					
Net loss/(gain) on disposal of property, plant and equipment		5,285	2,350	0	0
Impairment		3,045	0	0	0
Notional interest		(5,804)	0	0	0
Add/(less) movements in working capital:					
(Increase)/decrease in accounts receivable and other receivables		(21,797)	384,020	(12,858)	(1,917)
(Increase)/decrease in inventories		(1,309)	821	0	0
(Increase)/decrease in prepayments		(4,665)	(2,881)	(4,149)	(2,788)
(Increase)/decrease in other financial assets		1,325	471	0	0
Increase/(decrease) in employee entitlements		1,111	9,183	33	291
Increase/(decrease) in trade and other payables		23,868	(17,015)	32,569	1,544
Increase/(decrease) in provisions		(1,640)	2,038	0	0
Increase/(decrease) in fees in advance		3,028	(62,999)	6,503	5,532
Increase/(Decrease) in trust and endowments		(8)	0	0	0
Net cash from operating activities		**124,625**	**(67,903)**	**20,918**	**27,383**

Explanations of major variances against budget are provided in Note 22.
The accompanying notes form part of these financial statements.

Note Index

Notes to the Financial Statements

for the year ended 31 December 2021

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Te Pūkenga - New Zealand Institute of Te Pūkenga is a Tertiary Education Institution (TEI) that is domiciled and operates in New Zealand. Te Pūkenga came into existence on 1 April 2020. The relevant legislation governing operations includes the Crown Entities Act 2004 and the Education and Training Act 2020.

The financial statements are presented on a consolidated group basis. The group consists of Te Pūkenga and its wholly-owned subsidiaries:

Ara Institute of Canterbury Limited and Group

Eastern Institute of Technology Limited and Group

Manukau Institute of Technology Limited

Nelson Marlborough Institute of Technology Limited and GroupNorthland Polytechnic Limited and Group

Open Polytechnic of New Zealand Limited and Group

Otago Polytechnic Limited and Group

Southern Institute of Technology Limited and Group

Tai Poutini Polytechnic Limited and Group

Toi Ohomai Institute of Technology Limited

TANZ-E Campus Limited**

Unitec New Zealand Limited and Group

Universal College of Learning Limited and Group

Waikato Institute of Technology Limited and Group

Wellington Institute of Technology Limited and Group

Western Institute of Technology at Taranaki Limited and Group

Whitireia Community Polytechnic Limited and Group

Te Pūkenga - Work Based Learning Limited (WBL) *

*WBL was incorporated on 20th April 2021, registered under the Companies Act 1993 (registered number 8179185), and commenced operating on 1 August 2021. WBL comprises three business divisions: Competenz, Connexis and BCITO. The divisions formerly operated as Transitional Industry Training Organisations (TITOs) prior to their amalgamation with WBL. The financial statements of WBL used in the preparation of consolidated financial statements cover the operations from 1st of August 2021 to 31 December 2021.

The Education (Vocational Education and Training and Reform) Amendment Act 2020 require the transfer of arranging training and support activities from TITOs to WBL by the 31st December 2022. At a Subsequent date, expected to be mid-year 2023, WBL will amalgmate with the Institute. WBL is expected to have further amalgamation in 2022, with the potential of arranging training and support fuctions for four or more TITOs transitioning into WBL.

WBL was established primarily as a vehicle to transition the arranging training and support activities from TITOs into the Institute, and as such it has assumed responsibility for arranging training for trainees and apprentices who predominantly acquire knowledge and skills to meet formal vocational qualification standards in the workplace. WBL provides support to learners and employers, develops training plans, supplies training materials and pastoral care and liaises with third-party training providers. WBL is a not-for-profit organisation funded by Government grants awarded by the Tertiary Education Commission (TEC).

**TANZ ECampus Limited was officially removed from the Companies Office register on 1 December 2021. This removal was due to the successful completion of an amalgamation with Open Polytechnic Limited.

Te Pūkenga and the group provides educational and research services for the benefit of the community. It does not operate to make a financial return.

Te Pūkenga 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 Te Pūkenga and the group are for the period ended 31 December 2021, and were authorised for issue by the Council on 31 May 2022.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistemtly throughout the period.

The Education and Training Act 2020 (the Act) states that each Te Pūkenga subsidiary continues in existence only until the close of 31 December 2022, at which point all the rights, assets, and liabilities of with Te Pūkenga subsidiary will be transferred to Te Pūkenga. The Act allows Te Pūkenga to dissolve subsidiaries before 31 December 2022 and transfer some or all the rights, assets, and liabilities to Te Pūkenga or another Te Pūkenga subsidiary. As the company will cease to exist by the close of 31 December 2022, the financial statements have been prepared on a disestablishment basis. Because the vocational education will continue to be provided after the transfer, no changes were made to the carrying value of assets and liabilities as a result of the disestablishment basis of accounting.

Reporting period

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

Reporting measurement

The Group financial statements have been prepared on a historical basis except for the following items, which are measured on an alternative basis on each reporting date.

Item	Measurement
Land	Fair value
Buildings and Infrastructure	Fair value
Derivative financial instruments	Fair value
Investment Property	Fair value
Managed Investment Portfolio	Fair value

Statement of compliance
The financial statements of Te Pūkenga 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).

Te Pūkenga 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 Council member remuneration disclosures and the related party transaction disclosures in Note 26, are rounded to the nearest thousand dollars ($000). Council member remuneration and related party transaction disclosures are rounded to the nearest dollar.

Standards issued and adopted early
Standards and amendments issued but not yet effective that have been early adopted and which are relevant to Te Pūkenga are:

Te Pūkenga and the subsidiaries of Te Pūkenga early adopted PBE IPSAS 41 Financial Instruments for the year ended 31 December 2021. This new standard is effective for periods beginning on or after 1 January 2022, however Te Pūkenga has elected to early adopt the standard. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

As a result of the adoption of PBE IPSAS 41, the Group has adopted consequential amendments to PBE IPSAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive revenue and expense. Consequently, Te Pūkenga reclassified impairment losses amounting to $5.806 m recognised under PBE IPSAS 29, to $5.698 m impairment loss on receivables in the consolidated statement of comprehensive revenue and expense for the year ended 31 December 2021.

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

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

The effect of adopting PBE IPSAS 41 on the carrying amounts of financial assets as at 1 January 2021 relates solely to the new impairment requirements.

PBE IPSAS 41 replaces the 'incurred loss' model in PBE IPSAS 29 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

The Group has determined that the application of PBE IPSAS 41's impairment requirements at 1 January 2020 results in an additional allowance of impairment as follows:

Expected credit losses at 31 December 2020 under PBE IPSAS 29	5,806
Student fees and other receivables 31 December 2020	120,228
Opening loss allowance at 1 January 2021 under PBE IPSAS 41	5,698

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

Accounting policies have been updated to comply with PBE IPSAS 41. The main updates are:

Note 5 Receivables:

This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying a lifetime expected credit loss model.

Note 19 Other financial assets and liabilities:

Term deposits, Government bonds, and loans to subsidiaries: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

Share investments: This policy has been updated to remove references to impairment losses, as PBE IPSAS 41 no longer requires identification of impairment for equity investments measured at fair value through other comprehensive revenue and expense. Also, on disposal, the accumulated gains/losses are no longer transferred to surplus/(deficit) but are transferred to general funds.

Standards issued and not yet effective and not early adopted
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. Te Pūkenga has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

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 Te Pūkenga and the group have been derived from the budget approved by Te Pūkenga Council at the end of 2020. Those budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements. The budget approved was for the full 1 January 2021 to 31 December 2021 year.

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

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

Notes to the Financial Statements

for the year ended 31 December 2021

discussed below:

Employee entitlements

Entitlements, which are payable beyond twelve months are calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement (being the probability rate) and contractual entitlements information; and the present value of the estimated future cash flows.

Impairment of non-financial assets

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group and to the assets that may lead to impairment. If an impairment trigger exists, such as a change in the use of the asset, particular regional price volatility, natural disasters or physical damage to an asset, the asset is revalued. It was noted that no triggers for impairment have been found and thus no provisions have been made.

Course development costs

The group has applied judgment as to the future economic benefit of capitalised course development costs. While Te Pūkenga as a group is conducting a full review of its operating model, including current courses offered, no decision has been made that will affect ongoing use of courses and thus future economic benefit. Course development costs have only been impaired where courses are no longer offered.

Leases

Ara Ltd and the Canterbury District Health Board (CDHB) collectively, the Tenants, have entered a lease with HREF Health Precinct Limited (HREF), the landlord for the building known as Manawa (276 Antigua Street). This lease commenced on 16 July 2018. The lease is a long-term agreement where each tenant is responsible for 50% of the lease obligations. Ara and the Group have carefully considered the accounting treatment of the lease. It has been determined that Ara and the Group have substantially all of the risks and rewards of ownership and thus, have classified the lease as a Finance lease. Ara and the Group have recognised their portion (50%) of the lease.

Land and buildings

Land and buildings are revalued. Refer to note 10 for more information about the estimates and assumptions made.

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

Te Pūkenga 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 for Te Pūkenga from the Tertiary Education Commission (TEC). Te Pūkenga received this funding for the subsidiaries from TEC and passed it onto the subsidiaries. The Institute considers SAC funding to be non-exchange revenue and would normally recognise SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. For the 2020 year, the predecessor ITPs has recognised all the funding for 2020. This was because, in response to the Covid-19 panademic, the TEC confirmed at the end of March 2020 that it will not seek repayment of 2020 Investment Plan funding. However, for the 2021 year, the final washup occurred at Te Pūkenga level and Te Pūkenga redistributed or clawed-back funding from subsidiaries as appropriate.

Tuition fees

Domestic student tuition fees are subsidised by Government funding and are considered non-exchange. Te Pūkenga received this funding for the subsidiaries from TEC and passed it onto the subsidiaries. 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 and Targeted Training & Apprenticeship Fund (TTAF)

Te Pūkenga considers that fees-free revenue is non- exchange revenue and would normally recognise revenue when the course withdrawal date for an eligible student has passed. Te Pūkenga received this funding for the subsidiaries from TEC and passed it onto the subsidiaries and would present funding received 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. For the 2020 year, the predecessor ITPs has recognised all the funding for 2020. This was because, in response to the Covid-19 panademic, the TEC confirmed at the end of March 2020 that it will not seek repayment of 2020 Investment Plan funding. However, for the 2021 year, the final washup occurred at Te Pūkenga level and Te Pūkenga redistributed or clawed-back funding from subsidiaries as appropriate.

Apprenticeship/Training Fees

Apprenticeship/training fees are partially subsidised by government funding and are considered non-exchange. Revenue is recognised when the service associated with the fee is delivered over time, or in the case of products, when the products are supplied.

Industry Training Fund (ITF)

Te Pūkenga considers ITF funding to be non-exchange revenue and recognises ITF funding as revenue when the service associated with the funding is delivered over time. ITF funding is received monthly (one twelfths) in advance, based upon the annual funding allocation. To the extent that funding has been received but not recognised as revenue, a liability is held in the statement of financial position.

Performance-based research fund

Te Pūkenga 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. Te Pūkenga 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.

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.

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.

Notes to the Financial Statements

for the year ended 31 December 2021

2. REVENUE (CONTINUED)

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Government funding classified as non-exchange transactions					
Student disability grant		1,917	50	0	0
Literacy funding		2,813	274	0	0
Youth guarantee funding		12,329	1,509	0	0
Other Government grants		149,946	45,085	252,691	39,893
Māori and Pacific Islands grant		4,128	1,060	0	0
Student Achievement Component (SAC) funding		491,007	16,565	540,661	0
Performance based research funding		9,114	3,060	0	0
Industry training fund		28,213	0	0	0
Total Government funding classified as non-exchange transactions		**699,468**	**67,603**	**793,352**	**39,893**
Tuition fees and departmental revenue classified as exchange transactions					
Tuition fees - international students		74,891	118,521	0	0
Departmental revenue (non base revenue and recoveries)		14,060	10,848	0	0
Other tuition fees classed as exchange transactions		5,100	4,100	0	0
Total tuition fees and departmental revenue classified as exchange transactions		**94,051**	**133,469**	**0**	**0**
Tuition fees and departmental revenue classified as non-exchange transactions					
Tuition fees - domestic students		177,886	62,081	0	0
Departmental revenue (non base revenue and recoveries)		968	386	0	0
Other tuition fees classed as non-exchange transactions		1,394	(3,164)	0	0
Fees free funding		27,305	8,454	0	0
Targeted training and apprenticeship funding (TTAF)		62,496	14,505	0	0
Total tuition fees and departmental revenue classified as non-exchange transactions		**270,049**	**82,262**	**0**	**0**
Total tuition fees and departmental revenue		**364,100**	**215,731**	**0**	**0**

All in $000s	Note	Group Actual 2021	Group Actual 2020	Parent Actual 2021	Parent Actual 2020
Other revenue classified as exchange transactions					
Other revenue		62,840	60,561	67	0
Gain on disposal of property, plant and equipment		1,611	1,000	0	0
Net gain on interest rate swaps - classified as at fair value through profit or loss		377	327	0	0
Net gain on investments in managed funds - classified as at fair value through surplus or deficit	19	22	0	0	0
Interest revenue		2,534	5,217	510	21
Dividend revenue		114	44	0	0
Research revenue		4,620	1,427	0	0
Secondment revenue		598	0	0	0
Rental revenue from investment property		42	1,367	0	0
Student service fees		6,757	2,046	0	0
Total other revenue classified as exchange transactions		**79,514**	**71,989**	**577**	**21**
Other revenue classified as non-exchange transactions					
Other revenue		21,502	2,341	0	0
Research revenue		494	763	0	0
Rental revenue from investment property		0	440	0	0
Student service fees		5,534	3,523	0	0
Total other revenue classified as non-exchange transactions		**27,530**	**7,067**	**397**	**0**
Total other revenue		**107,044**	**79,056**	**577**	**21**
Total revenue		**1,170,612**	**362,390**	**793,929**	**39,914**
Revenue classification					
Exchange revenue		173,565	205,352	577	21
Non-exchange revenue		997,047	157,038	793,352	39,893
Total revenue		**1,170,612**	**362,390**	**793,929**	**39,914**

Notes to the Financial Statements

for the year ended 31 December 2021

3. EXPENDITURE

ACCOUNTING POLICY

Scholarships
Scholarships awarded by Te Pūkenga 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.

Salaries and wages
Employee benefits that are expected to be settled wholly within twelve 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.

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

Finance Costs
Borrowing Costs are expensed in the financial year in which they are incurred.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Employee benefits expenses					
Wages and salaries		652,550	460,634	11,894	1,964
Defined contribution plan employer contributions		13,446	10,726	238	0
Councillors and board fees		3,016	2,086	516	348
Increase/(decrease) in employee benefit liabilities		3,409	6,652	0	291
Other employee expenses		18,548	21,168	1,751	1,065
Restructuring expenses		3,263	4,284	0	0
Total employee benefits expense		**694,231**	**505,550**	**14,399**	**3,668**
Finance costs					
Finance costs		4,928	3,816	355	0
Total finance costs		**4,928**	**3,816**	**355**	**0**
Administration and other expenditure					
Auditors' remuneration					
Fees to Audit New Zealand for the audit of financial statements		2,750	2,118	294	120
Additional audit fees to Audit New Zealand for 2020 audit		0	0	30	0
Fees to Audit New Zealand for other services*		26	15	0	0
Fees to Ernst & Young for the audit of financial statements (Open Polytechnic, Weltec & Whitireia)		540	530	0	0
Fees to Deloitte for the audit of financial statements (OEDT, subsidiary of Ara)		0	18	0	0
Fees to BDO for the audit of financial statements (OPAIC, subsidiary of Otago Polytechnic)		4	6	0	0
Total auditors' remuneration		**3,320**	**2,687**	**324**	**120**

** Ara and Unitec made payment to Audit NZ totaling $26,000 during 2021 year for other audit services.*

All in $000s	Note	Group Actual 2021	Group Actual 2020	Parent Actual 2021	Parent Actual 2020
General costs					
Administrative, materials and consumables expenses		59,652	43,587	1,479	315
Funding Distribution to Subsidaries		0	0	769,633	0
Bad and doubtful debts - written off	5	1,310	1,972	0	0
Course delivery expenses		97,544	56,530	0	0
Discontinued operations		0	3,463	0	0
Donations & koha		301	187	7	0
Impairment of property plant and equipment	10	9	918	0	0
Impairment of intangibles	11	3,217	0	0	0
Inventory write-downs	6	2,990	454	0	0
Litigation settlements		0	10	0	0
Loss on disposal of property, plant and equipment		3,542	3,653	0	0
Loss on disposal of trust operations		2,859	0	0	0
Loss on impairment of intangible assets		188	0	0	
Marketing expenses**		16,371	0	977	0
Minor assets		1,213	0	0	0
Net increase/(decrease) bad and doubtful debts provision	5	(849)	334	0	0
Occupancy expenses **		40,681	0	96	0
Operating expenses related to investment property		19	0	0	0
Operating lease payments		20,417	15,771	0	0
Other expenditure		72,586	110,411	0	11,090
Professional services **		15,823	0	7,839	0
Research & development expense		2,907	825	0	0
Scholarships		4,785	2,156	0	0
Total general costs		**345,566**	**240,271**	**780,031**	**11,405**
Total other expenditure		**348,886**	**242,958**	**780,355**	**11,525**
Total expenditure		**1,162,351**	**836,591**	**795,160**	**15,196**

*** In 2020 Marketing expenses, Occupancy expenses and Professional services were included as part of Other expenditure.*

Notes to the Financial Statements

for the year ended 31 December 2021

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 Although cash and cash equivalents at 31 December 2021 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

Unencumbered cash reserves and ring fencing
Te Pūkenga Council developed, tested and approved a ring fencing policy to reflect the Government's intentions to see unencumbered cash reserves retained within the region in which they were generated. These unencumbered cash reserves would be consolidated through the central balance sheet of Te Pūkenga, but would only be able to be drawn upon for projects and capital expenditure in the relevant region that have been approved by Te Pūkenga Council. The use of ring-fenced amounts is restricted to particular uses, which may include major capital expenditure projects, routine/minor capital expenditure, operating investments (e.g. funding the establishment of a new capability) or operating losses of the regional operation. The unencumbered cash reserves may include term deposits with maturities greater than 3 months at acquisition which are not classified as cash and cash equivalents.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Cash at bank and on hand		173,612	38,379	55,071	325
Call deposits		22,327	44,514	0	14,966
Term deposits with maturities of 3 months or less at acquisition		11,432	49,427	10,015	20,000
Total cash and cash equivalents		**207,371**	**132,320**	**65,086**	**35,291**
Weighted average effective interest rate		0.7%	0.8%	0.2%	0.2%
Unencumbered cash reserves					
Ring fenced cash reserved - Ara Institute of Canterbury Limited		29,672	29,672	0	0
Ring fenced cash reserved - Eastern Institute of Technology Limited		14,673	14,673	0	0
Ring fenced cash reserved - Nelson Marlborough Institute of Technology Limited		11,702	11,702	0	0
Ring fenced cash reserved - Northland Polytechnic Limited		4,691	4,691	0	0
Ring fenced cash reserved - Open Polytechnic of New Zealand Limited		3,168	3,168	0	0
Ring fenced cash reserved - Southern Institute of Technology Limited		15,175	15,175	0	0
Ring fenced cash reserved - Toi Ohomai Institute of Technology Limited		440	440	0	0
Less distributions approved by Te Pūkenga Council		(4,691)	0	0	0
Unencumbered cash reserves at 31 December 2021		**74,830**	**79,521**	**0**	**0**

Northland Polytechnic Limited's ring fenced reserved balance reduced by $4.7m in 2021 which brings Northland Polytechnic's closing balance down to $nil. There was no other movements during 2021 for other subsidiaries.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Revenue received in advance Ring fenced cash reserved - Work Based Learning Limited		7,251	0	0	0
Less distributions		0	0	0	0
Ring fenced cash reserves at 31 December 2021		**7,251**	**0**	**0**	**0**

In 2021 WBL received $7,251,000 provided by Building and Construction Industry Training Organisation (BCITO) and Connexis upon amalgamation to WBL. The funding is ring-fenced and is to spent on specific areas of investment as set out in the Transfer Agreements with WBL. This is disclosed in Note 16 revenue received in advance. At 31 December 2021, none of these funds had been expended.

Notes to the Financial Statements

for the year ended 31 December 2021

5. STUDENT FEES AND OTHER RECEIVABLES

ACCOUNTING POLICY
Short-term receivables are recognised initially at fair value (the amount due) and subsequently measured at amortised cost using the effective interest method, less provision for impairment. This provision is calculated based on lifetime ECL.

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

Please refer to note 19 for the impairment policy, which is under the heading 'Impairment of financial assets held at amortised cost'.

Previous accounting policy for impairment of receivables
For the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence of impairment that the amount due would not be fully collected.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Student fee receivables					
Student fee receivables		57,835	78,282	0	0
Less: allowance for credit losses		(3,327)	(5,806)	0	0
Net student fee receivables		**54,508**	**72,476**	**0**	**0**
Other receivables					
Other receivables		41,458	41,946	70	1917
Less: allowance for credit losses		(941)	0	0	0
Net other receivables		**40,517**	**41,946**	**70**	**1,917**
Related party receivables					
Related party receivables		20,569	0	14,705	0
Less: allowance for credit losses		0	0	0	0
Net related party receivables		**20,569**	**0**	**14,705**	**0**
PBE non-exchange revenue adjustment		10,385	0	0	0
Government funding		15,960	0	0	0
Total receivables		**141,939**	**114,422**	**14,775**	**1,917**
Classification					
Receivables classified as exchange transactions		36,635	24,929	70	1,917
Receivables classified as non-exchange transactions		105,304	89,493	14,705	0
Total receivables		**141,939**	**114,422**	**14,775**	**1,917**

2021	Group					Parent				
All in $000s	Not past due	Past due 1 - 30 days	Past due 30 - 60 days	Past due 61 - 90 days	Past due over - 90 days	Not past due	Past due 1 - 30 days	Past due 30 - 60 days	Past due 61 - 90 days	Past due over 90 days
Student fee receivables										
Expected credit loss (%)	0.20%	9.96%	8.91%	33.22%	47.92%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount ('000)	49,766	813	559	761	5,934	0	0	0	0	0
Total student fee receivables lifetime expected credit loss ($'000)	**101**	**81**	**50**	**253**	**2,843**	**0**	**0**	**0**	**0**	**0**
Other receivables										
Expected credit loss (%)	0.47%	2.36%	6.95%	19.35%	41.70%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount ('000)	34,501	2,688	2,883	284	1,101	70	0	0	0	0
Total other receivables lifetime expected credit loss ($'000)	**163**	**63**	**200**	**55**	**459**	**0**	**0**	**0**	**0**	**0**
Related party receivables										
Expected credit loss (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount ('000)	19,362	314	0	1	892	0	0	0	0	0
Total related party receivables lifetime expected credit loss ($'000)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total lifetime expected credit loss	**264**	**144**	**250**	**308**	**3,302**	**0**	**0**	**0**	**0**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

5. STUDENT FEES AND OTHER RECEIVABLES (CONTINUED)

2020	Group			Parent		
All in $000s	Gross	Impairment	Net	Gross	Impairment	Net
Receivables						
Ageing profile for receivables at year end						
Not past due	91,241	0	91,241	1,917	0	1,917
Past due 1 - 30 days	13,890	(160)	13,730	0	0	0
Past due 30 - 60 days	3,481	(97)	3,384	0	0	0
Past due 61 - 90 days	3,450	(576)	2,874	0	0	0
Past due over 90 days	8,166	(4,973)	3,193	0	0	0
Total	**120,228**	**(5,806)**	**114,422**	**1,917**	**0**	**1,917**

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Movements in the provision for impairment of receivables					
Balance brought forward		(5,806)	(6,140)	0	0
Additional provisions made during the year		(1)	(2,184)	0	0
Provisions adjustments during the year		381	546	0	0
Receivables written-off during the year		1,158	1,972	0	0
At 31 December		**(4,268)**	**(5,806)**	**0**	**0**

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		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Building stock		2,259	2,719	0	0
Other inventory		5,526	3,326	0	0
Total inventory carrying value		**7,785**	**6,045**	**0**	**0**
Inventories recognised as an expense		3,047	426	0	0
Inventories write-down recognised as an expense		(57)	96	0	0
Less reversal of inventories write-down recognised as an expense		0	(68)	0	0
Total inventory expense		**2,990**	**454**	**0**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

7. ASSETS HELD FOR SALE

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.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Property held for sale		77,993	7,336	0	0
Total assets held for sale		**77,993**	**7,336**	**0**	**0**
consists of:					
Land		65,703	6,623	0	0
Land improvements		75	0	0	0
Buildings		12,215	713	0	0
Total assets held for sale		**77,993**	**7,336**	**0**	**0**

8. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, Te Pūkenga does not hold or issue derivative financial instruments for trading purposes. Te Pūkenga and the group have elected not to apply hedge accounting. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

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

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Non-current liability portion					
Interest rate swaps		23	399	0	0
Total non-current liability portion		**23**	**399**	**0**	**0**
Total derivative instruments		**23**	**399**	**0**	**0**

The notional principal amounts of outstanding interest rate swap contracts totalled $7,000,000 in 2021.
The fixed interest rates of interest rate swaps varied from 1.81% to 3.11% in 2021.

Notes to the Financial Statements

for the year ended 31 December 2021

9. PROVISIONS

ACCOUNTING POLICY

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using market yields on Government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

Restructuring

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

Lease Make Good

A lease make good provision are in respect of leased premises where the Group is required at the expiry of the lease term to make good any damage and remove any fixtures and fittings installed by the Group.

Onerous lease

A lease is onerous if the expected benefits from using the leased asset are less than the unavoidable costs.

Other provisions

The Group's Other provisions contains straight line lease costs provisions, lease incentive provisons and fit out provisions relating to leased properties.

2021	Group					Parent				
All in $000s	Opening Balance 1 Jan 2021	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance 31 Dec 2021	Opening Balance 1 Jan 2021	Increase to provision	Charged against provision	Unused amounts	Closing Balance 31 Dec 2021
Provision										
Onerous lease provision	13,417	504	(2,749)	(3,833)	7,339	0	0	0	0	0
Lease make good provision	766	0	0	(420)	346	0	0	0	0	0
Other provision	12,339	3,367	(1,057)	0	14,649	0	0	0	0	0
Total Provisions	**26,522**	**3,871**	**(3,806)**	**(4,253)**	**22,333**	**0**	**0**	**0**	**0**	**0**

2020	Group					Parent				
All in $000s	Opening Balance 1 Apr 2020	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance 31 Dec 2020	Opening Balance 1 Apr 2020	Increase to provision	Charged against provision	Unused amounts	Closing Balance 31 Dec 2020
Provision										
Onerous lease provision	9,169	4,728	(480)	0	13,417	0	0	0	0	0
Lease make good provision	750	16	0	0	766	0	0	0	0	0
Other provision	1,870	10,474	0	(5)	12,339	0	0	0	0	0
Total Provisions	**11,789**	**15,218**	**(480)**	**(5)**	**26,522**	**0**	**0**	**0**	**0**	**0**

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Current portion					
Onerous lease provision		2,463	2,865	0	0
Lease make good provision		0	0	0	0
Other provision		687	1,845	0	0
Total current portion		**3,150**	**4,710**	**0**	**0**
Non current portion					
Onerous lease provision		4,877	10,552	0	0
Lease make good provision		346	50	0	0
Other provision		13,961	11,210	0	0
Total non-current portion		**19,184**	**21,812**	**0**	**0**
Total provisions		**22,334**	**26,522**	**0**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

10. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant, and equipment consists of nine asset classes: land, buildings, infrastructure, leasehold improvements, computer hardware, furniture and equipment, motor vehicles, library collection, and heritage collections. Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation. All other asset classes are measured at 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 Te Pūkenga 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 Te Pūkenga 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. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered to be negligible. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Buildings (including components) 2 to 100 years 1% to 4%
- Infrastructure 7 to 50 years 2% to 10%
- Computer hardware 4 to 10 years 20%
- Furniture and equipment 2 to 20 years 7.7% to 50%
- Motor vehicles 4 to 10 years 25%
- Library collection 3 to 10 years 10%
- Land has an indefinte useful life

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.

Restrictions on title

Under the Education and Training Act 2020, the subsidiary is required to notify Te Pūkenga who then obtain consent from the Secretary for Education to dispose of land and buildings. For plant and equipment, there is an asset disposal limit formula, which provides a limit up to which a TEI may dispose of plant and equipment without seeking consent from the Secretary for Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website. There are also various restrictions in the form of historic designations, reserve and endowment encumbrances attached to land. Te Pūkenga does not consider it practical to disclose in detail the value of land subject to these restrictions.

Assets Under Construction
As at 31 December the Group was engaged in various construction and development projects that were not yet completed. These assets are classified as assets under construction. Once completed these assets will be transferred from assets under construction to the relevant property, plant and equipment asset category.

Amalgamation of Assets
Property, plant and equipment amalgamated during the period are measured at deemed cost, being the cost less accumulated depreciation at the point of amalgamation. Depreciation is charged on a straight-line basis for the remaining life of the asset.

	Group									
All in $000s	Land	Infrastructure	Buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
Property, plant and equipment										
Cost or Fair Value - 31 December 2020	462,521	77,989	1,525,170	39,778	231,218	169,503	22,211	2,660	58,200	2,589,250
Accumulated Depreciation - 31 December 2020	0	(4,945)	(91,436)	(13,495)	(158,088)	(132,333)	(17,425)	(84)	(48,776)	(466,582)
Net Carrying Value - 1 January 2021	**462,521**	**73,044**	**1,433,734**	**26,283**	**73,130**	**37,170**	**4,786**	**2,576**	**9,424**	**2,122,668**
Additions	4	4,950	23,142	1,902	11,894	16,230	1,135	343	1,409	61,009
Acquisitions through Business Combinations	0	0	137	0	1,015	1,160	1,574	0	0	3,886
Reclassifications*	(60,651)	4,642	(15,630)	2,003	(53)	(1)	4	0	0	(69,686)
Net Revaluation	151,161	9,411	69,874	0	0	0	0	0	0	230,446
Disposals	(9,076)	(5,052)	(48,513)	17,112	(24,184)	(35,421)	(1,944)	519	(12,610)	(119,168)
Depreciation on Disposals	0	1,219	25,920	485	19,736	34,446	1,556	25	12,549	95,935
Reverse Accumulated Depreciation – Reclassification	0	(151)	916	(844)	72	(83)	0	0	0	(90)
Reverse Accumulated Depreciation – Revaluation Write Back	0	7,172	84,666	0	0	0	0	0	0	91,839
Reverse Accumulated Impairment Loss - Reclassification	0	0	842	0	0	0	0	0	0	842
Reverse Accumulated Impairment Loss - Disposal	0	0	6,713	437	1,481	1,875	171	0	(1)	10,677
Impairment Losses Expensed in P&L	0	0	(2)	0	1	(8)	0	0	0	(9)
Impairment Loss (on Revalued Asset) Expense to Revaluation Reserve	0	0	372	0	0	0	0	0	0	372
Depreciation	0	(3,398)	(47,210)	(3,680)	(15,123)	(17,253)	(1,785)	(6)	(2,347)	(90,802)
Cost or Fair Value	543,959	91,940	1,554,180	60,794	219,890	151,472	22,981	3,522	46,999	2,695,737
Accumulated Depreciation	0	(102)	(19,219)	(17,097)	(151,921)	(113,356)	(17,484)	(65)	(38,575)	(357,819)
Net Carrying Value - 31 December 2021	**543,959**	**91,838**	**1,534,961**	**43,697**	**67,969**	**38,116**	**5,497**	**3,457**	**8,424**	2,337,918

**The Group's reclassifications of land $60.7m and buildings $15.6m is primarily driven by Unitec reclassifying $54.8m for land and $12.9m for buildings to assets held for sale.*

Notes to the Financial Statements

for the year ended 31 December 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group									
All in $000s	Land	Infrastructure	Buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
Assets under construction										
Opening Value - 1 January 2021	0	67	33,964	0	4,885	2,390	0	0	143	41,449
Additions	0	2,271	39,225	163	3,467	5,663	411	165	531	51,896
Expensed	0	0	(1,374)	0	(126)	(180)	(8)	0	(38)	(1,726)
Capitalisations	0	(1,710)	(15,820)	(16)	(4,533)	(6,097)	(167)	(165)	(546)	(29,054)
Closing Value - 31 December 2021	**0**	**629**	**55,995**	**147**	**3,692**	**1,775**	**236**	**0**	**90**	**62,564**
	Parent									
Property, plant and equipment										
Cost or Fair Value - 31 December 2020	0	0	0	0	12	80	0	0	0	92
Accumulated Depreciation - 31 December 2020	0	0	0	0	(1)	(2)	0	0	0	(3)
Net Carrying Value - 1 January 2021	**0**	**0**	**0**	**0**	**11**	**78**	**0**	**0**	**0**	**89**
Additions	0	0	0	64	19	207	0	0	0	290
Disposals	0	0	0	0	(1)	0	0	0	0	(1)
Depreciation	0	0	0	(3)	(10)	(37)	0	0	0	(50)
Cost or Fair Value	0	0	0	64	30	287	0	0	0	381
Accumulated Depreciation	0	0	0	(3)	(11)	(39)	0	0	0	(53)
Net Carrying Value - 31 December 2021	**0**	**0**	**0**	**61**	**19**	**248**	**0**	**0**	**0**	**328**

All in $000s	Group									
	Land	Infrastructure	Buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
Property, plant and equipment										
Cost or Fair Value - 31 March 2020	379,591	68,987	1,465,103	49,275	221,843	161,126	20,995	2,646	57,414	2,426,980
Accumulated Depreciation - 31 March 2020	0	(1,552)	(60,303)	(15,269)	(151,253)	(125,476)	(16,071)	(54)	(46,695)	(416,673)
Net Carrying Value - 1 April 2020	**379,591**	**67,435**	**1,404,800**	**34,006**	**70,590**	**35,650**	**4,924**	**2,592**	**10,719**	**2,010,307**
Additions	2	1,429	51,514	49	15,475	13,697	1,412	14	1,081	84,673
Reclassifications	(5,272)	4,301	(537)	228	1,918	577	(19)	0	(47)	1,149
Net Revaluation	89,850	3,526	12,391	0	0	0	0	0	0	105,767
Disposals	(1,650)	(236)	(2,040)	(5,374)	(2,975)	(1,442)	(37)	0	19	(29,319)
Depreciation on Disposals	0	18	1,261	4,400	5,043	4,455	140	0	267	15,584
Depreciation	0	(3,411)	(32,394)	(2,626)	(11,878)	(11,312)	(1,494)	(30)	(2,348)	(65,493)
Cost or Fair Value	462,521	77,989	1,525,170	39,778	231,218	169,503	22,211	2,660	58,200	2,589,250
Accumulated Depreciation	0	(4,945)	(91,436)	(13,495)	(158,088)	(132,333)	(17,425)	(84)	(48,776)	(466,582)
Net Carrying Value - 31 December 2020	**462,521**	**73,044**	**1,433,734**	**26,283**	**73,130**	**37,170**	**4,786**	**2,576**	**9,424**	**2,122,668**
Assets under construction										
Opening Value - 1 April 2020	0	50	39,745	0	4,421	1,565	0	0	216	45,997
Additions	0	67	37,917	0	7,586	4,745	0	0	322	50,637
Capitalisations	0	(50)	(43,698)	0	(7,122)	(3,920)	0	0	(395)	(55,185)
Closing Value - 31 December 2020	**0**	**67**	**33,964**	**0**	**4,885**	**2,390**	**0**	**0**	**143**	**41,449**

Notes to the Financial Statements

for the year ended 31 December 2021

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Parent									
All in $000s	Land	Infrastructure	Buildings	Leasehold improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
Property, plant and equipment										
Cost or Fair Value - 31 March 2020	0	0	0	0	0	0	0	0	0	0
Accumulated Depreciation - 31 March 2020	0	0	0	0	0	0	0	0	0	0
Net Carrying Value - 1 April 2020	0	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	12	80	0	0	0	92
Depreciation	0	0	0	0	(1)	(2)	0	0	0	(3)
Cost or Fair Value	0	0	0	0	12	80	0	0	0	92
Accumulated Depreciation	0	0	0	0	(1)	(2)	0	0	0	(3)
Net Carrying Value - 31 December 2020	**0**	**0**	**0**	**0**	**11**	**78**	**0**	**0**	**0**	**89**

The Parent has no Assets under Construction for either 2020 and 2021.

Each subsidiary undertakes asset revaluations using independent registered valuers on a 3 – 5 year cycle. The timing of these valuation cycles has varied in the past from subsidiary to subsidiary. The Group decided in 2021 to align all revaluations for the group and all subsidiaries conducted asset revaluations on all properties (land and buildings) using independent registered valuers as at 31 December 2021. Revaluation involves determining the fair value of these properties. The assessment of the fair value of the land is based on reliable market transactions and sales evidence. The fair value of the buildings is based on optimised depreciated replacement cost. The fair value of land and building assets not revalued at balance date are assessed annually to ensure that they do not differ materially from their carrying value.

The significant assumptions applied in the valuation of land and buildings are:
(a) Highest and best use of land: this has been determined by reference to zoning by the relevant District Plan. Some of the land owned by the Institute is zoned City Centre Business, some is Suburban Residential.
(b) The Institute has assumed all normal risk and rewards of ownership regarding Land and Buildings in Crown Title, although legal title has not been transferred. There are no restrictions on the use of Crown Land and Buildings.
(c) Current market expectations: this is based on yield and recent local sales.
(d) 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.
(e) The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
(f) Non-specialised buildings (residential and commercial) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The table below provides a summary of the revaluations conducted for the Group:

		Movement in Valuation in $'000			
Subsidiary	**Registered Valuer**	**Land**	**Buildings**	**Infrastructure**	**Total**
Ara Institute of Canterbury Limited	Quotable Value Ltd	24,728	26,091	0	**50,819**
Eastern Institute of Technology Limited	CBRE Valuation & Advisory Services	10,201	11,299	818	**22,319**
Manukau Institute of Technology Limited	CBRE Valuation & Advisory Services	5,900	(7,901)	(49)	**(2,050)**
Nelson Marlborough Institute of Technology Limited	Duke & Cooke Ltd	5,143	12,062	0	**17,205**
Northland Polytechnic Limited	Telfer Young	4,590	10,422	0	**15,012**
Open Polytechnic of New Zealand Limited	CVAS Limited (colliers)	6,700	6,936	0	**13,636**
Otago Polytechnic Limited	CVAS Limited (colliers)	9,161	18,911	0	**28,072**
Southern Institute of Technology Limited	Quotable Value Ltd	4,910	16,579	0	**21,489**
Tai Poutini Polytechnic Limited	Coast Valuations Ltd	180	944	0	**1,124**
Toi Ohomai Institute of Technology Limited	Telfer Young	28,072	27,836	8,052	**63,960**
Unitec New Zealand Limited	CBRE Valuation & Advisory Services	18,896	4,609	0	**23,505**
Universal College of Learning Limited	Telfer Young	4,707	6,219	3,431	**14,357**
Waikato Institute of Technology Limited	Telfer Young	7,782	18,616	4,007	**30,406**
Wellington Institute of Technology Limited	CBRE Valuation & Advisory Services	13,055	(2,479)	47	**10,624**
Western Institute of Technology at Taranaki Limited	Telfer Young	310	1,683	0	**1,993**
Whitireia Community Polytechnic Limited	CBRE Valuation & Advisory Services	6,825	3,084	276	**10,186**
Total		**151,161**	**154,913**	**16,583**	322,657

Notes to the Financial Statements

for the year ended 31 December 2021

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

Internally developed courses

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

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

(b) It is probable that the courses will generate future economic benefits or service potential 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 or service potential;

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

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

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

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

Intellectual property development

Research costs are expensed as incurred in the surplus or deficit. Development costs that are directly attributable to the design, construction, and testing of 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:

(a) It is technically feasible to complete the product so that it will be available for use or sale.

(b) Management intends to complete the product and use or sell it.

(c) There is an ability to use or sell the product.

(d) It can be demonstrated how the product will generate probable future economic benefits.

(e) Adequate technical, financial, and other resources to complete the development and to use or sell the product are available.

(f) 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 2 to 10 years 16.7% to 33.3%.

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

Te Pūkenga 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 Te Pūkenga. 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.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed. Goodwill is tested for impairment on an annual basis taking into consideration any changes to the business activities and environment in which Te Pūkenga operates.

Leased assets

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

Assets under construction

As at 31 December the Group was engaged in various construction and development projects that were not yet completed. These assets are classified as assets under construction. Once completed these assets will be transferred from assets under construction to the relevant intangible asset category.

	Group					
All in $000s	Computer software	Goodwill	Course development	Other intangible assets	Leased assets	Total
Intangibles						
Cost or Fair Value - 31 December 2020	150,271	407	51,461	19,038	2,276	223,453
Accumulated Amortisation - 31 December 2020	(104,522)	(407)	(38,525)	(6,164)	(900)	(150,518)
Net Carrying Value - 1 January 2021	**45,749**	**0**	**12,936**	**12,874**	**1,376**	**72,935**
Additions	10,398	0	13,620	(1,548)	125	22,595
Acquisitions through Business Combinations	7,170	0	3,974	0	0	11,144
Reclassifications	0	0	501	0	0	501
Disposals	(4,156)	0	(7,141)	(7,655)	(302)	(19,254)
Amortisation on Disposals	998	0	14,040	3,518	302	18,858
Reverse Accumulated Amortisation – Reclassification	(4,186)	0	(3,017)	0	0	(7,203)
Reverse Accumulated Impairment Loss - Disposal	183	0	0	0	0	183
Impairment Losses Expensed in P&L	(5,088)	0	1,871	0	0	(3,217)
Amortisation	(15,113)	0	(6,248)	(1,612)	(532)	(23,504)
Cost or Fair Value	163,683	407	62,415	9,835	2,099	238,439
Accumulated Amortisation	(127,728)	(407)	(31,879)	(4,257)	(1,130)	(165,401)
Net Carrying Value - 31 December 2021	**35,955**	**0**	**30,536**	**5,578**	**969**	**73,038**
Assets under construction						
Opening Value - 1 January 2021	**3,417**	**0**	**9,245**	**0**	**0**	**12,662**
Additions	2,449	0	5,471	90	0	8,010
Expensed	(81)	0	(470)	0	0	(551)
Capitalisations	(3,739)	0	(9,288)	(90)	0	(13,117)
Closing Value - 31 December 2021	**2,045**	**0**	**4,958**	**0**	**0**	**7,003**

Notes to the Financial Statements

for the year ended 31 December 2021

11. INTANGIBLE ASSETS (CONTINUED)

	Group					
All in $000s	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	Total
Intangibles						
Cost or Fair Value - 31 March 2020	142,948	1,327	52,454	16,951	3,271	216,951
Accumulated Amortisation - 31 March 2020	(95,799)	(407)	(34,675)	(5,358)	(1,331)	(137,570)
Net Carrying Value - 1 April 2020	**47,149**	**920**	**17,779**	**11,593**	**1,940**	**79,381**
Additions/Reclassification	11,597	(920)	2,667	2,087	1,403	16,834
Revaluation	38	0	264	0	0	302
Disposals	(4,312)	0	(3,924)	0	(2,398)	(10,634)
Amortisation on Disposals	3,343	0	86	0	2,397	5,826
Amortisation	(12,066)	0	(3,936)	(806)	(1,966)	(18,774)
Cost or Fair Value	150,271	407	51,461	19,038	2,276	223,453
Accumulated Amortisation	(104,522)	(407)	(38,525)	(6,164)	(900)	(150,518)
Net Carrying Value - 31 December 2021	**45,749**	**0**	**12,936**	**12,874**	**1,376**	**72,935**
Assets under construction						
Opening Value - 1 January 2021	**4,526**	**0**	**7,002**	**0**	**0**	**11,528**
Additions	3299	0	2,932	0	0	6,231
Expensed	(4,408)	0	(689)	0	0	(5,097)
Closing Value - 31 December 2021	**3,417**	**0**	**9,245**	**0**	**0**	**12,662**

The Parent has no Intangibles or Assets under construction in either 2020 or 2021.

12. INVESTMENT IN ASSOCIATES, JOINT VENTURES AND SUBSIDIARIES

ACCOUNTING POLICY
Associate
An associate is an entity over which Te Pūkenga has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting. Investments in associates are 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 the surpluses equals the share of deficits not recognised.

Subsidiaries

The Group's accounting policy relating to subsidiaries is in Note 28.

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

	Ownership %	Balance date	Business Activity
Subsidiary/Associate/Joint venture			
Ara Institute of Canterbury Limited	100	31/12/21	Tertiary Vocational Education Provider
Eastern Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Manukau Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Nelson Marlborough Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Northland Polytechnic Limited	100	31/12/21	Tertiary Vocational Education Provider
Open Polytechnic of New Zealand Limited	100	31/12/21	Tertiary Vocational Education Provider
Otago Polytechnic Limited	100	31/12/21	Tertiary Vocational Education Provider
Southern Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Tai Poutini Polytechnic Limited	100	31/12/21	Tertiary Vocational Education Provider
Te Pūkenga - Work Based Learning Ltd	100	31/12/21	Tertiary Vocational Education Provider
Toi Ohomai Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Unitec New Zealand Limited	100	31/12/21	Tertiary Vocational Education Provider
Universal College of Learning Limited	100	31/12/21	Tertiary Vocational Education Provider
Waikato Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Wellington Institute of Technology Limited	100	31/12/21	Tertiary Vocational Education Provider
Western Institute of Technology at Taranaki Limited	100	31/12/21	Tertiary Vocational Education Provider
Whitireia Community Polytechnic Limited	100	31/12/21	Tertiary Vocational Education Provider
OPAIC Limited Partnership	50	31/12/21	Tertiary Vocational Education Provider
Te Pūkenga - Work Based Learning Limited	100	31/12/21	Tertiary Vocational Education Provider

Notes to the Financial Statements

for the year ended 31 December 2021

12. INVESTMENT IN ASSOCIATES (CONTINUED)

Unpaid share capital
On 1 April 2020 Te Pūkenga was issued with 100 shares in each subsidiary 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 subsidiary's surplus assets. No call has been made for payment.

Ara Institute of Canterbury Limited
Eastern Institute of Technology Limited
Manukau Institute of Technology Limited
Nelson Marlborough Institute of Technology Limited
Northland Polytechnic Limited
Open Polytechnic of New Zealand Limited
Otago Polytechnic Limited
Southern Institute of Technology Limited
Tai Poutini Polytechnic Limited
Toi Ohomai Institute of Technology Limited
Unitec New Zealand Limited
Universal College of Learning Limited
Waikato Institute of Technology Limited
Wellington Institute of Technology Limited
Western Institute of Technology at Taranaki Limited
Whitireia Community Polytechnic Limited
*Te Pūkenga - Work Based Learning Limited **

**On 20th April 2021 Te Pūkenga was issued with 100 shares in Work Based Learning Limited (WBL), as WBL was incorporated on 20th April 2021.*

13. INVESTMENT PROPERTY

ACCOUNTING POLICY
Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant, and equipment. Investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

	Group					
	1 Jan 2021	2021				31 Dec 2021
All in $000s	Opening Value	Additions	Reclassifications	Revaluation	Disposals	Closing Value
Investment property						
OEDT - Ara	3,295	0	0	320	0	3,615
Ara Foundation	500	0	0	300	0	800
Tokoroa Investment Property - Toi Ohomai	130	0	0	0	0	130
Total investment property	**3,925**	**0**	**0**	**620**	**0**	**4,545**

	Group					
	1 Apr 2020	2020				31 Dec 2020
All in $000s	Opening Value	Additions	Reclassifications	Revaluation	Disposals	Closing Value
Investment property						
OEDT - Ara	3,160	0	0	135	0	3,295
Ara Foundation	460	0	0	40	0	500
Tokoroa Investment Property - Toi Ohomai	130	0	0	0	0	130
Total investment property	**3,750**	**0**	**0**	**175**	**0**	**3,925**

The valuation of investment property for OEDT as at 31 December 2021 was performed by an independent registered valuer, Telfer Young, on 31 December 2021. Telfer Young are experienced valuers with extensive market knowledge in the types and location of investment property owned by the Group.

The valuation of investment property for Ara Foundation as at 31 December 2021 was performed by an independent registered valuer, Colliers International Valuation (ChCh) Limited, on 28 October 2021. Colliers International Valuation (ChCH) Limited are experienced valuers with extensive market knowledge in the types and location of investment property owned by the Group.

The Parent has no Investment Properties in either 2020 or 2021.

Notes to the Financial Statements

for the year ended 31 December 2021

14. 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.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Payables under exchange transactions					
Trade payables		45,692	38,289	185	1,586
Related party payables		0	0	224	0
Other payables		22,319	22,405	994	93
Total payables under exchange transactions		**68,011**	**60,694**	**1,403**	**1,679**
Payables under non-exchange transactions					
Other payables		10,426	4,657	1,262	0
Related party payables		0	0	29,970	0
Net GST payable/(receivable)		14,674	13,396	1,478	(135)
Total payables under non-exchange transactions		**25,101**	**18,053**	**32,710**	**(135)**
Total trade and other payables		**93,112**	**78,747**	**34,113**	**1,544**

15. 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.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Employee entitlements					
Accrued pay		5,610	6,719	0	161
Annual leave		45,555	38,946	323	130
Sick leave		1,406	1,438	0	0
Long service leave		2,402	2,244	0	0
Retirement leave		2,159	2,068	0	0
Restructuring provision		82	1,419	0	0
Other employee entitlements		1,816	1,712	1	0
Total employee benefit liabilities		**59,030**	**54,546**	**324**	**291**
Current portion		55,140	50,835	324	291
Non-current portion		3,890	3,711	0	0
Total employee benefit liabilities		**59,030**	**54,546**	**324**	**291**

Notes to the Financial Statements

for the year ended 31 December 2021

16. REVENUE RECEIVED IN ADVANCE

ACCOUNTING POLICY

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

Deferred revenue from research contracts includes both liabilities recognised for research funding with unsatisfied conditions (non-exchange contracts) and liabilities for exchange reserach funding received in excess of costs incurred to date on the required research.

in 2021 WBL received $7,251,000 provided by BCITO and Connexis upon amalgamation to WBL. The funding is ring-fenced and is to spent on specific areas of investment as set out in the Transfer Agreements with WBL

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Revenue received in advance					
Government grants		60,757	13,983	12,001	5,532
Students' fees		91,499	107,360	0	0
Other revenue received in advance		15,721	7,241	0	0
Total revenue received in advance		**167,977**	**128,584**	**12,001**	**5,532**
Current portion		167,977	128,584	12,001	5,532
Non-current portion		0	0	0	0
Total revenue received in advance		**167,977**	**128,584**	**12,001**	**5,532**

17. 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 Te Pūkenga or the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Borrowings					
Current portion		24,233	56,461	0	0
Non-current portion		35,324	65,090	0	0
Total		**59,557**	**121,551**	**0**	**0**
Weighted average effective interest rate		1.0%	1.5%	0.0%	0.0%

BORROWINGS

Subsidiaries with their own borrowing arrangments are as follows:

		Ara	UCOL	Unitec
Lender name		ANZ Bank New Zealand Limited	Ministry of Education	Crown
Facility description		$13,000,000 for the Otauatahi Education Development Trust subsidiary	$3,556,600 Capital Injection repayable on demand zero % interest	$50,000,000 10-year concessionary Loan
Maturity date of facility		31 Aug 23	on demand	31 Aug 2028
Date of Ministry of Education consent to borrow		Not required	Not required	22 Aug 2018
Borrowing Paydown as at 31 December 2021		$560,000	$0	$0
Covenants				Quarterly reporting in lieu of covenants
Maximum total debt to total debt plus equity	Actual	29.97%		
	Required	50%		
	Headroom	20.21%		
Minimum interest cover ratio	Actual	5.41%		
	Required	1.5%		
	Headroom	3.57%		

Notes to the Financial Statements

for the year ended 31 December 2021

18. FINANCE LEASES

ACCOUNTING POLICY

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether Te Pūkenga and the group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The Group's finance leases relate to buildings and computer equipment.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Finance leases					
Current portion		2,785	2,457	0	0
Non-current portion		38,713	39,001	0	0
Total		**41,498**	**41,458**	**0**	**0**
Weighted average effective interest rate		**5.1%**	**5.1%**	**0.0%**	**0.0%**
Finance leases as lessee **Non-cancellable minimum finance lease payments are payable as follows:**					
Not later than one year		4,773	4,503	0	0
Later than one year and not later than five years		14,076	11,378	0	0
Later than five years		53,755	58,122	0	0
Total minimum lease payments as lessee		**72,603**	**74,003**	**0**	**0**
Future finance charges		**31,105**	**32,545**	**0**	**0**
Present value of minimum lease payments		**41,498**	**41,458**	**0**	**0**
Present value of minimum lease payments payable					
Not later than one year		2,785	2,148	0	0
Later than one year and not later than five years		6,553	5,987	0	0
Later than five years		32,160	33,323	0	0
Total present value of minimum lease payments		**41,498**	**41,458**	**0**	**0**

19. OTHER FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICY
Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue 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 fair value. Receipts from these instruments consist of solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

New Zealand Government bonds
Government bonds are classified as fair value through other comprehensive revenue and expense as they might be sold prior to maturity for liquidity reasons. 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.

On disposal of the investment, the financial asset is derecognised, and the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit as a reclassification adjustment.

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 fair value through surplus or deficit. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

Loss allowance for term deposits, Government bonds, and loans to subsidiaries
The group considers there has not been a significant increase in credit risk for investments in term deposits, Government bonds, and loans to subsidiaries because the issuer of the investment continues to have low credit risk at balance date. Term deposits are held with banks that have a long-term A (and above) investment external grade credit rating and the New Zealand Government has a credit rating of AA+, which indicates that these entities have a very strong capacity to meet their financial commitments. The balance of loans to subsidiaries is immaterial.

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

Unlisted Shares
Investments in unlisted shares that are not held for trading are irrevocably designated at fair value through other comprehensive revenue and expense at initial recognition. 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.

These equity instruments are not subject to impairment assessments. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to general funds.

Previous accounting policies for other financial assets

For the prior year, an allowance for credit losses for instruments exposed to credit risk was recognised only when there was objective evidence of impairment. Additionally, for unlisted shares:

- impairment losses were recognised in the surplus or deficit; and
- some unlisted shares were previously measured at cost;
- the cumulative gain or loss recognised in other comprehensive revenue and expense was transferred to the surplus or deficit on disposal of the investment.

A significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. If impairment evidence existed, the cumulative loss recognised in other comprehensive revenue and expense was transferred from equity to the 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.

Notes to the Financial Statements

for the year ended 31 December 2021

19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Impairment of financial assets held at amortised cost

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Te Pūkenga expects to receive).

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Loss allowances on cash and cash equivalents, term deposits and loans to subsidiaries are measured at 12 month ECLs if credit risk has not increased significantly since initial recognition. Should credit risk of these instruments increase significantly, loss allowances are measured at an amount equal to lifetime ECL.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLS. Te Pūkenga applies the simplified approach, as permitted by PBE IPSAS 41. For the simplified approach the Group establishes a provision matrix that is based on historical credit loss experience, adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customer to settle the amount receivable.

The Group considers a financial asset to be in default when:

- The financial asset is more than 30 days past due, and/or
- The borrower is unlikely to pay its credit obligations to the Group in full.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The unrecoverable portion of a financial asset is written off when the Group has no reasonable expectations of recovering all or some of a financial asset. For student fees, the Group has a policy of writing off the gross carrying amount when the receivable is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

All in $000s	Note	Group Actual 2021	Group Actual 2020	Parent Actual 2021	Parent Actual 2020
Financial instrument categories					
The accounting policies for financial instruments have been applied to the line items below:					
Financial assets measured at amortised cost (2020: loans and receivables)					
Cash and cash equivalents		207,371	132,320	65,086	35,291
Term deposits with maturities greater than 3 months at acquisition		99,403	186,372	0	0
Related party loan receivables		0	0	60,400	0
Investments in debt instruments		20,642	2,146	0	2,000
Student fees and other receivables		141,939	114,422	14,775	1,917
Total		**469,355**	**435,260**	**140,261**	**39,208**
Financial assets mandatorily measured at fair value through surplus or deficit – (2020: Held for trading)					
Managed investment portfolio		11,904	6,571	0	0
Total		**11,904**	**6,571**	**0**	**0**
Financial liabilities					
Financial liabilities measured at amortised cost					
Creditors and other payables		93,112	78,747	34,113	1,544
Finance leases		41,498	41,458	0	0
Related party term deposit payables		0	0	67,600	0
Borrowing		59,556	121,551	0	0
Total financial liabilities measured at amortised cost		**194,166**	**241,756**	**101,713**	**1,544**
Financial liabilities measured at fair value through surplus or deficit					
Derivative financial instruments		23	399	0	0
Total financial liabilities measured at fair value through surplus or deficit		**23**	**399**	**0**	**0**

On the date of initial application of PBE IPSAS 41, being 1 January 2021, the classification of financial instruments under PBE IPSAS 29 and PBE IPSAS 41 are illustrated above.

There has been not adjustment on the opening balance from the adoption of PBE IPSAS 41.

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

Notes to the Financial Statements

for the year ended 31 December 2021

19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Financial instruments risks

Te Pūkenga and the group's activities expose it to a variety of financial risks, including market risk, credit risk, and liquidity risk.

Te Pūkenga and the group has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

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.

2021	Group						
All in $000s	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	93,112	93,112	83,677	9,435	0	0	0
Borrowings	59,557	59,557	23,855	378	789	574	33,961
Finance leases	38,647	41,499	890	1,896	3,364	1,281	34,067
Total financial liabilities at amortised cost	**191,316**	**194,167**	**108,422**	**11,708**	**4,153**	**1,855**	**68,028**
Derivative financial instruments	23	23	0	0	0	0	23
Total financial liabilities at amortised cost	**23**	**23**	**0**	**0**	**0**	**0**	**23**

2021	Parent						
All in $000s	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	34,113	34,113	34,113	0	0	0	0
Related party term deposit payables	67,600	67,600	56,600	11,000	0	0	0
Borrowings	0	0	0	0	0	0	0
Finance leases	0	0	0	0	0	0	0
Total financial liabilities at amortised cost	**101,713**	**101,713**	**90,713**	**11,000**	**0**	**0**	**0**
Derivative financial instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total financial liabilities at amortised cost	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2020	Group						
All in $000s	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	78,747	78,747	78,747	0	0	0	0
Borrowings	121,551	124,667	34,241	1,513	39,211	10,631	39,071
Finance leases	41,458	74,003	2,282	2,221	3,959	3,751	61,790
Total financial liabilities at amortised cost	**241,756**	**277,417**	**115,270**	**3,734**	**43,170**	**14,382**	**100,861**
Derivative financial instruments	**399**	**399**	**399**	**0**	**0**	**0**	**0**
Total financial liabilities at amortised cost	**399**	**399**	**399**	**0**	**0**	**0**	**0**

2020	Parent						
All in $000s	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	1,544	1,544	1,544	0	0	0	0
Borrowings	0	0	0	0	0	0	0
Finance leases	0	0	0	0	0	0	0
Total financial liabilities at amortised cost	**1,544**	**1,544**	**1,544**	**0**	**0**	**0**	**0**
Derivative financial instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total financial liabilities at amortised cost	**0**	**0**	**0**	**0**	**0**	**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. Te Pūkenga 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. Te Pūkenga and the group is exposed to currency risk. Te Pūkenga 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. Te Pūkenga and the group does not actively manage its exposure to fair value

2021	**Group**				**Parent**			
All in $000s	**<1 year**	**>1 year - <2 years**	**>2 years**	**Total**	**<1 year**	**>1 year - <2 years**	**>2 years**	**Total**
Cash & cash equivalents	206,901	0	470	207,371	65,086	0	0	65,086
Term Deposits greater than 3 months	98,912	491	0	99,403	0	0	0	0
Managed investment portfolio	11,197	180	526	11,904	0	0	0	0
Weighted average effective interest rate	0.7%	0.0%	0.0%		0.2%	0.0%	0.0%	

2020	**Group**				**Parent**			
All in $000s	**<1 year**	**>1 year - <2 years**	**>2 years**	**Total**	**<1 year**	**>1 year - <2 years**	**>2 years**	**Total**
Cash & cash equivalents	132,320	0	0	132,320	35,291	0	0	35,291
Term Deposits greater than 3 months	186,372	0	0	186,372	0	0	0	0
Managed investment portfolio	8,717	0	0	8,717	2,000	0	0	2,000
Weighted average effective interest rate	3.0%	0.0%	0.0%		0.1%	0.0%	0.0%	

Notes to the Financial Statements

for the year ended 31 December 2021

19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Cash flow interest rate risk
Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates create exposure to cash flow interest rate risk. Te Pūkenga has a treasury management policy designed to ensure debt levels are sustainable and servicing costs are minimised. Interest rate swaps are utilised to manage interest rate risk.

Credit risk
Credit risk is the risk that a third party will default on its obligation to Te Pūkenga and the group, causing it to incur a loss. In the normal course of business, Te Pūkenga 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. Te Pūkenga 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. Te Pūkenga 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. Te Pūkenga and the group has experienced no defaults of interest or principal payments for term deposits. Te Pūkenga 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.

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
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 and term deposits:					
AA-		282,079	318,143	65,069	35,291
A		15,986	0	0	0
Counterparties without credit ratings					
Cash and cash equivalents and term deposits:					
Existing counterparty with no defaults in the past		8,709	549	17	2,000
Existing counterparty with defaults in the past		0	0	0	0
Investments:					
Existing counterparty with no defaults in the past		11,904	8,717	0	0
Existing counterparty with defaults in the past		0	0	0	0
Total cash and cash equivalents		**318,677**	**327,409**	**65,086**	**37,291**
Debtors and other receivables					
Existing counterparty with no defaults in the past		141,939	114,422	14,775	1,917
Existing counterparty with defaults in the past		0	0	0	0
Total debtors and other receivables		**141,939**	**114,422**	**14,775**	**1,917**

Trade and other receivables

Trade and other 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. Te Pūkenga 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 Te Pūkenga 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. Te Pūkenga aims to maintain flexibility in funding by keeping committed credit lines available. Te Pūkenga 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.

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				Parent			
	+100BPS		-100BPS		+100BPS		-100BPS	
All in $000s	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
Interest rate risk 31 December 2021								
Financial assets								
Cash and cash equivalents	221	135	(102)	(191)	0	0	0	0
Term deposits with maturities greater than 3 months at acquisition	1,005	814	(993)	(813)	0	0	0	0
Investments in debt instruments	0	0	0	0	0	0	0	0
Managed investment portfolio	70	77	(70)	(77)	0	0	0	0
Total sensitivity to interest rate risk - financial assets	**1,296**	**1,026**	**(1,165)**	**(1,081)**	**0**	**0**	**0**	**0**
Financial liabilities								
Derivative financial instruments	0	0	0	0	0	0	0	0
Related party term deposit payables	0	0	0	0	676	0	(676)	0
Borrowings	514	684	(514)	(684)	0	0	0	0
Total sensitivity to interest rate risk - financial liabilities	**514**	**684**	**(514)**	**(684)**	**676**	**0**	**(676)**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Group				Parent			
	+100BPS		-100BPS		+100BPS		-100BPS	
All in $000s	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
Interest rate risk 31 December 2020								
Financial assets								
Cash and cash equivalents	994	0	(548)	0	412	0	(62)	0
Term deposits with maturities greater than 3 months at acquisition	941	0	(933)	0	0	0	0	0
Investments in debt instruments	133	0	(133)	0	0	0	0	0
Listed Shares	0	11	0	(11)	0	0	0	0
Total sensitivity to interest rate risk - financial assets	**2,068**	**11**	**(1,614)**	**(11)**	**412**	**0**	**(62)**	**0**
Financial liabilities								
Derivative financial instruments	(4)	0	4	0	0	0	0	0
Borrowings	(541)	0	541	0	0	0	0	0
Total sensitivity to interest rate risk - financial liabilities	**(545)**	**0**	**545**	**0**	**0**	**0**	**0**	**0**

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

Fair value estimation and fair value hierarchy

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

Fair value hierarchy disclosures

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

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

All in $000s	Group			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2021				
Financial assets				
Cash and cash equivalents	207,371	174,972	5	32,394
Term deposits with maturities greater than 3 months at acquisition	99,405	99,127	278	0
Investments in debt instruments	0	0	0	0
Managed investment portfolio	11,904	11,900	4	0
Total Fair Value of Financial Instruments - financial assets	**318,680**	**285,999**	**287**	**32,394**
Financial liabilities				
Derivative financial instruments	23	23	0	0
Borrowings	59,556	11,433	3,557	44,566
Total Fair Value of Financial Instruments - financial liabilities	**59,579**	**11,456**	**3,557**	**44,566**

All in $000s	Parent			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2021				
Financial assets				
Cash and cash equivalents	65,086	65,086	0	0
Term deposits with maturities greater than 3 months at acquisition	0	0	0	0
Investments in debt instruments	0	0	0	0
Managed investment portfolio	0	0	0	0
Total Fair Value of Financial Instruments - financial assets	**65,086**	**65,086**	**0**	**0**
Financial liabilities				
Related party term deposit payables	67,600	67,600	0	0
Borrowings	0	0	0	0
Total Fair Value of Financial Instruments - financial liabilities	**67,600**	**67,600**	**0**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Group			
All in $000s	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2020				
Financial assets				
Cash and cash equivalents	132,320	132,320	0	0
Term deposits with maturities greater than 3 months at acquisition	186,372	186,372	0	0
Investments in debt instruments	8,531	8,531	0	0
Managed investment portfolio	186	186	0	0
Total Fair Value of Financial Instruments - financial assets	**327,409**	**327,409**	**0**	**0**
Financial liabilities				
Derivative financial instruments	399	0	0	399
Borrowings	121,551	121,551	0	0
Total Fair Value of Financial Instruments - financial liabilities	**121,950**	**121,551**	**0**	**399**

	Parent			
All in $000s	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2020				
Financial assets				
Cash and cash equivalents	35,291	35,291	0	0
Term deposits with maturities greater than 3 months at acquisition	0	0	0	0
Investments in debt instruments	2,000	0	0	2,000
Managed investment portfolio	0	0	0	0
Total Fair Value of Financial Instruments - financial assets	**37,291**	**35,291**	**0**	**2,000**
Financial liabilities				
Derivative financial instruments	0	0	0	0
Borrowings	0	0	0	0
Total Fair Value of Financial Instruments - financial liabilities	**0**	**0**	**0**	**0**

All in $000s	Group			
	Total	Secured loans	Finance leases	Interest rate swaps
Reconciliation of movements in liabilities arising from financing activities				
Balance at 1 January 2021	163,407	121,550	41,458	399
Net cash flows	(66,070)	(62,779)	(3,291)	0
Fair value	(377)	0	0	(377)
New leases	1,959	0	1,959	0
Other changes	2,157	784	1,373	0
Balance at 31 December 2021	**101,076**	**59,556**	**41,499**	**22**

20. CAPITAL MANAGEMENT

Te Pūkenga and the group's capital is its equity, which comprises accumulated funds and reserves. Equity is represented by net assets. Te Pūkenga 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. Te Pūkenga manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the that Te Pūkenga effectively achieves its objectives and purpose, while remaining a going concern.

Notes to the Financial Statements

for the year ended 31 December 2021

21. 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
- restricted reserves
- fair value through other comprehensive revenue and expense reserve and
- trusts and bequests reserve.

General funds
These general reserves can be used towards any unspecified future purpose.

In 2021, the Group's general funds balance is inclusive of $2.85m in capital reserves through Nelson Marlborough Institute of Technology Limited and $0.27m for the recognition of assets transferred from another subsidiary through Southern Institute of Technology Limited.

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

Restricted reserves
These reserves are subjected to restrictions that prevent the Group from using those funds until certain restrictions are met.

It includes unencumbered cash reserves retained within the region in which they were generated, mentioned in Note 4. In addition to this there are additonal reserves such as Ara Institute of Canterbury Limited's earthquake insurance reserve of $27.34m and Otago Polytechnic Limited's polytechnic equity of $2.25m.

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 Te Pūkenga.

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 Te Pūkenga or legally through the terms and conditions of specific trusts and bequests.

All in $000s	Note	Group Actual 2021	Group Actual 2020	Parent Actual 2021	Parent Actual 2020
General funds					
Balance as at 1 January 2021		1,254,242	0	34,718	0
Opening balance adjustment		6,430	1,709,397	0	0
Transfer from revaluation reserves on sale of assets held for sale		3,012	0	0	0
Distribution to the Crown		0	(568)	0	0
Surplus/(deficit) for the year before other comprehensive revenue and expenditure		7,623	(473,578)	(1,230)	24,718
Less surplus/deficit attributable to other equity classes/reserves		(126)	(16)	0	0
Other comprehensive revenue and expense		0	(273)	0	0
Capital contributions from the Crown		4,813	19,280	0	10,000
Balance as at 31 December		**1,275,994**	**1,254,242**	**33,488**	**34,718**
Property revaluation reserves					
Balance as at 1 January 2021		908,112	0	0	0
Opening balance adjustment		4,734	802,345	0	0
Property revaluation reserve transfer on reclassificationy revaluation reserve transfer on reclassification		0	0	0	0
Transfer to equity on sale of assets held for sale		(3,012)	0	0	0
Land net revaluations gain		151,161	89,850	0	0
Infrastructure revaluation gain		16,583	3,526	0	0
Buildings net revaluations gain		154,913	12,391	0	0
Total net revaluations gain		322,657	105,767	0	0
Balance as at 31 December		**1,232,491**	**908,112**	**0**	**0**
Trusts and bequests					
Opening balance		3,524	3,502	0	0
Interest received		328	87	0	0
Less grants awarded		(3)	(65)	0	0
Total trust funds		**3,849**	**3,524**	**0**	**0**

Notes to the Financial Statements

for the year ended 31 December 2021

21. EQUITY (CONTINUED)

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Represented by:					
Ara Institute of Canterbury Limited		832	847	0	0
Manukau Institute of Technology Limited		623	0	0	0
Nelson Marlborough Institute of Technology Limited		1,009	1,059	0	0
Waikato Institute of Technology Limited		652	654	0	0
Others		733	964	0	0
Total trust funds		**3,849**	**3,524**	**0**	**0**
Restricted reserves					
Opening balance		110,253	110,258	0	0
Transfers from restricted reserves		33	0	0	0
Distributions from restricted reserves		(5,804)	(5)	0	0
Total restricted reserves		**104,483**	**110,253**	**0**	**0**
Represented by:					
Unencumbered cash reserves as described in note 4		74,830	79,521	0	0
Hardship - Northtec		73	73	0	0
Polytechnic equity - Open Polytechnic		2,245	2,245	0	0
Award funds - Southern Institute of Technology		0	119	0	0
South Westland Community Activities Trust - Tai Poutini Polytechnic		0	13	0	0
Earthquake Insurance reserves - Ara		27,335	28,282	0	0
Total restricted reserves		**104,483**	**110,253**	**0**	**0**
Fair value through other comprehensive revenue and expense reserve					
Balance as at 1 January 2021		**0**	**0**	**0**	**0**
Balance as at 1 April 2020		**0**	**0**	**0**	**0**
Gains on valuations (excluding property)		**0**	**0**	**0**	**0**
Other gains/(losses)		**0**	**0**	**0**	**0**
Balance as at 31 December		**0**	**0**	**0**	**0**
Total equity		**2,616,817**	**2,276,131**	**33,488**	**34,718**

22. MAJOR BUDGET VARIATIONS

Explanations for major comprehensive revenue and expense budget variances from the 2021 Te Pūkenga budget are detailed in the below table. During the 2021 the group was expanded with the addition of Te Pūkenga Work Based Learning Ltd (WBL). The financial results of WBL from formation in August 2021 are included in the actual column, however no budget for this operation was included in the 2021 Budget and this is reflected in the table below with the budget variance excluding the effect of the WBL actuals.

	Group				
	2021				
All in $000s	Group Actual	Actual WBL	Adjusted Actual	Budget	Variance
Statement of comprehensive revenue and expense					
Surplus/(deficit)	7,623	14,393	(6,770)	(51,153)	44,383
Revenue variances					
Government funding	699,468	32,464	667,004	651,945	15,059
Student fees & departmental revenue	364,100	17,638	346,462	358,647	(12,185)
Other revenue	107,044	1,603	105,441	77,728	27,713
Expenditure variances					
Employee benefit expenses	694,231	17,403	676,828	693,420	(16,592)
Depreciation and amortisation	114,306	902	113,404	109,906	3,498
Finance Costs	4,928	1	4,927	4,577	350
Administration and Other Expenses	348,886	19,006	329,880	331,570	(1,690)
Share of Associate / Joint Venture	(638)	0	(638)	0	(638)
Other comprehensive revenue and expense					
Other comprehensive revenue & expense	322,657	0	322,657	0	322,657
Total comprehensive revenue and expense	**330,280**	**14,393**	**315,887**	**(51,153)**	**367,040**

Explanations for major statement of financial position budget variances from the 2021 Te Pūkenga budget are detailed in the below table. During the 2021 the group was expanded with the addition of Te Pūkenga Work Based Learning Ltd (WBL). The financial results of WBL from formation in August 2021 are included in the actual column, however no budget for this operation was included in the 2021 Budget and this is reflected in the table below with the budget variance excluding the effect of the WBL actuals.

Notes to the Financial Statements

for the year ended 31 December 2021

22. MAJOR BUDGET VARIATIONS (CONTINUED)

	Group				
	2021				
All in $000s	Group Actual	Actual WBL	Adjusted Actual	Budget	Variance
Statement of financial position					
Current assets	564,602	52,519	512,083	308,531	203,552
Non-current assets	2,495,745	9,704	2,486,041	2,176,769	309,272
Current liabilities	346,396	40,986	305,410	304,087	1,323
Non-current liabilities	97,136	180	96,956	115,533	(18,577)
Equity	2,616,817	21,057	2,595,760	2,065,680	530,080

Explanations for major statement of cash flows budget variances from the 2021 Te Pūkenga budget are detailed in the below table. During the 2021 the group was expanded with the addition of Te Pūkenga Work Based Learning Ltd (WBL). The financial results of WBL from formation in August 2021 are included in the actual column, however no budget for this operation was included in the 2021 Budget and this is reflected in the table below with the budget variance excluding the effect of the WBL actuals.

	Group				
	2021				
All in $000s	Group Actual	Actual WBL	Adjusted Actual	Budget	Variance
Statement of cash flows					
Cash flow from operating activities	124,625	27,388	97,237	65,744	31,493
Cash flow used in investing activities	(74,019)	(760)	(73,259)	(118,059)	44,800
Cash flows from financing activities	1,641	0	1,641	1,437	204
Net (decrease)/increase in cash and cash equivalents	52,248	26,628	25,620	(50,878)	76,498
Cash and cash equivalents at beginning of the year	132,320	0	132,320	260,455	(128,135)
Cash and cash equivalents from amalgamation	22,803	21,713	1,090	0	1,090
Total cash and cash equivalents at end of the year	**207,371**	**48,341**	**159,030**	**209,577**	**(50,547)**

Explanation of major budget variations:
Key variances in revenue related primarily to the effects of the COVID-19 pandemic resulting in national border closures and resultant loss of revenue from International student fees and closure of campuses during the COVID-19 lockdowns. With campus closures operating expenditure was significantly less than budgeted due to prudent spending. Cash flows were improved over budget largely due to COVID-19 pandemic induced delays in capital projects and associated expenditure and this led to higher current assets than budgeted.Increase in non-current assets were due to revaluations and made up a significant portion of the increase in equity.

Explanations for major comprehensive revenue and expense budget variations from the 2021 Te Pūkenga budget are detailed below in this table:

	Parent		
All in $000s	**Actual 2021**	**Budget 2021**	**Variance**
Statement of comprehensive revenue and expense			
Surplus/(deficit)	(1,230)	(10,610)	9,380
Revenue variances			
Government funding	793,352	36,400	756,952
Student fees & departmental revenue	0	0	0
Other revenue	577	12	565
Expenditure variances			
Employee benefit expenses	14,399	24,367	(9,968)
Depreciation and amortisation	50	25	25
Interest expense	355	0	355
Administration and other expenses	780,355	22,630	757,725
Other comprehensive revenue and expense			
Other comprehensive revenue and expense	0	0	0
Total comprehensive revenue and expense	**(1,230)**	**(10,610)**	**9,380**

Notes to the Financial Statements
for the year ended 31 December 2021

22. MAJOR BUDGET VARIATIONS (CONTINUED)

Explanations for major statement of financial position budget variations from the 2021 Te Pūkenga budget are detailed below in this table:

	Parent		
All in $000s	Actual 2021	Budget 2021	Variance
Statement of financial position			
Current assets	147,198	2,855	144,343
Non-current assets	328	10,125	(9,797)
Current liabilities	114,038	1,445	112,593
Non-current liabilities	0	0	0
Equity	33,488	11,535	21,953

Explanations for major statement of cash flows budget variations from the 2021 Te Pūkenga budget are detailed below in this table:

	Parent		
All in $000s	Actual 2021	Budget 2021	Variance
Statement of cash flows			
Cash flow from operating activities	20,918	(11,617)	32,535
Cash flow used in investing activities	8,911	(10,100)	19,011
Cash flows from financing activities	(34)	0	(34)
Net (decrease)/increase in cash and cash equivalents	29,795	(21,717)	51,512
Cash and cash equivalents at beginning of the year	35,291	24,459	10,832
Total cash and cash equivalents at end of the year	**65,086**	**2,742**	**62,344**

Explanation of major budget variations:
COVID-19 pandemic caused delays in the establishment of Te Pūkenga operations which delayed staff recruitment and associated costs and the implementation of a variety of projects resulted in a significant increase in surplus over that budgeted and improved cash flows.

23. CAPITAL EXPENDITURE PROJECT PERFORMANCE TO BUDGET

All in $000s	Note	Group Actual 2021	Group Budget 2021	Group Variance 2021	Group Actual 2020	Group Budget 2020	Group Variance 2020
Annual allocations (renewals)							
Facilities annual replacements		31,699	31,836	(137)	30,086	25,808	4,278
Furniture annual allocation		1,730	2,376	(647)	1,574	1,520	54
Information technology allocation		23,873	30,500	(6,627)	21,954	25,327	(3,373)
Vehicle replacement		906	1,400	(494)	1,439	1,941	(502)
Library annual allocation		1,456	1,811	(355)	776	861	(85)
Academic departments		5,674	6,586	(912)	3,306	4,871	(1,565)
Other allocation		9,973	13,435	(3,462)	8,045	27,350	(19,305)
Total annual allocation		**75,309**	**87,944**	**(12,635)**	**67,180**	**87,678**	**(20,498)**
Major projects							
Southern Institute of Technology Limited - St John's Creative Art Centre		9,646	10,300	(654)	3,455	18,340	(14,885)
Otago - Trades Training Centre (81689) (Forth Street)		7,795	13,000	(5,205)	0	0	0
Unitec - Building 108 Roof replacement & refurbishment		17,490	22,220	(4,730)	0	0	0
Other projects		10,106	22,980	(12,874)	24,206	37,639	(13,433)
Total major projects		**45,037**	**68,500**	**(23,463)**	**27,661**	**55,979**	**(28,318)**
Total capital expenditure		**120,346**	**156,444**	**(36,098)**	**94,841**	**143,657**	**(48,816)**

Explanation of major budget variations:

The underspend on annual capital allocations across the group was largely due to delays brought on by the COVID-19 pandemic and associated lockdowns. Major building projects were delayed due to the inability to continue onsite work and the delays in construction caused by COVID-19 induced supply chain issues.

Notes to the Financial Statements

for the year ended 31 December 2021

24. 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		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Leases as lessee					
Non-cancellable operating lease rentals are payable as follows:					
Not later than one year		26,611	20,426	0	0
Later than one year and not later than five years		62,950	56,182	0	0
Later than five years		139,073	137,466	0	0
Total leases as lessee		**228,634**	**214,074**	**0**	**0**

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Leases as lessor					
Te Pūkenga leases its property purchased for strategic purpose pending future use by Te Pūkenga under operating leases.					
The future minimum lease payments under non-cancellable leases are as follows:					
Not later than one year		3,344	3,265	0	0
Later than one year and not later than five years		4,080	4,496	0	0
Later than five years		823	1,245	0	0
Total leases as lessor		**8,247**	**9,006**	**0**	**0**

Operating leases as the lessee comprise of buildings, vehicles, photocopiers and other equipment.

25. COMMITMENTS AND CONTINGENCIES

Te Pūkenga has the following commitments at balance date:

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Capital commitments					
Capital commitments denote approved capital expenditure contracted for at year-end not yet incurred.					
Approved and committed					
Buildings		39,219	24,380	0	0
Other plant, property and equipment		1,359	1,553	0	0
Intangible assets		474	295	0	0
Total capital commitments		**41,052**	**26,228**	**0**	**0**

Te Pūkenga has the following contingent liabilities at balance date:

		Group		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
Contingent liabilities					
UCOL - compassionate grants outstanding as at 31/12/21		21	0	0	0
MIT - underlying lease MITM not yet signed		12,000	0	0	0
Otago Polytechnic - enforceable undertaking		3,398	167	0	0
Waikato Institute of Technology Limited - export guarantee		0	2,026	0	0
Total contingent liabilities		**15,419**	**2,193**	**0**	**0**

MIT has entered into a contract to lease the TechPark building to be constructed by Haydn & Rollett, for a period of 30 years with two rights of renewal for ten years each. The value of the operating lease commitment is $2.4m per year. The finance lease is disclosed in Note 18. As lessee there are responsibilities to minimise impact to the lessors premises at the time of exit. Previously MIT had specific make good clauses in the Maritime lease agreements. Most of these were negotiated out during 2020 renegotiations. MITs requirements now are to ensure they remediate any damage caused by the removal of MIT owned property and to leave the premises clean and tidy. MIT intends to utilise MIT staff to manage the exit of the Maritime premises and will only outsource tasks that required specialised skills. On this basis MIT do not anticipate these costs being material and accordingly no commitment has been recognised for make good. MIT have entered into a lease agreement for Techpark. The agreement commenced on 1 September 2020 and will run for 50 years. As at 31 December 2021, the net present value of any make good provision is considered to be immaterial and accordingly no make good provision has been recognised.

Otago Polytechnic Limited is joint and several guarantor for property leases relating to the OPAIC's Auckland Campus. There is a significant uncertainty as to whether OPAIC will continue to be able to meet the lease payments, because of its high dependence on international enrolments, thereby resulting in Otago Polytechnic Limited having to honour the lease contract payments. The remaining lease payments, at 31 December 2021, were $5.4 million (2020 $6.5 million) noting that Future Skills has provided a bond of $850,000 in favour of the Otago Polytechnic Limited (expires on 10th April 2022). The monthly lease commitment is $96,809 and the expiry date is 1 September 2026. The Otago Polytechnic Limited has the right to sub-lease. Otago Polytechnic Limited's exposure to this cannot be quantified due to the uncertainty from the impact of the Covid-19 pandemic, on the rental property market in central Auckland. Otago Polytechnic Limited assess that it is less than probable that any contribution will need to be paid as the Otago Polytechnic Limited has the right to sub-lease the building.

Notes to the Financial Statements

for the year ended 31 December 2021

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Wintec entered into an operation and maintenance agreement with the Colleges of Excellence in the Kingdom of Saudi Arabia on 08 April 2014. Under this agreement Wintec was required to provide a performance bond which was done under a counter agreement between Bank of New Zealand and Banque Saudi Fransi. In 2019 Wintec has 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. On 03 December 2021 the bond was cancelled. The Institute and Group have no other contingent liabilities.

26. 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 Te Pūkenga 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		Parent	
All in $000s	Note	Actual 2021	Actual 2020	Actual 2021	Actual 2020
KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS					
Key management personnel compensation					
Board members					
Full-time equivalent members		117	87	9	8
Remuneration		3,016	2,085	516	348
Directors and Chief Executive					
Full-time equilvalent members		132	102	11	3
Remuneration		27,832	17,796	3,475	1,271
Total full-time equivalent members		249	189	20	11
Total key management personnel remuneration		**30,848**	**19,881**	**3,991**	**1,619**

27. RELATED PARTY DEPOSITS/LOANS PAYABLES/RECEIVABLES

On 1 April 2021 Te Pūkenga established a Group Treasury Policy providing the framework and scope within which treasury related risks are governed by Te Pūkenga ("Parent") and its wholly owned Subsidiaries ("Group"). The Parent finance function manages its own treasury activities along with the group liquidity and debt management requirements which includes the intra-group funding arrangement. The Subsidiaries are responsible for their own treasury activities including day-to day cash management, working capital, treasury investment and risk management. Te Pūkenga is the borrowing entity of the Group with the ability to borrow both externally and hold intra-group borrowing and lending activity managed by the Parent. On 31 December 2021 the intra loan portfolio was $60,400,000 and the intra deposits held were $67,600,000, and a net balance of $7,200,000. The group has a borrowing facility of $125m with Westpac Banking Corporation, established on 24 June 2021 which was not drawn upon during the 2021 financial year. There were no breaches of covenants during the 2021 financial year.

Te Pūkenga have loan balance of $60,400,000 as at 31 December 2021 which were made by the parent to subsidiaries. Interest received during the year totalled $309,741. The interest rate for loans varies from 1.24% to 1.98% during the year. Loans are repayable on demand.

Te Pūkenga have term deposit balance of $67,600,000 as at 31 December 2021 which were made by the subsidiaries to parent. Interest paid during the year totalled to $333,426. The interest rate for term deposits varies from 0.40% to 1.40%. Term deposits are payable on maturity date.

	Parent
All in $000s	Actual 2021
Related Party Term Deposit Payables	
Manukau Institute of Technology Limited	17,000
Nelson Marlborough Institute of Technology Limited	5,500
Open Polytechnic of New Zealand Limited	18,100
Toi Ohomai Institute of Technology Limited	15,000
Unitec New Zealand Limited	9,000
Wellington Institute of Technology Limited	3,000
Total	**67,600**
Related Party Loan Receivables	
Northland Polytechnic Limited	1,000
Otago Polytechnic Limited	7,000
Tai Poutini Polytechnic Limited	4,000
Waikato Institute of Technology Limited	29,200
Western Institute of Technology at Taranaki Limited	1,200
Whitireia Community Polytechnic Limited	18,000
Total	**60,400**

Notes to the Financial Statements

for the year ended 31 December 2021

28. CONSOLIDATION

ACCOUNTING POLICY

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 Te Pūkenga obtains control of the entity and ceases when Te Pūkenga loses control of the entity.

Subsidiaries

Te Pūkenga consolidates in the group financial statements those entities it controls. Control exists where Te Pūkenga 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 Te Pūkenga. Investments in subsidiaries are measured at cost in the parent financial statements.

29. COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency.

From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April 2020 and then remained in lockdown at Alert Level 3 until 13 May 2020. In 2021, various regions in New Zealand have been subject to lockdown restrictions at various levels. During these periods, Te Pūkenga has periodically closed some or all delivery sites to comply with COVID-19 restrictions.

Most staff moved to a “work from home” model, and teaching was changed to online delivery. When New Zealand moved to lower Alert Levels, students were able to attend classes on-site or continue to access classes remotely. The effect on our operations is reflected in these financial statements based on the information available to the date these financial statements were approved.

The main impacts on Te Pūkenga financial statements due to COVID-19 are explained below:

Revenue	Drop of revenue due to lower international student enrolments. Domestic enrolment increases have partially offset this revenue impact, along with Government initiatives such as Targeted Training & Apprenticeship Fund (TTAF). Level 3 and 4 lockdowns contributed to reduced revenue in areas such as Childcare facilities and cafes.
Students	As with revenue, international student numbers were down in 2020 and 2021 but this loss was partially offset by higher domestic enrolments.
Suppliers	The majority of suppliers to Te Pūkenga group are based in New Zealand, so the COVID-19 effect on supply was minimal.
Employees	Teaching staff had to develop online delivery methods when students were home based. The majority of non-teaching staff were able to carry out their duties with minimal disruption to productivity.
Liquidity	The majority of the ITPs have held sufficient working capital reserves to meet day to day cash requirements, however new debt instruments have been drawn down where required. For the group as a whole, COVID-19 has had limited effect on going concern status. However, it is noted that some subsidiaries that were experiencing going concern challenges prior to COVID-19 continue to do so.
Property Asset fair value assessment	Generally, property and land valuations have followed trends witnessed in the wider market by increasing in 2020, in some case markedly. The proportion to which these increases can be directly attributable to COVID-19 is uncertain.

Notes to the Financial Statements

for the year ended 31 December 2021

30. EVENTS AFTER BALANCE DATE

On 1 January 2022, MITO New Zealand Incorporated (MITO) amalgamated with WBL, transferring its arranging training and support functions to Work Based Learning Limited. This comprised net assets / gain on amalgamation of $1.662m.

On 5 April 2022, Te Pūkenga Council met and approved an early move by Toi Ohomai and Wintec. Early movers are change-ready ITP subsidiaries moving into Te Pūkenga ahead of the development of functional designs within the Operating Model. The move of Toi Ohomai and Wintec into Te Pūkenga will be completed.

UCOL has entered a sale and lease back agreement with Gibbons for PSA House. This is disclosed is the Statement of Financial Position as a "held for sale" asset. The sales transaction was settled on 31 January 2022 for $2.176 millon.

Te Pūkenga and Future Skills Academy (50% owner of the associate OPAIC) are in discussions for Te Pūkenga to purchase the Future Skills Academy share of OPAIC. As this is only at early discussion stages there is uncertainty around the value of the purchase and the future ownership of OPAIC.

31. STATEMENT OF PERFORMANCE EXPECTATIONS

Voluntary Disclosure in respect of the 2022 Statement of Performance Expectations

Section 149I (2)(a)(i) of the Crown Entities Act 2004 requires that a:

Crown entity must provide a draft statement of performance expectations to its responsible Minister:

(i) not later than 2 months before the start of the financial year to which the statement of performance expectations relates;

Te Pūkenga did not meet this requirement as it submitted its Draft Statement of Performance to the Minister on 13 December 2021.

32. AUDIT COMPLETED LATE

The Audit was completed on 31 May 2022. This was completed later than required by section 156(3)(b) of the Crown Entities Act 2004 and section 135(2) of the Education and Training Act 2020 . Consequential effects of COVID-19, including lockdowns, along with a shortage of audit staff in New Zealand were the primary cause of the late submission of audited subsidiary information required for consolidation into the group financial statements. Furthermore, matters raised in asset valuations, confirmation of revenue wash up payments and receipts, non-financial performance measures and the IPSAS 41 disclosures contributed to delays in receiving audited subsidiary information.

Ētahi pārongo atu
Other Information

Remuneration - council and board member

The below council and board member remuneration values are for Te Pūkenga and the group for the year ending 31 December 2021. Values to nearest dollar:

Name	Ara Institute of Canterbury	Eastern Institute of Technology	Manukau Institute of Technology	Nelson Marlborough Inst of Technology	Northland Polytechnic	Open Polytechnic of New Zealand	Otago Polytechnic	Southern Institute of Technology	Tai Poutini Polytechnic
Allison, Paul	0	0	0	0	0	0	18,680	0	0
Allison, Tony	0	0	0	0	0	0	2,819	0	0
Anderson, Nicole	0	0	0	0	16,258	0	0	0	0
Arseneau, Thérèse	39,899	0	0	0	0	18,680	0	0	0
Atmore, Verne	0	0	0	0	0	0	0	0	0
Bain, Murray*	19,925	0	0	0	20,445	5,000	0	18,680	0
Barlow-Groome, Caitlin	0	0	0	0	0	0	0	0	0
Broad, Alison	0	0	0	0	0	0	0	37,365	0
Brockie, Robin	0	0	0	0	0	0	0	0	0
Brockies, John	0	0	0	0	16,258	0	0	0	0
Butler, Ross	0	0	0	0	0	0	0	0	0
Cairns, Monique	0	0	20,000	0	0	0	0	0	0
Caldwell, Robert	0	0	0	0	0	0	0	0	20,931
Cartwright, Jane	19,925	0	0	0	0	0	0	0	0
Cleaver, Mark	0	0	0	0	0	0	0	0	0
Collier, Hilton	0	37,365	0	0	0	0	0	0	0
Collins, Mike	0	0	0	0	0	0	18,748	0	0
Comer, Leith	0	0	0	0	0	0	0	0	0
Cooney, Catherine	0	0	0	0	0	0	0	0	0
Coutts, Karen	0	0	0	0	0	0	18,680	0	0
Cowper, Peter	0	0	0	9,506	0	0	0	0	0
Crawford, Michael	0	0	0	0	0	0	0	0	0
Crowley, Cassandra	0	0	0	0	0	0	0	0	0
Day, Geoff	0	0	0	0	0	0	0	0	0
Devlin, Margaret	0	0	0	0	0	0	0	0	0
Donald, Murray	0	0	0	0	0	0	0	23,350	0
Edgar, Judene	0	0	0	16,764	0	0	0	0	0
Edwards, Kara	0	0	0	0	0	0	0	0	14,877
Eparaima, Vanessa	0	0	0	0	0	0	0	0	0
Evans, Ripeka	0	0	0	0	33,006	0	0	0	0
Fairbairn-Dunlop, Tagaloatele Peggy	0	0	0	0	0	0	0	0	0
Fleming, Daniel	0	0	0	0	0	0	0	0	0
Florence, Grant	0	0	0	0	0	0	0	0	0
French-Wright, Lyal	0	0	0	0	0	0	0	0	0

*Murray Bain is a director of ESA Publications (NZ) Limited - amount disclosed is inclusive of board fees of $5,000 from ESA Publications.

TANZ e-Campus	Toi Ohomai Institute of Technology	Unitec New Zealand	Universal College of Learning	Waikato Institute of Technology	Wellington Institute of Technology	Western Institute of Technology at Taranaki	Whitireia Community Polytechnic	Te Pūkenga Parent	Work Based Learning Ltd	Group Total
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	0	**2,819**
0	0	0	0	0	0	0	0	0	0	**16,258**
0	0	0	0	0	0	0	0	0	0	**58,579**
0	0	0	28,660	0	0	0	0	0	0	**28,660**
0	0	0	0	0	0	0	0	0	0	**64,050**
0	0	0	0	0	8,373	0	8,465	0	0	**16,838**
0	0	0	0	0	0	0	0	0	0	**37,365**
0	0	0	0	0	0	33,623	0	0	0	**33,623**
0	0	0	0	0	0	0	0	52,773	15,000	**84,031**
17,000	0	0	0	0	0	0	0	0	0	**17,000**
0	0	19,925	0	0	0	0	0	0	0	**39,925**
0	0	0	0	0	0	0	0	0	0	**20,931**
0	0	0	0	0	0	0	0	0	0	**19,925**
0	0	0	19,082	0	0	0	0	0	0	**19,082**
0	0	0	0	0	0	0	0	0	0	**37,365**
0	0	0	0	0	0	0	0	0	0	**18,748**
0	18,680	0	0	0	0	0	0	0	0	**18,680**
0	37,365	0	0	0	0	0	0	0	0	**37,365**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	0	**9,506**
0	0	0	0	19,925	0	0	0	0	0	**19,925**
0	0	0	0	0	0	16,808	0	0	0	**16,808**
0	0	0	0	20,000	0	0	0	0	0	**20,000**
0	0	0	0	24,906	0	0	0	0	0	**24,906**
0	0	0	0	0	0	0	0	0	0	**23,350**
0	0	0	0	0	0	0	0	0	0	**16,764**
0	0	0	0	0	0	0	0	0	0	**14,877**
0	0	0	0	0	0	0	0	0	5,000	**5,000**
0	23,350	0	0	0	0	0	0	0	0	**56,356**
0	0	0	0	0	0	0	0	40,506	0	**40,506**
0	0	0	0	0	0	16,808	0	0	0	**16,808**
0	0	0	0	0	0	0	0	0	5,000	**5,000**
0	0	0	16,745	0	0	16,808	0	0	0	**33,553**

Remuneration - council and board member

The below council and board member remuneration values are for Te Pūkenga and the group for the year ending 31 December 2021. Values to nearest dollar:

Name	Ara Institute of Canterbury	Eastern Institute of Technology	Manukau Institute of Technology	Nelson Marlborough Inst of Technology	Northland Polytechnic	Open Polytechnic of New Zealand	Otago Polytechnic	Southern Institute of Technology	Tai Poutini Polytechnic
Geddes, Maryann	19,947	0	0	0	0	0	18,748	18,680	0
Gibson, Beverley	0	0	0	0	0	0	0	0	0
Goulter, Kiri	0	0	0	0	0	0	0	0	0
Grant, Antonina	0	0	0	16,745	0	0	0	0	0
Grant, Kathleen	0	0	0	16,745	0	0	0	0	0
Hape, Chrissie	0	23,350	0	0	0	0	0	0	0
He, Xiao Peng (Jerry)	0	0	0	0	0	18,680	0	0	0
Heebink, Robert	0	0	0	0	0	0	0	0	0
Hill-Taite, Kim	0	0	0	0	0	0	0	0	0
Hina, Katarina	0	0	0	0	0	0	0	0	0
Hodges, Tania	0	0	0	0	0	0	0	0	0
Hope, Sue	0	0	0	0	0	0	0	0	0
Huggard, Sam	0	0	0	0	0	0	0	0	16,745
Jalil, Ziena	0	0	20,000	0	0	0	0	0	0
Johnston, Tracy	0	18,680	0	31,552	0	0	0	0	0
Jordan, Barry	0	0	0	0	0	0	0	18,680	0
Kaio, Aimee	0	0	0	0	0	0	0	18,680	0
Kara, Erena	0	0	0	0	16,258	0	0	0	0
Keene, Matthew	0	0	0	0	16,258	0	0	0	0
Keoghan, Rebecca	0	0	0	0	0	0	0	0	33,490
King, Mike	0	0	0	0	0	0	0	0	0
La Hood, Adam	0	0	0	0	0	0	35,349	0	0
Lamont, Nettles	19,947	0	0	0	0	0	0	0	0
Lesa, Andrew (Fale)	0	0	20,000	0	0	0	0	0	0
Leslie, Andrea	19,947	0	0	0	0	0	0	0	0
Lester, Justin	0	0	0	0	0	0	18,699	0	0
Littlewood, Charlotte	0	0	0	0	0	0	0	0	0
Mahara, Raewyn	0	0	0	0	0	0	0	0	0
Maharey, Steve	0	0	0	0	0	0	0	0	0
McFarlane, Craig	0	0	0	0	0	0	0	0	0
McKelvie, Ross	0	18,680	0	0	0	0	0	0	0
McLeod-Lundy, Breccan	0	0	0	0	0	18,680	0	0	0
Meade, Linda	0	0	0	0	0	0	0	0	0
Moeahu, Kura	0	0	0	0	0	0	0	0	0
Morrison, Tupara	0	0	0	0	0	0	0	0	0

TANZ e-Campus	Toi Ohomai Institute of Technology	Unitec New Zealand	Universal College of Learning	Waikato Institute of Technology	Wellington Institute of Technology	Western Institute of Technology at Taranaki	Whitireia Community Polytechnic	Te Pūkenga Parent	Work Based Learning Ltd	Group Total
0	0	0	0	0	0	0	0	52,773	8,000	**118,148**
0	0	0	0	0	0	21,015	0	0	0	**21,015**
0	0	0	0	19,925	0	0	0	0	0	**19,925**
0	0	0	0	0	0	0	0	0	0	**16,745**
0	0	0	0	0	8,373	0	8,372	52,773	0	**86,262**
0	0	0	0	0	0	0	0	0	0	**23,350**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	15,000	0	0	0	0	0	**15,000**
0	0	0	0	15,000	0	0	0	0	0	**15,000**
0	0	0	16,745	0	0	0	0	0	0	**16,745**
0	18,680	0	0	19,925	0	0	0	52,773	0	**91,378**
0	0	0	0	0	8,373	0	8,372	0	0	**16,744**
0	0	0	0	0	0	16,745	0	52,773	0	**86,263**
0	0	19,925	0	0	0	0	0	0	0	**39,925**
0	0	0	0	0	0	0	0	0	0	**50,232**
0	0	0	16,745	0	0	0	0	0	0	**35,425**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	0	**16,258**
0	0	0	0	0	0	0	0	0	0	**16,258**
0	0	0	0	0	0	0	0	0	0	**33,490**
0	0	0	0	0	0	0	0	0	5,000	**5,000**
0	0	0	0	0	0	0	0	0	0	**35,349**
0	0	0	0	0	0	0	0	0	0	**19,947**
0	0	19,925	0	0	0	0	0	0	0	**39,925**
0	0	0	0	0	0	0	0	0	0	**19,947**
0	0	0	0	0	16,745	0	16,740	0	0	**52,184**
0	0	0	0	0	0	16,808	0	0	0	**16,808**
0	0	0	0	19,925	0	0	0	0	0	**19,925**
0	0	0	23,185	0	0	0	0	0	0	**23,185**
0	0	0	0	30,000	0	0	0	0	0	**30,000**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	11,466	0	10,582	0	0	**22,047**
0	0	0	0	0	8,373	0	8,465	0	0	**16,838**
0	0	0	0	0	6,394	0	6,414	0	0	**12,808**

Remuneration - council and board member
(CONTINUED)

The below council and board member remuneration values are for Te Pūkenga and the group for the year ending 31 December 2021. Values to nearest dollar:

Name	Ara Institute of Canterbury	Eastern Institute of Technology	Manukau Institute of Technology	Nelson Marlborough Inst of Technology	Northland Polytechnic	Open Polytechnic of New Zealand	Otago Polytechnic	Southern Institute of Technology	Tai Poutini Polytechnic
Newton, Charles	0	0	0	16,764	0	0	0	0	0
Ngarimu, Kim	0	18,680	0	0	16,258	0	0	0	0
Nuri, Niwa	0	0	0	0	0	0	0	0	0
Parussini, Peter	0	0	20,000	0	0	0	0	0	0
Potiki, Megan	0	0	0	0	0	0	23,444	0	0
Reid, Robert	0	0	20,000	0	0	0	0	0	0
Renata, Steven	0	0	20,000	0	0	0	0	0	0
Renner, Vaughan*	0	0	0	0	0	46,365	0	0	0
Rewi, Darren	0	0	0	0	0	0	0	18,680	0
Rooney, Renee	0	0	0	0	0	0	0	0	16,745
Royal, Marama	0	0	12,000	0	0	0	0	0	0
Seelig, Caroline*	0	0	0	0	0	5,000	0	0	0
Smith, Patrick	0	0	0	20,296	0	0	0	0	0
Stephenson, Lorriane	0	0	0	0	0	0	0	0	0
Stewart, Linda	0	0	0	0	0	0	0	0	0
Story, Pamela	0	0	0	0	0	0	0	0	0
Strong, Murray	0	0	0	0	0	18,680	0	0	16,745
Sutherland, Sue	0	0	0	0	0	12,453	0	0	0
Tahana, Ngaroma	0	0	0	0	0	0	0	0	0
Taite, Melanie	24,933	0	0	0	0	0	0	0	0
Taurima, Chas	0	0	0	0	0	0	0	0	0
Thompson, Bryn	19,947	0	0	0	0	0	0	0	0
Tipa, Kare	0	0	0	0	0	0	9,340	0	0
Travers, Geraldine	0	18,680	0	0	0	0	0	0	0
Tuuta, Colleen	0	0	0	0	0	0	0	0	0
Vaughan, Karen	0	0	0	0	0	18,680	0	0	0
Warren, Brian	0	0	0	0	0	0	0	0	0
Wehner, Daryl	0	0	0	5,267	0	0	0	0	0
West, Andrew	0	0	0	0	0	0	0	0	0
Wilson, Joanie	0	0	0	16,764	0	0	0	0	0
Winder, Peter	0	0	40,000	0	0	0	0	0	0
Wineera-Parai, Ranei	0	0	0	0	0	0	0	0	0
Yates, Bronwyn	0	0	0	0	16,258	0	0	0	0
Total	**184,470**	**135,435**	**172,000**	**150,403**	**151,001**	**162,218**	**164,508**	**154,115**	**119,533**

* Vaughan Renner is a director of ESA Publications (NZ) Limited - amount disclosed is inclusive of board fees of $9,000 from ESA Publications. Open Polytechnic received board fees from ESA Publications (NZ) Limited of $5,000 for Caroline Seelig (Chief Executive Open Polytechnic), who is a board member of ESA Publications.

TANZ e-Campus	Toi Ohomai Institute of Technology	Unitec New Zealand	Universal College of Learning	Waikato Institute of Technology	Wellington Institute of Technology	Western Institute of Technology at Taranaki	Whitireia Community Polytechnic	Te Pūkenga Parent	Work Based Learning Ltd	Group Total
0	0	0	0	0	0	0	0	0	0	**16,764**
0	0	0	0	0	0	0	0	65,966	0	**100,904**
0	19,925	0	0	39,855	0	0	0	0	0	**59,780**
0	0	19,925	0	0	0	0	0	0	0	**39,925**
0	0	0	0	0	0	0	0	0	0	**23,444**
0	0	19,925	0	0	0	0	0	0	0	**39,925**
0	0	19,925	0	0	0	0	0	0	0	**39,925**
0	0	0	0	0	0	0	0	0	0	**46,365**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	0	**16,745**
0	0	11,891	0	0	0	0	0	0	0	**23,891**
0	0	0	0	0	0	0	0	0	0	**5,000**
0	0	0	0	0	0	0	0	0	0	**20,296**
0	0	0	16,745	0	0	0	0	0	0	**16,745**
0	0	0	14,491	0	0	0	0	0	0	**14,491**
0	0	0	0	19,925	0	0	0	0	0	**19,925**
0	0	0	0	0	0	0	0	93,069	8,000	**136,494**
0	0	0	0	0	0	0	0	0	0	**12,453**
0	18,680	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	0	**24,933**
0	0	0	0	0	2,015	0	2,253	0	0	**4,268**
0	0	0	0	0	0	0	0	0	8,000	**27,947**
0	0	0	0	0	0	0	0	0	0	**9,340**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	16,808	0	0	0	**16,808**
0	0	0	0	0	0	0	0	0	0	**18,680**
0	0	0	0	0	0	0	0	0	6,000	**6,000**
0	0	0	0	0	0	0	0	0	0	**5,267**
0	0	0	0	25,000	0	0	0	0	0	**25,000**
0	0	0	0	0	0	0	0	0	0	**16,764**
0	0	39,855	0	0	0	0	0	52,773	0	**132,628**
0	0	0	0	0	2,093	0	2,060	0	0	**4,153**
0	0	0	0	0	0	0	0	0	0	**16,258**
17,000	**136,680**	**171,296**	**152,398**	**269,386**	**72,202**	**155,423**	**71,723**	**516,179**	**60,000**	**3,015,970**

Remuneration - Employee

The employee counts are shown in the table below:

Total remuneration paid or payable	Ara Institute of Canterbury	Eastern Institute of Technology	Manukau Institute of Technology	Nelson Marlborough Inst of Technology	Northland Polytechnic	Open Polytechnic of New Zealand	Otago Polytechnic	Southern Institute of Technology	Tai Poutini Polytechnic	TANZ e-Campus	Toi Ohomai Institute of Technology	Unitec New Zealand	Universal College of Learning	Waikato Institute of Technology	Wellington Institute of Technology	Western Institute of Technology at Taranaki	Whitireia Community Polytechnic	Te Pūkenga Parent	Work Based Learning Ltd	Group Total
$100,000 - $109,999	53	19	19	5	10	37	28	4	0	1	35	55	5	42	1	4	8	7	3	**374**
$110,000 - $119,999	23	5	12	2	7	19	16	3	1	0	9	26	7	22	1	0	5	2	1	**164**
$120,000 - $129,999	10	3	14	0	6	13	7	4	0	3	10	10	1	12	0	1	7	0	1	**100**
$130,000 - $139,999	11	4	3	0	2	10	8	4	3	2	10	5	5	7	0	0	4	1	0	**73**
$140,000 - $149,999	4	1	10	0	1	4	6	2	0	1	1	9	2	4	0	2	2	1	0	**51**
$150,000 - $159,999	4	5	2	1	0	1	0	0	0	0	1	7	5	5	0	2	2	1	0	**34**
$160,000 - $169,999	2	0	2	1	0	1	3	0	1	0	2	4	1	3	0	0	3	1	0	**23**
$170,000 - $179,999	1	2	2	1	3	1	2	1	0	0	2	3	3	1	0	0	0	1	0	**24**
$180,000 - $189,999	1	1	1	0	2	0	0	0	0	0	2	2	1	1	0	2	0	1	0	**16**
$190,000 - $199,999	0	1	3	0	0	2	0	0	0	1	1	3	1	1	0	0	0	0	0	**12**
$200,000 - $209,999	1	1	0	0	0	1	0	0	0	0	2	4	0	0	0	0	1	0	0	**8**
$210,000 - $219,999	0	0	0	0	0	2	0	1	1	0	1	0	0	4	0	0	0	1	0	**10**
$220,000 - $229,999	0	0	1	0	1	1	1	0	0	0	0	1	0	1	0	0	0	1	0	**7**
$230,000 - $239,999	1	0	0	0	0	1	1	1	0	0	0	0	1	0	0	0	0	0	0	**5**
$240,000 - $249,999	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	**3**
$250,000 - $259,999	1	0	0	0	0	1	0	0	0	0	1	0	1	1	0	0	0	0	0	**3**
$260,000 - $269,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	**3**
$270,000 - $279,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	**1**
$280,000 - $289,999	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	**1**
$290,000 - $299,999	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	**2**
$300,000 - $309,999	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	**3**
$310,000 - $319,999	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	**2**
$320,000 - $329,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
$330,000 - $339,999	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**1**
$340,000 - $349,999	1	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	**5**
$350,000 - $359,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	**3**
$360,000 - $369,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
$370,000 - $379,999	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	**0**
$380,000 - $389,999	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	**1**
$390,000 - $399,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	**1**
$400,000 - $409,999	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	**2**
$450,000 - $450,999	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**1**
$670,000 - $679,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Total	**113**	**43**	**73**	**11**	**33**	**95**	**73**	**21**	**6**	**8**	**80**	**131**	**34**	**106**	**2**	**12**	**32**	**26**	**5**	**904**

Cessation payments

The table below shows the total value of compensation or other benefits paid or payable to persons who ceased to be members, committee members or employees during the 12 month period 1 January 2021 to 31 December 2021 in relation to that cessation and the number of persons to whom all or part of that total was paid or payable.

	Number of staff	$
Subsidiary/Associate/Joint venture		
Ara Institute of Canterbury	17	326,873
Eastern Institute of Technology	8	148,026
Manukau Institute of Technology	9	289,092
Nelson Marlborough Inst of Technology	12	301,336
Northland Polytechnic	16	516,509
Open Polytechnic of New Zealand	0	0
Otago Polytechnic	17	313,182
Southern Institute of Technology	1	52,839
Tai Poutini Polytechnic	0	0
TANZ e-Campus	0	0
Toi Ohomai Institute of Technology	18	935,718
Unitec New Zealand	17	730,016
Universal College of Learning	16	343,101
Waikato Institute of Technology	21	969,456
Wellington Institute of Technology	12	410,000
Western Institute of Technology at Taranaki	9	258,104
Whitireia Community Polytechnic	4	65,000
Te Pūkenga Parent	0	0
Work Based Learning Ltd	2	42,000
Group Total	**179**	**5,701,252**

Ngā āpitihanga whaikoha mai
Contributing subsidiaries

The financial results included in this Annual Report are presented as aggregated totals of the network as a whole. Each subsidiary will present disaggregated performance information within their own individual Annual Reports.

A full list of the subsidiaries within the network and website address for further information is as follows.

Ara Institute of Canterbury Limited
www.ara.ac.nz

Eastern Institute of Technology Limited
www.eit.ac.nz

Manukau Institute of Technology Limited
www.manukau.ac.nz

Nelson Marlborough Institute of Technology Limited
www.nmit.ac.nz

Northland Polytechnic Limited
www.northtec.ac.nz

Open Polytechnic of New Zealand Limited
www.openpolytechnic.ac.nz

Otago Polytechnic Limited
www.op.ac.nz

Southern Institute of Technology Limited
www.sit.ac.nz

Tai Poutini Polytechnic Limited
www.tpp.ac.nz

Te Pūkenga Work Based Learning Limited

Toi Ohomai Institute of Technology Limited
www.toiohomai.ac.nz

Unitec New Zealand Limited
www.unitec.ac.nz

Universal College of Learning Limited
www.ucol.ac.nz

Waikato Institute of Technology Limited
www.wintec.ac.nz

Wellington Institute of Technology Limited
www.weltec.ac.nz

Western Institute of Technology at Taranaki Limited
www.witt.ac.nz

Whitireia Community Polytechnic Limited
www.whitireia.ac.nz

Te Pūkenga