Tairāwhiti Polytechnic
te kuratini o te tairāwhiti

ANNUAL REPORT 2010

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CHAIR'S REPORT

It is with both excitement and some sadness that this will be the final annual report for Tairāwhiti Polytechnic. Excitement in that by the time this annual report is released, overall governance and management responsibility for the provision of tertiary education previously undertaken by Tairāwhiti Polytechnic will have transferred to Eastern Institute of Technology (EIT). Sadness, that the institution that has served the community of Tairāwhiti for close to 30 years is no more.

2010 was an outstanding year for the institution, all the more so considering the many challenges we faced in 12 seemingly short months. The ongoing reform of the Institutes of Technology and Polytechnic sector, which resulted in the Education (Polytechnics) Amendment Act 2009, provided our first major challenge as the makeup of our Council was significantly changed.

We started the year with 14 councillors and by May 2010 the Council size had reduced to eight; four of our councillors were entirely new to the organisation. At the same time as this change was taking place, we had to ensure the Council continued the momentum towards finding solutions to its future educational and financial viability through evaluation of a major merger with EIT, initiated in 2009. We also had to ensure we did not take our eyes off the all-important goals of delivering stronger educational outcomes and meeting enrolment and financial targets.

I am proud to say that the Council of Tairāwhiti Polytechnic was able to work its way through these difficult decisions. The new Council had the unenviable task of picking up the merger process at the point of preparing a business case, and deciding whether or not to recommend a merger to the Minister. It was pleasing that he agreed with the recommendation.

The year was also successful in that we made progress on student completion rates, staff remained stable despite the significant uncertainties, and we made a surplus of $1.02M before merger-related costs, our second consecutive surplus. Our continued investment in the polytechnic's infrastructure ensured it was in a strong position to meet student needs as well as for the handover to EIT. During the 2010 year, we set in place a final fundamental transformation of the polytechnic to achieve sustainable, high quality tertiary vocational education for our community – and this despite a severe tightening of the funding regime.

Tairāwhiti Polytechnic has struggled for most of its existence. Its small size meant that the number of students generating funding was not enough to cover the cost of the infrastructure required by a high quality institution. While this may not have been apparent to the community, as the teachers just got on with teaching their students, it has been very apparent to the Council and our funder the Tertiary Education Commission as we failed to achieve surpluses year after year and our infrastructure ran down severely. This culminated in massive losses and led to the appointment of a Crown Manager in 2006, and the requirement to make massive

Council chair Geoff Milner

Current and former Tairāwhiti Polytechnic Council members and staff farewell CE Judy Campbell. From top left, front row are Tina Karaitiana, Jean Weke, Henare Swann, Kui McClutchie-Morrell, Lyn Hura, Jim Corder, CE Judy Campbell, chair Geoff Milner, Brian Wilson. Back row: John Dickson, Sheryl Smail, Louise Carlile, Morehu Nikora, Herman Koenders, Wayne Panapa, Hilton Collier, Heather Mackay.

staff cuts (a 50% reduction in staff from 2006 to 2010) . Tairāwhiti Polytechnic was unable to survive in that form.

The Council undertook the brave (and unprecedented) move of proactively seeking a merger partner to ensure the community's educational needs would still be met. EIT was selected as Tairāwhiti's preferred partner because it is an academically and financially robust tertiary education organisation with a substantial portfolio of high level programmes. Also, EIT was sincere in its desire to work in true partnership to create a new merged institution.

Throughout 2010, the Council and management team worked with EIT to prepare a business case to test whether it was possible for the two organisations to create a viable ongoing future together. Early in the year, we set a vision for the merged institution that included improved student outcomes and a much broader academic portfolio with more degree programmes. With our population and student profile significantly Māori, we also had a focus on improving Māori education outcomes. We wanted Tairāwhiti to access what EIT offered, and we wanted to become viable – to remove the annual concerns of financial loss. We believe our business case will successfully deliver these key objectives and that the merger will be a giant leap forward for tertiary education in our region.

I would like to acknowledge the contribution of our CE Judy Campbell in leading and supporting the Council over this time. I also thank my fellow councillors, both from the previous Council with which we started the year and the reduced Council in place from May. The former were part of a challenging process over several years where hard decisions had to be made. I acknowledge their hard work, intellectual rigour and goodwill.

On 1 January 2011, Tairāwhiti Polytechnic ceased to exist, but the students, most staff and the community assets continued on in their new form. With the merger brought forward 12 months, we were still able to ensure that Tairāwhiti Polytechnic was handed over in good health with sound systems, motivated staff, cared-for grounds and buildings and cash in the bank – a far cry from the institution in 2007. The Council did not meet the statutory requirement to adopt by resolution the annual report by 2 May 2011 due to additional accounting complexities regarding the disestablishment. However, the Council successfully adopted the annual report on 31 May 2011.

The smooth transition to EIT, increase in student numbers and the public satisfaction already seen in the first quarter of 2011 provides us with confidence that this merger was the right decision. The mantle for providing education in our region has now been passed to EIT. Our local representatives on the new joint Council, Sheryl Smail and Nori Parata, will ensure our interests as a community continue to be served. Their appointment is significant in that it shows EIT's long-term commitment to the region as two Hawke's Bay councillors had to resign to make way for our region's representatives.

Our long-serving kaumātua Henare Swann also resigned at the end of 2010 after a steadfast contribution to our Council and polytechnic over several decades. Henare served with successive councils and had watched councillors come and go since the early days of the community college. His death earlier this year symbolises, to me, the true end to the Tairāwhiti Polytechnic era and the successful handover to EIT. May Henare and Tairāwhiti Polytechnic rest in peace, and the new EIT Tairāwhiti rise to provide improved education in our region.

Geoff Milner

Timeline	
Council chooses EIT as preferred partner	March 2010
New smaller Council in place	May 2010
Council recommends merger with EIT	Sept 2010
Minister announces decision to merge	Dec 2010
EIT-Tairāwhiti merger officially takes place	1 January 2011

CHIEF EXECUTIVE'S REPORT

Major improvements in the academic, physical and functional environment of Tairāwhiti Polytechnic were hallmarks of a successful 2010 year. The significant progress achieved was all the more remarkable considering the year was dominated by intense merger activities, our staffing level was down more than a third on the previous year and a non-replacement policy for non-teaching positions was in force.

The successful agreed merger with EIT was undoubtedly the major highlight of the year. After three years of hard work, we passed into the care of EIT a fully functioning, quality organisation which, while differently managed, will continue to provide excellent education for the community of Tairāwhiti. This cause for celebration was mingled with sadness for the end of the Tairāwhiti Polytechnic brand. The polytechnic is now known as EIT Tairāwhiti.

During the year, management and staff dedicated themselves to working towards the best possible education future for the region.

Academically, the work on improving our teaching processes continued unabated in 2010. The progress made was highlighted in the Institutes of Technology and Polytechnic Quality (ITPQ) external review held in October in which considerable admiration was expressed for the significant improvements in overall quality and staff ownership of educational performance. This was all the more pleasing considering the negative review received in 2007.

While all staff took personal responsibility for contributing to a high quality educational outcome for our students, credit must be given to the leadership provided by Curriculum and Evaluation manager John Dickson and his team for providing guidance and inspiration for the self-assessment and educational improvement activities undertaken over the past three years.

The physical environment improved out of sight with the culmination of a significant facelift and catch-up on much-delayed maintenance across almost the whole campus. The upgrade of Toihoukura was completed with the tidying of the carpark, filling in of the disused Central School swimming pool, demolition of the church and relocation of some church buildings closer to the original Toihoukura building. This created a much-expanded and fit-for-purpose space for one of our most prestigious schools.

Chief executive Judy Campbell

Late in the year, we also completed refits of the Business Centre, Te Whatukura and classrooms at the Rural Studies campus in Stout Street and a huge tidy of the grounds, particularly those of the Stout Street campus. We also moved a refitted classroom from Gisborne to Ruatorea to complete the work on our campus there. As a result, all the grounds, the entire teaching space (with the exception of the workshops) and almost all the polytechnic's administrative spaces have been considerably upgraded within three years. The upgrade goes beyond a lick of paint and includes better student computers, teaching equipment (Smart Boards and data projectors), furniture and air conditioning. This work is important for the professionalism of the teaching process and the comfort of the students who, after all, have been paying the same fees as students at other institutions with big city campuses and all the comforts.


Ruatorea prefab

On a functional level over the past three years, staff also achieved :

- an increase of 300 EFT in student numbers in the Tairāwhiti region, achieved by replacing the out-of-region Papatoa cable logging programme with vocationally-relevant courses available in Gisborne, Ruatorea and East Coast centres
- an increase in qualified tutors – from an average of three a year completing their adult education qualifications to a peak of 70 as we caught up current staff
- all IT infrastructure upgraded with 23 out-of-warranty servers replaced with a virtual network, more than half of the PCs replaced with new units and the ultrafast broadband KAREN network put in place
- a modern web-based system, allowing self service and easy tracking of staff and managers' leave, replaced the former card-based HR information system
- a professional archive system, meeting the requirements of the Records Management Act, replaced a chaotic file and nonexistent archive system
- a new financial system with a two-page trial balance, 65 account codes and 120 cost centres replaces a 20-year-old system with a 1200-page trial balance, 50,000 account code/cost centre combinations
- all administrative systems reengineered and process-mapped with rewritten policies and procedures; from no written processes
- a room booking system that increased classroom utilisation from 9% to 20%.

A surplus for the 2010 year, before the extraordinary items of the merger, followed that of 2009. This enabled a significant cash sum to be transferred to EIT when the merger took place, ensuring that the momentum for capital works and ongoing system improvements could continue without a pause in the new regime. The 2009 surplus was the first recorded in six years.

While these improvements were happening, merger activities dominated management's time. In March 2010, the Tairāwhiti Polytechnic Council chose EIT as its preferred partner with which to explore options. The project team, comprising managers from both institutions and their advisors, then began the considerable task of preparing a business case for consideration by the councils, the Tertiary Education Commission and ultimately the Minister for Tertiary Education. This work led to arguably the most important change in the 20-year history of Tairāwhiti Polytechnic in which the small, independent but struggling polytechnic became a part of a much larger institution with multiple benefits. This process took eight months of solid work and involved all of management but particularly Director of Finance and Infrastructure Herman Koenders, who worked tirelessly on the financial side of the merger; Head of School Jan Mogford, who


The Gisborne campus

continued to manage the entire academic delivery of Tairāwhiti Polytechnic while planning for the new delivery under EIT; and Human Resources manager Lyn Hura, who along with her team was required to work exceptionally hard past the last day of work to ensure staff either transferred their employment successfully to EIT or were paid their correct final pay. Director of Business Development Glenis Philip-Barbara continued her involvement in the merger project even after leaving the polytechnic to become Chief Executive of Te Taura Whiri i te Reo Māori.

These people deserve sincere thanks for carrying the workload of the merger on top of their normal jobs, and with significantly fewer management staff to share the burden. The merger business case was built on the premise that all senior management positions would go. To their absolute credit, the managers took this in their stride and worked on the merger that would ultimately see them lose their own jobs.

Once the business case was approved by the Council, 13 submissions were made to either the Minister or the Council. They included submissions from staff, unions, territorial local authorities, iwi organisations and other key stakeholders in our polytechnic. Pleasingly, all but one was supportive of the merger, although many asked for points of clarification and emphasised the importance of key protections for local interests in a merged institution.

As a result of the merger, nine senior management and support staff positions were made redundant. All other staff were offered the opportunity to take voluntary redundancy or accept the same position with EIT Hawkes Bay. Twenty five staff members chose to take voluntary redundancy, taking the total staff redundancy count to 34 effective from 31 December 2010.

This annual report is not only my last, it is also Tairāwhiti Polytechnic's last statement of public accountability.

I know I speak for all of us who were not required in the new institution to say that while we are personally sad to no longer be involved in the new future of tertiary education in our region, we are immensely proud to have contributed to its sustainable future. For us, it was always about ensuring students had access to high quality education. We believe we have not only achieved that, we have ensured educational opportunities are greater than they have ever been.

"...while we are personally sad to no longer be involved in the new future of tertiary education in our region, we are immensely proud to have contributed to its sustainable future."

Judy Campbell

GOVERNANCE & ACCOUNTABILITY STATEMENT

Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of Tairāwhiti Polytechnic's activities including areas of stewardship such as:

- formulating the strategic direction
- managing principal risks facing Tairāwhiti Polytechnic
- administering various regulations and meeting legislative requirements
- ensuring the integrity of management control systems
- safeguarding the public interest
- ensuring effective succession of elected members
- reporting to students and the community.

Council Operations

Council appointed Judy Campbell as Chief Executive to be in charge of Council operations and delegated certain powers of management to her as required under Section 196 of the Education Act 1989. Judy in turn employed a Director of Finance & Infrastructure, a Head of School and other senior managers to manage the significant activities of Tairāwhiti Polytechnic.

Council Committees

Council set up standing committees to monitor and assist in the effective discharging of its specific responsibilities. They were:

- the Tairāwhiti Polytechnic Academic Board, which reports to Council on its operations and advises Council on academic matters
- the Chief Executive Remuneration & Performance Review Committee
- the Audit and Risk Assurance Committee, which was disbanded during this term of Council. These issues were dealt with directly by Council.

Council Members

The Council of Tairāwhiti Polytechnic as at 31 December 2010:

Chairperson		
Geoff Milner	Ministerial Appointment	Appointed September 2007-2011
Deputy Chairperson		
Sheryl Smail	Ministerial Appointment	Appointed May 2010-2013
Jim Corder	Ministerial Appointment	Appointed May 2010-2013
Monty Soutar	Ministerial Appointment	Appointed May 2010-2013
Brian Wilson	Community Representative	Appointed May 2010
Jackalin Manuel	Community Representative	Appointed May 2010
Rerehau Pounsford	Community Representative	Appointed May 2010
Hilton Collier	Community Representative	Appointed May 2010

From 1 January 2010 to 30 April 2010

Geoff Milner, Chair
Rerehau Pounsford
Jean Weke
Robyn Rauna
Heather Mackay
Morehu Nikora
Jackalin Manuel
Brian Wilson
Nori Parata
Kui McClutchie-Morrell
Jon Rush
Tina Karaitiana
Alfred Tuhura
Margaret Takoko
Phil Gaukrodger
Judy Campbell – Chief Executive
(Ex Officio Member on Council)

2010 HIGHLIGHTS

ACADEMIC

- 17 students complete National Certificate in Carpentry Level 4 qualification. This is a three to four-year programme, with year 1 at the polytech and the following years as a managed apprentice in industry.
- 8 students complete new Leading Hand Building Management Certificate, which had its second successful year in 2010. This building management qualification enables tradesmen in the East Coast region to gain a higher level qualification while still working locally. Similar numbers look likely for 2011. The second part of the management certificate, Supervisor (L5), is scheduled to start in second semester of 2011. This qualification supports the site licensing requirements of the building industry that will be in force by March 2012.
- Level 2 Carpentry course successfully offered in Hicks Bay for the first time.
- Training Opportunities programmes have 98% occupancy rate.
- Tairāwhiti Polytechnic's Cognoscenti 2009 Chardonnay wins gold at the International Chardonnay Challenge; and Regional Top Chardonnay for the North Island; and the Bill Irwin Trophy for the Best Gisborne Chardonnay.
- 14 Level 2 and 3 Horticulture courses offered including at Hicks Bay, Mahia, Wairoa and Raupunga.
- 9 tutors complete National Certificate in Adult Education & Training Level 5; 6 tutors achieve National Certificate in Adult Literacy & Numeracy Education (Vocational Tutor) Level 5. These outcomes conclude a 2008 project designed to significantly lift the number of tutors holding a recognised Adult Education qualification at National Qualifications Framework level 5 or above, and to provide tutors teaching at levels 1-3 with specialist training in embedding literacy and numeracy learning within their programmes.
- A number of staff complete qualifications including Chris Ball, Master of Nursing EIT; Jaki Boyle, Postgraduate Diploma of Nursing.
- Other staff work on completing Masters qualifications including Florrie Brooking, Joan-Ella Ngata and Sue Brotherton.
- Staff development adviser John Kapa submited articles for journals including for The Canadian Journal of Native Studies.
- A new nursing simulation suite, massage room, business centre and fashion design room completed ready for 2011 programmes.
- Many computers updated and data shows installed in classrooms.
- ITP-Quality review 2010 indicates Tairāwhiti Polytechnic is making excellent progress in strengthening quality assurance and developing a culture of outcomes-focused self assessment and evaluation. This follows comprehensive analysis of educational performance data from the Student Management System (ARTENA). The subsequent report, Tairāwhiti Polytechnic Educational Performance Data 2009, was the first comprehensive collation and reporting of this information since 2006.
- Tairāwhiti ACE Network (a consortium of regional Private Training Establishments) successfully delivers Tairāwhiti Polytechnic's Adult and Community Education courses, shows successful collaboration and sharing of expertise for community benefit.

2010 DIPLOMA AND DEGREE LEVEL GRADUATES

- 4 graduates, Diploma in ICT L5
- 6 graduates, Diploma in Business L6
- 8 graduates, Te Toi Nga Rangi – Bachelor of Maori Visual Arts

Degrees offered at Tairawhiti Polytechnic on behalf of other institutes:

- 8 graduates, Bachelor of Applied Social Sciences (WINTEC)
- 15 graduates, Bachelor of Nursing (UCOL)

Students from the 2010 Level 3 Farming skills (Work ready) programme made a big impression on a long-time employee of a large farming company, who said: "I've hired students from this campus before and they are by far the best workers that I have hired in my time working with this company."

TOIHOUKURA

- Extensive refurbishment programme including Toihoukura studio and workshop facilities completed, June 2010.
- Extensive wānanga and exhibition programme including:
  - Δ Dr Brett Graham lectures throughout the year
  - Δ Whāngārā marae noho; Fred Graham Thinking in 3D workshop; Drawing Exhibition, Maia Gallery; Uku Wānanga – Manos Nathan, Baye Riddell – March
  - Δ Mahi Raranga, Tina Wirihana and Fiona Collis – April
  - Δ Purapurawhetu exhibition, Maia Gallery – June
  - Δ Lisa Reihana, digital media workshop – July
  - Δ Tā Moko wānanga, Derek Lardelli, Turumakina Duley, Mark Kopua, Toihoukura Tauira; Lina Marsh, multi media workshop; Toihoukura, Exhibition Pataka cultural centre, Porirua – August
  - Δ Leiden Museum Project, October, on behalf of Toi Māori and Toihoukura – Steve Gibbs, Fiona Collis, Bernise Williams, Albie Raureti, Jahvan Apatu and Alison Waru took part in series of lectures and ran workshops in Ta Moko, Mahi Raranga and Kowhaiwhai, at Leiden Museum, Holland
  - Δ Graduate exhibitions, Maia Gallery – Javan Apatu, Albert Raureti, Alison Waru, Toni June – October; Ellis Aranga solo exhibition, Maia Gallery; Te Naiti Tihema, Tamatama Clausen, Tamahae Paraone; Graduate exhibition, Kura Gallery, Wellington – November
  - Δ December – Matatini o te Ra Summer Exhibition, Tairāwhiti Museum
- Matatini – design and construction of backdrops for Matatini Cultural Festival staged at Waiohika, Gisborne in March 2011. Project started at Toihoukura in June 2010 and completed in February 2011, under the directorship of Derek Lardelli, Makarini Solomon, Ellis Aranga, Steve Smith, Maia Gibbs, Jeff Riwaka, Creole Hunia, Anthony Karauria, Leeana Galloway, Poutaka Kihi, Kingi Pitiroi
- Implementation of revamped Diploma programme for 2011.

TE ATAAKURA

Research Project Summary

Te Ataakura is a research project funded by Ngā Pae o Te Māramatanga that supports collaborative work being undertaken by Te Aitanga-a-Hauiti of Uawa (Tolaga Bay), Auckland University and a UK Research Council-funded project Artefacts of Encounter, based at the University of Cambridge (UK).

Te Ataakura weaves together knowledge and discussion drawn from Aotearoa and beyond about the transformation into digital form of taonga Māori held in archives and museums. The project harnesses the latest thinking and practice in the field of digitisation to discuss virtual repatriation and the cultural and intellectual property rights that Māori assert in their taonga, including digital forms.

The research focuses on artefacts collected during European voyages to Aotearoa between 1765 and 1840, and associated archival material now housed in institutions in New Zealand, Australia, Europe and the Americas, emphasising taonga that may be provenanced to the Tairāwhiti.

The project's practical work involves producing and organising digital surrogates of taonga held in global collections, before they are incorporated into a digital research environment, KIWA. The aim is to establish geographic and iwi provenances for artefacts whose origins are currently unknown, and to shed light on the relationships people sought to establish through early exchanges, and how these unfolded.

Research findings will be offered back to the relevant communities to help reinvigorate links between iwi and their taonga in ways that will generate new knowledge about these collections, and support existing revitalisation projects.

The $286,054, two-year project (1 July 2010 to 30 June 2012) is led by Dr Wayne Ngata of Tairāwhiti Polytechnic working with Dr Amiria Salmond and Billie Lythberg of Auckland University, Dr Māia Jessop of Cambridge University (UK), Sarah Ngata-Gibson and Victor Walker of Te Aitanga a Hauiti (Uawa), and Remo Williams of Tairāwhiti Polytechnic.

Despite the geographic challenges of conducting the work across three countries, in the first six months we established a communication protocol and reporting process, and met face-to-face three times. Our highlights to date include:

- taking part in the 4th International Indigenous Conference on Traditional Knowledge, 6-9 June 2010, Auckland University
- organising and facilitating Workshop 1 Digital Subjects, Cultural Objects (DiSCO) 4-6 August 2010, Auckland University.
- presenting at Pacific Arts Association Conference, 9-11 August 2010, Rarotonga
- presenting Te Ataakura at National Digital Forum, Te Papa 17-18 October 2010.

This work is underpinned by ongoing community participation with Te Aitanga a Hauiti of Uawa (Tolaga Bay) to ensure our research is grounded in and contributes to their cultural and economic development. We have been involved with several hui with Te Aitanga a Hauiti, particularly as they relate to identifying artefacts, planning 2011 and 2012 exhibitions, collaborating on 2012 Transit of Venus celebrations and sharing digital repatriation strategies with other iwi (Ngai Tāmanuhiri of Muriwai).

Our focus for the next six months is on publishing our research contributions to our first workshop 'Digital Subjects, Cultural Objects'; establishing Te Rauata Digital Taonga Database for Te Aitanga a Hauiti with the assistance of Carl Hogsden of University of Cambridge; assembling digital surrogates of artefacts from global collections and KIWA referred to above for Te Rauata, and planning exhibitions of artefacts identified in the research.

STATEMENT OF OBJECTIVES & SERVICE PERFORMANCE

Tairāwhiti Polytechnic is required by the Education Act 1989 to include in its annual report a Statement of Service Performance (SSP) that reports on performance as compared to the proposed outcomes described in the Investment Plan. The Crown Entities Act 2004 requires the Auditor General to audit the SSP.

KEY PERFORMANCE INDICATORS (FROM 2009-2010 INVESTMENT PLAN)

In 2010 Tairāwhiti Polytechnic established a number of key strategic objectives to be achieved in each year. The initiatives required to meet these objectives are identified below, and progress is measured against whether key performance indicators for these initiatives were achieved.

Key Objective

Provide core, niche, foundation and facilitated programmes that contribute to the outcomes sought in the TES, STEP and Regional Tertiary Education Plan for Tairāwhiti.

Initiative	2010 Results		2010 Target	
Provide core, niche, foundation and facilitated programmes as indicated in Programme Profile	Achieved 102% of EFTS target		Achieve 100%	
	SAC	794	SAC	792
	Community	76	Community	77
	International	1	International	12
	ITO/TOPS/Youth	189	ITO/TOPS/Youth	152
	Total	**1060**	**Total**	**1033**

Tairāwhiti Polytechnic KPI schedule for Investment Plan 2009-2010

	2010 Result	2010 Target	2009 Result
Operating surplus after restructuring and merger costs	-160%	100%	305%
Proportion of EFTS at level 4+ all students	39%	45%	63%
Course success rate for level 1-3 programmes for all students	53%	58%	25%
Course success rate for level 4+ programmes for all students	62%	68%	13%
Proportion of EFTS at level 4+ students under 25	44%	42%	57%
Course success rate for level 1-3 programmes for students under 25	49%	58%	22%
Course success rate for level 4+ programmes for students under 25	63%	60%	9%
Proportion of EFTS at level 4+ Māori students	70%	74%	74%
Course success rate for level 1-3 programmes for Māori students	51%	57%	23%
Course success rate for level 4+ programmes for Māori students	59%	60%	11%
Proportion of EFTS at level 4+ male students	40%	30%	70%
Course success rate for level 1-3 programmes for male students	51%	62%	25%
Course success rate for level 4+ programmes for male students	68%	55%	9%

EQUAL EMPLOYMENT OPPORTUNITIES REPORT

There were no significant changes in Tairāwhiti Polytechnic's commitment to Equal Employment Opportunities (EEO) during 2010 to those reported in 2009. Tairāwhiti Polytechnic continued with its commitment to provide:

- a whakatau for all new employees
- a staff induction programme that incorporates discussion on Whare Tāhū which encompasses our core competencies and values
- a health monitoring programme that includes hearing tests, funds for eye checks and lenses and workstation assessments
- an employee assistance programme that includes a counselling service and career guidance
- massages to staff from our massage students
- funded professional development leave for all staff
- a Disability Service on-site
- a Health Nurse service on site
- a Healthy Workplace Programme – Waiora @ Work.

STATEMENT OF RESPONSIBILITY

In the financial year ended 31 December 2010, the Council and Management of Tairāwhiti Polytechnic were responsible for:

- preparing the financial statements and statement of service performance, and judgments used therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and Management of Tairāwhiti Polytechnic, the financial statements and statement of service performance for the financial year fairly reflect the financial position and operations of Tairāwhiti Polytechnic. The financial statements were authorised for issue by Council as at 31 May 2011.

Geoff Milner
Chair of Council

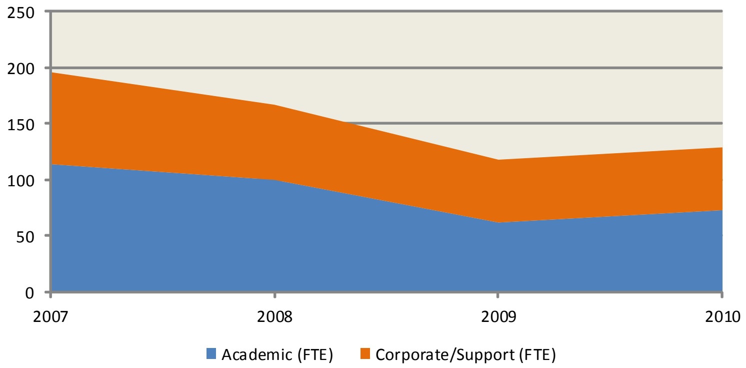
Sheryl Smail
Deputy Chair of Council

KEY STATISTICS

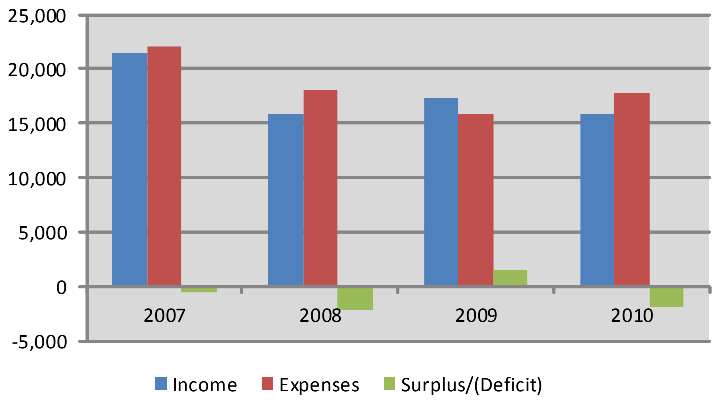
Student Achievement Component Funded EFTS - Target vs. Actual							
	2004	2005	2006	2007	2008	2009	2010
Target	3397	2495	1623	1277	1005	1062	1033
Actual	1416	1396	1423	1117	1064	1084	1060

Staffing Statistics				
	2007	2008	2009	2010
Full-time Equivalent Staff	196	167	118	129
of whom Male	46%	49%	42%	43%
of whom Female	54%	51%	58%	57%
of whom Māori	50%	57%	47%	39%
Academic (FTE)	114	100	62	73
Corporate/Support (FTE)	82	67	56	56
Academic: Support Staff Ratio	1.4 : 1	1.5 : 1	1.1 : 1	1.3:1
EFTS per FTE	6.9	7.5	11.0	14.5

Academic and Corporate Support Staffing Trends (FTE)



Financial summary (after depreciation) ($000)



Financial trends				
	2007	2008	2009	2010
Revenue	$21.4m	$15.9m	$17.4m	$15.9m
Expenses (after depreciation)	$22.0m	$18.1m	$15.9m	$17.7m
Surplus/(Deficit) after deprec.	($0.6m)	($2.2m)	$1.5m	($1.8m)
Total expenses (after deprec.) per EFTS	$16,199	$14,360	$12,260	$14,025
Personnel costs per EFTS	$10,020	$7,606	$6,620	$6,926
Other expenses per EFTS	$6,180	$6,754	$5,640	$7,098
Personnel costs as % of total expenditure	58.5%	57.4%	54.0%	49.4%

FINANCIAL STATEMENTS
for the year ended 31 December 2010

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Tairāwhiti Polytechnic
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

DESCRIPTION	NOTES	ACTUAL 2010 $,000	BUDGET 2010 $,000	ACTUAL 2009 $,000
Income				
Government grants	3 (i)	11,609	11,105	12,566
Industry funding		1,082	1,136	1,263
Tuition fees - Domestic		2,204	2,250	2,228
Tuition fees - International		6	124	70
Trading Income		211	152	214
Interest income		75	-	47
Other Income	3 (ii)	701	507	681
TOTAL INCOME		**15,888**	**15,275**	**17,069**
Expenditure				
Personnel costs	4(i)	7,342	7,238	8,582
Consumable costs		2,189	2,333	2,626
Occupancy costs		498	686	92
Other costs	4(ii)	3,829	2,891	2,973
Depreciation and amortisation costs	4(iii)	868	953	757
(Gain)/Loss on assets held for sale	9	140	-	-
TOTAL EXPENDITURE		**14,866**	**14,102**	**15,030**
Restructuring and Merging costs	18	2,878	15	821
Surplus/(deficit) from Discontinued Operations	20	-	-	250
SURPLUS/(DEFICIT)		**(1,857)**	**1,158**	**1,468**
Other comprehensive income				
Increase/(Decrease) in Property Revaluations	19	(1,692)	-	1,619
TOTAL COMPREHENSIVE INCOME		**(3,549)**	**1,158**	**3,087**

Explanation of major variances against budget are provided in note 25.

Tairāwhiti Polytechnic
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

DESCRIPTION	NOTES	ACTUAL 2010 $,000	BUDGET 2010 $,000	ACTUAL 2009 $,000
Balance at 1 January		23,554	23,554	20,467
Capital contribution from Crown	19	614	-	-
Total comprehensive income	19	(3,549)	1,158	3,087
BALANCE AT 31 DECEMBER		**20,619**	**24,712**	**23,554**

The accompanying accounting policies and notes form an integral part of these financial statements.

Tairāwhiti Polytechnic

STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

DESCRIPTION	NOTES	ACTUAL 2010 $,000	BUDGET 2010 $,000	ACTUAL 2009 $,000
PUBLIC EQUITY				
Institute equity	19	10,949	13,116	12,191
Asset revaluation reserves	19	9,670	9,744	11,363
TOTAL PUBLIC EQUITY		**20,619**	**22,860**	**23,554**
Current assets				
Assets held for sale	9	196	-	796
Cash and cash equivalents	7	1,047	2,291	1,132
Debtors and other receivables	5	81	58	540
Prepayments	6	5	2	5
Inventories	8	68	78	128
Total current assets		**1,397**	**2,429**	**2,601**
Less current liabilities				
Fees in advance		33	10	60
Accounts payable	11	1,990	360	1,838
Funds held on behalf of others	12	28	42	53
Employee entitlements	13	399	435	559
Make good provision	18	444	-	-
Total current liabilities		**2,894**	**847**	**2,510**
WORKING CAPITAL		(1,497)	1,582	91
Non-current assets				
Property, plant and equipment	10 & 22	21,534	21,278	23,371
Intangible assets	10	582	-	116
Total non-current assets		**22,116**	**21,278**	**23,487**
Non-current liabilities				
Employee entitlements	13	-	-	24
Total non-current liabilities		**-**	**-**	**23**
NET ASSETS		**20,619**	**22,860**	**23,554**

The accompanying accounting policies and notes form an integral part of these financial statements.

Tairāwhiti Polytechnic
STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Notes	ACTUAL 2010 $000's	BUDGET 2010 $000's	ACTUAL 2009 $000's
OPERATING ACTIVITIES:				
Cash was provided from:				
Government grants		11,609	12,242	12,749
Revenue from services provided		4,084	2,844	3,906
Interest received		75	89	47
Net GST movement		-	-	-
Funds collected on behalf of Te Wānanga o Aotearoa		-	-	3,045
		15,768	15,175	19,747
Cash was applied to:				
Payments to employees		8,122	5,011	8,830
Payments to suppliers		7,755	8,361	6,067
Funds paid out to Te Wānanga o Aotearoa		-	-	3,045
		15,877	13,372	17,942
Net cash flow from operating activities		**(109)**	**1,803**	**1,805**
INVESTING ACTIVITIES:				
Cash was provided from:				
Sale of property, plant, and equipment		600	700	841
		600	700	841
Cash was applied to:				
Purchase of property, plant, and equipment		723	950	2,234
Purchase of intangibles		466	50	32
		1,189	1,000	2,266
Net cash flow from investing activities		**(589)**	**(300)**	**(1,425)**
FINANCING ACTIVITIES:				
Cash was provided from:				
Suspensory loan		-	100	-
Capital funding		614	-	-
		614	100	-
Cash was applied to:				
Return of funds held for others		-	-	-
		-	-	-
Net cash flow from financing activities		**614**	**100**	**-**
NET INCREASE/(DECREASE) IN CASH HELD		**(85)**	**1,603**	**380**
Cash & cash equivalents at start of year		1,132	688	752
Cash & cash equivalents at year end	1	1,047	2,291	1,132
Represented by:				
Cash & cash equivalents		1,047	2,291	1,132
Closing cash & cash equivalents at year end		**1,047**	**2,291**	**1,132**

The accompanying accounting policies and notes form an integral part of these financial statements.

1. REPORTING ENTITY

Tairāwhiti Polytechnic (the Institute) is a TEI domiciled in New Zealand and is governed by the Crown Entities Act 2004 and the Education Act 1989. The primary objective of the Institute is to provide tertiary education services for the benefit of the community rather than making a financial return. Accordingly, the Institute has designated itself as a public benefit entity for the purposes of New Zealand's equivalent to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Institute for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the councillors on 31 May 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Institute have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical basis, modified by the revaluation of land, buildings, infrastructure assets, and certain financial instruments.

Tairāwhiti Polytechnic has been disestablished and incorporated into the Eastern Institute of Technology on 1 January 2011 by order in council dated 29 November 2010. Accordingly it is not appropriate for the financial statements of the Institute to be measured on a going concern basis. Instead the financial statements have been prepared on a disestablishment basis. The measurement basis for assets and liabilities is net realisable value.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

Changes in accounting policies

There has been a change in the preparation of the financial statement from a going concern basis in 2009 to a disestablishment basis in 2010. Otherwise, the accounting policies for the Institute have been applied on basis consistent with those used in the previous year.

Statement of Compliance

The financial statements comply with Applicable Financial Reporting Standards, which include New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Property, Plant and Equipment

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

Land and buildings are measured at fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Plant and equipment, motor vehicles and computer hardware are stated at cost less accumulated depreciation and subsequent accumulated impairment losses.

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

Class of Asset	*Depreciation Rate*	*Useful Life*
Buildings	2% - 4%	25– 50 years
Plant and Equipment	10% – 20%	5 – 10 years
Furniture and Fittings	10%	10 years
Motor Vehicles	20%	5 years
Information Technology	33%	3 years
Library Collection	10%	10 years

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's-length transaction as at the valuation date.

Property, plant and equipment revaluation movements are carried out on a class of asset basis.

Any net revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position unless it reverses a net revaluation decrease of the same asset previously recognised in the statement of comprehensive income.

Any net revaluation decrease is recognised in the statement of comprehensive income unless it directly offsets a previously recognised net revaluation increase in the same asset revaluation reserve.

Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value as at the statement of financial position date.

Additions

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

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

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Intangible Assets

Software acquisitions and development

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

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

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

Research costs

Research costs are recognised as an expense in the statement of comprehensive income in the year in which they are incurred.

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 period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates have been estimated as follows:

Computer software	33%	3-4 years

Impairment of property, plant and equipment, and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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.

Value in use is optimised depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Institute would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same 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 income 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 the 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.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and in the case of an investment, not at fair value through profit or loss, including acquisition charges associated with the investment.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same; or is calculated based on the expected cash flows of the underlying net asset base of the investment. Where the fair value cannot be reliably determined, the investments are measured at cost.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories held for re-sale – purchase cost on a first-in, first-out basis;
- Materials and consumables to be utilised for rendering of services – purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale.

Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and carried at original receivable amounts less an allowance for any uncollectible amounts.

An allowance for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Creditors and Other Payables

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

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the balance date, or if the borrowings are expected to be settled within 12 months of the balance date.

Provisions

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee Entitlements

The liability for employees' compensation for future leave is accrued in relation to the length of service rendered by employees and relates to vested and unvested entitlements.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Superannuation schemes

Defined contribution schemes

Obligations to the Government Superannuation Fund and Kiwisaver are accounted for as a defined contribution scheme and are recognised as an expense in the surplus or deficit as incurred.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured.
The following specific recognition criteria must also be met before revenue is recognised:

Government grants

Government grants are recognised when eligibility to receive the grant has been established and it is recognised over the period in which the course is taught by reference to the stage of completion of the course as at the statement of financial position date.

Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Where funds have been received but not earned at balance date, revenue in advance liability is recognised.

Student tuition fees

Revenue from student tuition fees is recognised over the period in which the course is taught by reference to the stage of completion of the course as at balance date.

Stage of completion is measured by reference to the days of course completed as a percentage of total days for each course.

Sale of goods

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer and can be measured reliably.

Interest

Revenue is recognised as the interest accrued (using the effective interest method (the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Donations, bequests, and pledges

Donations and bequests are recognised as income when the right to receive the fund or asset has been established. Pledges are not recognised as assets or revenue until the pledged item is received.

Taxes

The Institute is exempt from income tax. Accordingly, no provision has been made for income tax.

Revenues, expenses and assets are recognised net of the amount of GST except:

Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority 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 net of the amount of GST recoverable from, or payable to, the taxation authority.

Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case, the transaction costs are recognised in the surplus or deficit.

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

Classification of the financial assets depends on the purpose for which the instruments were acquired. For the purposes of measurement, the Institute's financial assets are classified into the following category:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Related party receivables that are repayable on demand are classified as non-current assets because repayment of the receivable is not expected within 12 months of balance date. After initial recognition loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Impairment of financial assets

At each balance date, the Institute assesses whether there is any objective evidence that a financial asset is impaired. Any impairment losses are recognised in surplus or deficit.

Impairment of a loan or a receivable is established when there is objective evidence that the Institute will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For other financial assets, impairment losses are recognised directly against the instruments carrying amount.

Derecognition of financial instruments

The derecognising of a financial instrument takes place when the Institute no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Discontinued Operations

A discontinued operation is a component of the Institute's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

Non-current Assets Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Institute's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell.

Equity

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.

Budget Figures

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

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Institute has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Property revaluations

Note 10 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings, and infrastructure.

Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 31 December 2010:

Crown owned land and buildings

Property in the legal name of the Crown that is occupied by the Institute is recognised as an asset in the statement of financial position. The Institute has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred and, accordingly, it would be misleading to exclude these assets from the financial statements. The Institute has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years at nil rent.

Distinction between revenue and capital

Most Crown funding received is operational in nature and is provided by the Crown under authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the institute accounts for the funding as a capital contribution directly in equity. Information about the capital contributions recognised in equity is disclosed in note 19

Suspensory loan with equity conversion features

The Institute received a suspensory loan from the Crown whereby the loan converts to equity when the conversion conditions of the loan agreement are satisfied. Because the Institute is committed to meeting the equity conversion conditions, it considers the loans are in substance equity contributions from the Crown and therefore recognises the amounts drawn down under the loan facilities directly in the statement of changes in equity.

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

NZ IAS 24

Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004) and will be applied for the first time in the Institute and group's 31 December 2011 financial statements. The revised standard:

- removes the previous disclosure concessions applied by the Institute for arms-length transactions between the Institute and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Institute and entities controlled or significantly influenced by the Crown
- clarifies that related party transactions include commitments with related parties.

NZ IFRS 9

Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases:

Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for year ended 31 December 2013. The Institute and group have not yet assessed the impact of the new standard and expect it will not be early adopted.

Tairāwhiti Polytechnic

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

3. REVENUE

This includes monies received from Government by way of an Operational Bulk Grant. This is based on equivalent full-time student (EFTS) levels and the funding category levels of these EFTS. An analysis of Government grant funding is as follows:

3.i. Government grants	**2010**	**2009**
	$000	**$000**
Student Component Funding	5,650	4,823
Quality Reinvestment Fund	-	1,783
Base Grant	1,977	2,099
Business Links	178	178
Special Projects	-	558
Regional Network Funding	2,685	2,124
Support Change Grant	1,120	1,000
Total Government grants	**11,609**	**12,566**

3.ii. Other income		
Donations/Koha received	-	33
Enrolment fees	38	64
Facilitation contracts	407	269
Sundry income	256	315
Total other income	**701**	**681**

4. EXPENSES

4.i. Employee costs		
Academic salaries	3,492	4,009
General salaries and wages	3,548	4,285
Other personnel costs	302	288
Total	**7,342**	**8,582**

4.ii Other costs		
Audit fees - external audit	47	52
Bad debts written off	73	50
Change in provision for impaired debtors (note 5)	(60)	(30)
Council member's fees	78	62
Contractors	506	683
Donations	31	6
(Gain)/Loss on disposal of assets	2	597
Impairment of assets	411	-
Interest - amortisation on suspensory loan	-	-
Repairs & maintenance	695	524
Other operating expenses	2,046	1,029
Total	**3,829**	**2,973**

4.iii Depreciation and amortisation		
Crown Buildings	127	124
Institution Buildings	231	234
Furniture and Fittings	28	24
Information Technology	111	81
Library Collection	24	27
Motor Vehicles	68	115
Plant and Equipment	127	102
Computer Software	152	50
Total	**868**	**757**

5. ACCOUNTS RECEIVABLE

	2010 $000	2009 $000
Student fee receivables	6	85
Less allowance for impairment	6	56
Net student fee receivables	**-**	**29**
Other receivables	81	522
Less allowance for impairment	-	11
Net other receivables	**81**	**511**
Total debtors and other receivables	**81**	**540**

The carrying amount of receivables that would otherwise be past due, but not impaired, whose terms have been renegotiated, is $0. (2009 $0). All receivables greater than 30 days in age are considered to be past due.
The impairment assessment of student fee receivables is performed on a collective basis; based on an analysis of past collection history and debt write-offs.
As at 31 December 2010, all overdue receivables have been assessed for impairment and appropriate allowances applied as detailed below:

			2010 $000			2009 $000
	Gross	Impairment	Net	Gross	Impairment	Net
Not Past Due	-	-	-	-	-	-
Past due 1-30 days	70	-	70	8	-	8
Past due 31-60 days	5	-	5	213	-	213
Past due 61-90 days	-	-	-	21	-	21
Past due > 91 days	12	6	6	365	67	298
Total	**87**	**6**	**81**	**607**	**67**	**540**

Movements in the provision for impairment of debtors are as follows:

	2010 $000	2009 $000
Balance at 1 January	67	97
Additional allowances made during the year	12	(20)
Receivables written off during period	(73)	(10)
Total	**6**	**67**

6. PREPAYMENTS

Prepayments	5	5

7. CASH AND CASH EQUIVALENTS

Cash on hand	1	1
Cash at bank	1,046	1,131
Short term investments	-	-
Total	**1,047**	**1,132**

Interest Rates **2010** **2009**

The weighted average effective interest rates on investments (current and non-current) was:

	2010	2009
Short term deposits	2.96%	3.47%

8. INVENTORIES

Inventories mainly represent stocks of trading items held by the Institute.

Raw materials and work in progress	31	72
Finished goods	37	56
Total	**68**	**128**

9. ASSETS HELD FOR SALE

The Council have resolved to dispose of two buildings that are considered to be surplus to requirements. No impairment losses have been incurred on remeasurement of the disposal group to the lower of its carrying amount and its fair value less cost to sell. Loss on sale of a property of 51K and devaluation of the remaining property of 89K have been expensed.

	2010	2009
	$000	**$000**
Assets held for sale	196	796

10. FIXED AND INTANGIBLE ASSETS

Property, plant and equipment for the year ended 31 December 2010

	Cost/ Revaluation 01/01/2010	Accumulated Depreciation & Impairment 01/01/2010	Carrying Amount 01/01/10	Current year Additions	Revaluation	Current year Disposals	Current year Depreciation	Accumulated Depreciation On Disposals	Cost/ Revaluation 31/12/2010	Accumulated Depreciation & Impairment 31/12/2010	Carrying Amount 31/12/10
	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000
LAND TP	922	-	922	-	7	-	-	-	929	-	929
LAND CR	2,892	-	2,892	-	22	-	-	-	2,914	-	2,914
BUILDINGS TP	11,571	-	11,571	608	(1,851)	-	231	-	10,328	231	10,097
BUILDINGS CR	6,371	-	6,371	-	129	-	127	-	6,501	127	6,373
PLANT & EQUIPMENT	1,386	695	691	248	(281)	10	127	4	1,343	818	525
IT/HARDWARE	1,217	1,001	216	141	-	124	110	121	1,234	990	243
FURNITURE & FITTINGS	403	192	211	54	(72)	-	28	-	386	221	165
MOTOR VEHICLES	1,132	1,009	123	88	-	125	68	125	1,095	952	143
LIBRARY COLLECTION	421	284	137	33	(58)	41	24	32	356	276	80
WORK IN PROGRESS	153	-	153	1,113	-	1,266	-	-	-	-	-
TOTALS	**26,469**	**3,181**	**23,287**	**2,285**	**(2,104)**	**1,566**	**716**	**281**	**25,085**	**3,616**	**21,469**

Intangible assets for the year ended 31 December 2010

	Cost/ Revaluation 01/01/2010	Accumulated Depreciation & Impairment 01/01/2010	Carrying Amount 01/01/2010	Current year Additions	Current year Disposals	Current year Depreciation	Accumulated Depreciation On Disposals	Cost/ 31/12/2010	Accumulated Depreciation & Impairment 31/12/2010	Carrying Amount 31/12/2010
IT/SOFTWARE	190	74	116	618	-	152	-	809	226	582
TOTALS	**190**	**74**	**116**	**618**	**-**	**152**	**-**	**809**	**226**	**582**

Property, plant and equipment for the year ended 31 December 2009

	Cost/ Revaluation 01/01/09	Accumulated Depreciation & Impairment 01/01/09	Carrying Amount 01/01/09	Current Year Additions/ Revaluation	Revaluation	Transfer To/from Another Account	Current Year Disposals	Current Year Depreciation	Accumulated Depreciation On Disposals & Transfers	Cost/ Revaluation 31/12/09	Accumulated Depreciation & Impairment 31/12/2009	Carrying Amount 31/12/09
	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000
LAND TP	880	-	880	-	42	-	-	-	-	922	-	922
LAND CR	2,485	-	2,485	-	407	-	-	-	-	2,892	-	2,892
BUILDINGS TP*	11,554	873	10,681	1,441	(2)	(623)	800	234	1,107	11,571	-	11,570
BUILDINGS CR	6,187	311	5,876	-	(1)	380	195	125	436	6,371	-	6,371
PLANT & EQUIP	2,852	2,314	538	315	-	-	1,781	103	1,721	1,386	696	690
IT/HARDWARE	2,024	1,913	111	195	-	-	1,002	81	993	1,217	1,001	216
FURNITURE & FITTINGS	457	352	105	152	-	-	206	24	184	403	192	211
MOTOR VEHICLES	2,790	1,910	880	62	-	-	1,720	115	1,016	1,132	1,009	123
LIBRARY COLLECTION	475	321	154	21	-	-	75	27	63	421	285	136
WORK IN PROGRESS	186	-	-	2,130	-	-	2,163	-	-	153	-	153
TOTALS	**29,890**	**7,994**	**21,710**	**4,316**	**446**	**(243)**	**7,942**	**709**	**5,520**	**26,467**	**3,183**	**23,287**

* 243K were transferred to be held for sale and 380K were reclassified as Buildings Crown

Intangible assets for the year ended 31 December 2009

	Cost/ Revaluation 01/01/2009	Accumulated Depreciation & Impairment 01/01/2009	Carrying Amount 01/01/2009	Current year Additions	Current year Disposals	Current year Depreciation	Accumulated Depreciation On Disposals	Cost/ Revaluation 31/12/2009	Accumulated Depreciation & Impairment 31/12/2009	Carrying Amount 31/12/2009
	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000
IT/SOFTWARE	223	89	134	32	65	50	65	190	74	116
TOTALS	**223**	**89**	**134**	**32**	**65**	**50**	**65**	**190**	**74**	**116**

Valuation

The valuation has been carried out in accordance with NZIAS16 and completed in accordance with PINZ Practising Standards 1 and 3, and Guidance Note 1.1 and 3.2.

Land

Land is valued at fair value using market based evidence base on its highest and best use with reference to comparable land values.

Restrictions on the Institute's ability to sell land would normally not impair the value of the land because the Institute has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

The most recent valuation of land and buildings was performed by a registered independent valuer, Wayne Nyberg, and the valuation is effective as at 31 December 2010.

Buildings

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

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

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- Estimating the remaining useful life of assets.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (e.g. residential buildings) are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value. The most recent valuation of land and buildings was performed by a registered independent valuer, Wayne Nyberg, and the valuation is effective as at 31 December 2010.

Infrastructure

Infrastructure assets such as roads, car parks, footpaths, underground utilities (e.g. water supply and sewerage systems), and site drainage have been independently valued at optimised depreciated replacement cost. The significant assumptions applied in determining the depreciated replacement cost of infrastructure assets are similar to those described above for specialised buildings.

The most recent valuation of land and buildings was performed by a registered independent valuer, Wayne Nyberg, and the valuation is effective as at 31 December 2010.

Total fair value of land and buildings

Total fair value of land and buildings valued by registered valuer Wayne Nyberg, FPINZ, FNZIV, AREINZ, at 31 December 2010 totalled $21,593,000.

Restrictions on title

Under the Education Act 1989, the Institute is required to obtain the consent from the Ministry of Education to dispose or sell of property where the value of the property exceeds an amount determined by the Minister

11. ACCOUNTS PAYABLE

	2010	2009
	$000	$000
Trade creditors	1,898	1,966
Inland Revenue – GST	92	(128)
Total	**1,990**	**1,838**

12. FUNDS HELD ON BEHALF OF OTHERS

	2010 $000	2009 $000
HM Customs	12	9
Student project funds	16	18
Student Association funds	-	26
Total	**28**	**53**

13. EMPLOYEE ENTITLEMENTS

	2010	2009
Annual leave	358	444
Long service leave	-	3
Retirement gratuities	-	21
Payroll accrual	41	115
Total	**399**	**583**
Current	399	559
Non-current	-	24
Total	**399**	**583**

14. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	ACTUAL 2010 $,000	BUDGET 2010 $,000	ACTUAL 2009 $,000
Net Surplus/(Deficit) for Period	**(1,857)**	**1,158**	**1,380**
Add Non Cash Items:			
Depreciation & Amortisation	868	953	757
Loss on Disposal	-	-	597
Interest - Amortised Suspensory Loan	-	-	88
Add (Less) Movements in Working Capital Items:			
(Increase)/Decrease in Receivables	459		88
Decrease/(Increase) in Prepayments	-		27
Decrease/(Increase) in Inventories	60		(33)
Decrease/(Increase) in Unpresented Cheques	-		-
Increase/(Decrease) in Fees in Advance	(25)		(864)
Increase/(Decrease) in Payables	204		(24)
Increase(/Decrease) in Funds held for others	(37)		11
(Decrease)/Increase in Employee Entitlements	(226)		(142)
Increase/(Decrease) in Provisions	444		(80)
Net Cashflow From Operating Activities	**(109)**	**2,111**	**1,805**

15. RELATED PARTY INFORMATION

Crown/Government

The Institute is a wholly owned entity of the Crown. The Government influences the roles of the Institute, as well as being its major source of revenue.

The Institute enters into numerous transactions with Government departments and other Crown agencies on an arm's-length basis and where those parties are only acting in the course of their normal dealings with the Institute. These transactions are not separately disclosed due to the volume of the transactions and the transactions being conducted on an arm's-length basis in the normal course of business.

Key management

Key management personnel include the Chairperson, Councillors, Chief Executive, and eight senior management personnel.

	2010 $000	2009 $000
Salaries and other short-term employee benefits	814	961
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	764	182
Total	**1,578**	**1,143**

The Council made donations to Tairāwhiti Trust during the year. Tairāwhiti Trust is an independent trust whose trustees include Ms Judy Campbell (Chief Executive of the Institute).

There are close family members of key management personnel employed by the Institute. The terms and conditions of those arrangements are no more favourable than the Institute would have adopted if there were no relationship to key management personnel. No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2009 $nil).

16. FINANCIAL INSTRUMENTS

Credit risk

The Institute has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits, prepayments and accounts receivable.

The Institute places its investments with institutions which have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The Institute believes that these policies reduce the risk of any loss which could arise from its investment activities.

Accounts receivable are stated at their estimated realisable value after providing for amounts not considered recoverable. There are no significant concentrations of credit risk for accounts receivable.

Fair value

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of financial position.

Currency risk and interest rate risk

The Institute has no currency risk given that any financial instruments it deals with are all in New Zealand dollars.

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	2010 $000	2009 $000
Loans & Receivables		
Cash & cash cash equivalents	1,047	1,132
Debtors and other receivables	81	540
Total loans and receivables	**1,128**	**1,672**
Financial liabilities at amortised cost		
Creditors and other payables	1,898	1,838
Secured loans	-	1,163
Total financial liabilities at amortised cost	**1,898**	**3,001**

17. SEGMENTAL INFORMATION

The Institute operates predominantly in one industry (tertiary education) and in one geographical area (The Gisborne East Coast Region).

18. RESTRUCTURING

Restructuring has been undertaken as a result of the disestablishment of Tairāwhiti Polytechnic and the incorporation with Eastern Institute of Technology as at 1 January 2011.

	2010 $000	2009 $000
External support	458	-
Redundancy costs	1,976	821
Make good provision	444	-
Total restructuring costs	**2,878**	**821**

19. PUBLIC EQUITY

	2010	2009
	$000	$000
General funds		
Balance at 1 January	12,191	10,723
Surplus/(deficit)	(1,857)	1,468
Suspensory loan	-	-
Capital contributions from crown	614	-
Balance at 31 December	10,948	12,191
Revaluation reserve		
As at 1 January	11,363	9,744
Land net revaluation gains	29	447
Buildings net revaluation gains	(1,721)	1,769
Infrastructure net revaluation gains	-	-
Reclassification to surplus/(deficit) on disposal	-	(597)
Net movement in other comprehensive income	(1,692)	1,619
Balance at 31 December	9,671	11,363
Total equity	**20,619**	**23,554**

20. DISCONTINUED OPERATIONS

In December 2008 the Council resolved to dispose of the Cable Logging Programme – Papatoa and its associated assets to Te Wānanga o Aotearoa.

Revenue	-	409
Expenses	-	159
Net surplus for the period	**-**	**250**

21. UNCONSOLIDATED INVESTMENTS

At 31 December 2010, the Institute holds 600 shares (2%) in Institutes International (New Zealand Limited) which in turn holds shares in:

New Zealand tertiary education consortium Limited 60,000 shares (16%)

Pinz Pob Holding Company Limited 100 shares (100%)

The Institute also holds 1 share out of a total of 11 shares in Artena Society Limited which in turn holds 120 shares (100%) in Student Management Solutions Limited.

These shareholdings have not been consolidated or equity accounted because the Institute does not have a controlling interest or significant influence over these entities.

22. CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments	**2010**	**2009**
	$000	**$000**
Property, plant, and equipment	65	469
Intangible assets	-	26
Total	**65**	**495**

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred. At 31 December 2010, the Institute had commitments of $65K (2009: $469K), principally relating to the upgrade of IT hardware.

Operating leases

The Institute has leased various properties. The total future commitments under these operating leases are:

	2010	**2009**
Payable:	**$000**	**$000**
Not later than one year	28	35
Later than one year and not later than two years	-	-
Later than two years and not later than five years	22	-
Later than five years	-	-
Total	**50**	**35**

23. CONTINGENT LIABILITIES

As at 31 December 2010 the Institute Council was not aware of any matter that would give rise to any contingent liability (2009 Nil).

24. CAPITAL MANAGEMENT

The Institute is its equity, which comprises general funds, and property valuation and fair value through comprehensive income reserves. Equity is represented by net assets.

The Institute is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

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

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

25. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

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

Statement of comprehensive income

Government grants – Government grants were $0.5m greater than budget due to extra funding received from Government for restructuring purposes.

Restructuring costs – Restructuring costs are greater than budgeted by $2.8m. This is due to the timing of the disestablishment of Tairāwhiti Polytechnic and the incorporation in to the Eastern Institute of Technology.

Statement of financial position

Assets held for sale – Assets held for sale was $0.2m greater than budget due no budget being set because of the expectation that assets would have been sold by balance date.

Fixed assets – Property, plant, equipment and intangible assets was $0.8m greater than budget, mainly due to the inclusion of KAREN (fast internet) costs.

Accounts payable – Accounts Payable was $1.6m greater than budget. This unfavourably variance arose because of an accrual for restructuring costs as at balance date.

Employee entitlements – Institute entitlements are lower than budgeted by $36k, mainly due to pay-out of annual leave entitlements due to restructure.

Statement of changes in equity

Institute equity is lower than budgeted by $4.1m. This is the result of the above variances.

Statement of cash flows

Sale of property, plant and equipment

Refer to the statements above which resulted in the cash position.

26. LEGISLATIVE COMPLIANCE

The Crown Entities Act 2004 requires the Council to complete and adopt by resolution its annual report within 120 days after the end of the financial year to which it relates. Tairāwhiti Polytechnic did not comply with this requirement by the statutory date of 2 May 2011. The annual report was completed and adopted on 31 May 2011.

Independent Auditor's Report

To the readers of
Tairawhiti Polytechnic's
financial statements and statement of objectives and service performance
for the year ended 31 December 2010

The Auditor-General is the auditor of Tairawhiti Polytechnic (the Institution). The Auditor-General has appointed me, Peter McNoe, using the staff and resources of BDO Auckland, to carry out the audit of the financial statements and statement of objectives and service performance on her behalf.

We have audited:

- the financial statements of the Institution on pages 14 to 31, that comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and service performance of the Institute on page 10.

Opinion

In our opinion:

- the financial statements of the Institute on pages 14 to 31, that are prepared on a disestablishment basis:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Institute's:
    - financial position as at 31 December 2010; and
    - financial performance and cash flows for the year ended on that date.
- the statement of objectives and service performance of the Institute on page 10:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Institute's service performance achievements measured against the performance targets adopted for the year ended 31 December 2010.

Emphasis of matter - the financial statements are appropriately prepared on a disestablishment basis

Without modifying our opinion, we considered:

- the accounting policy on page 17 about the financial statements being prepared on a disestablishment basis; and
- the disclosures regarding the effects of dissolution in notes 18 and 25

We consider the disestablishment basis of preparation of the financial statements and the related disclosures to be appropriate due to the disestablishment and incorporation of the Institute into Eastern Institute of Technology from 1 January 2011.

On 1 January 2011 the Institute transferred its functions, duties, assets and liabilities to the Eastern Institute of Technology. The Institute expected that the services it previously delivered would continue to be delivered by the Eastern Institute of Technology and therefore the assets and liabilities would be relevant to the Eastern Institute of Technology. Accordingly, no adjustments have been made to the financial statements because of the disestablishment basis of preparation.

Our audit was completed on 2 June 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Institute and our responsibilities, and we explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards and the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of objectives and service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of objectives and service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of objectives and service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of objectives and service performance, whether due to fraud or error. In making those risk assessments we consider internal control relevant to the Institute's preparation of the financial statements and statement of objectives and service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statement of objectives and service performance; and
- the overall presentation of the financial statements and statement of objectives and service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of objectives and service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements and a statement of objectives and service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Institute's financial position, financial performance and cash flows; and
- fairly reflect its service performance achievements.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of objectives and service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

Peter McNoe

Peter McNoe
BDO Auckland
On behalf of the Auditor-General
Auckland, New Zealand

Tairāwhiti Polytechnic
te kuratini o te tairāwhiti