



Enabling resilience within the Pasifika business community

**Annual Report and
Financial Statements
2021**

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Performance Highlights

For the year 2020/2021

797

Business registrations

1,087

Business assessments

1,036

Clients matched with Service Providers

599

Approved grants

24

New certified Service Providers

86

Completed business development workshops

98

Registered for Procurement Support Service

684

Users on the Digital Platform

349

Registered for Pasifika Digital Boost Programme

81%

Clients satisfied with PBT's services

76

Applications for Biennial Pacific Business Awards

231

Attendees to the Pacific Social Enterprise Symposium



Chairman statement

FY21 was a significant year for the Transformation of Pacific Business Trust (PBT). It represents the second year since the Government approved PBT to be transformed into becoming the national Economic Development Agency for Pasifika.

The PBT Board and Management have diligently focused on implementing the transformation plan that resulted from the Government budget approval in 2019. The plan required the development of a new operational model, developing a suite of programmes and services derived co-designed with Pasifika businesses and entrepreneurs. It also needed the systematic development of processes, digital platform, and solutions to support the cost-effective delivery of economic development services nationally using a hub-and-spoke model. The use of technology and local partners in regional Aotearoa allowed resources to be channelled to the needs of Pacific businesses and for a streamlined administration with low overheads of staff and offices.

PBT is very proud that this year we were able to rapidly respond to the needs of our businesses resulting from COVID-19. Our ability to fully utilise our full suite of programmes and services through our robust processes and systems significantly contributed to our communities during challenging times.

During COVID-19-affected times, the government and its key advisors from Treasury and Ministry of Business, Innovation & Employment (MBIE) found our data and insights extremely valuable. Our ability to provide data and insights in real-time gave verifiable evidence of the real needs of businesses. The fact PBT runs such a robust and methodical economic development model was beneficial. Furthermore, our use of an independent authority – Deloitte Access Economics – to evaluate our programmes and services reinforced how disciplined we have become as an organisation.

It is important to acknowledge the support of the Ministry of Pacific Peoples, whose funding enables our core business as usual activities to be performed. I would also like to recognise the ongoing partnership with the MBIE and the Ministry of Social Development. The support of our partners has enabled PBT to develop a world-class technology platform that has become a major strategic asset for PBT. Our partners' support for our strategic programmes, such as Hatch and Procurement Support Services, has enabled PBT to deliver the full range of economic development services we aspired to do.

I am incredibly proud of what PBT has become. The Board, Management, staff and partners have contributed to what PBT has become today. The transformation of PBT into the national Pacific Economic Development Agency provides a platform from which more can be done to enhance the capability and success of Pacific businesses throughout Aotearoa.

Tevita Funaki



Chief Executive Statement

The purpose of the Pacific Business Trust is to be a navigator and leader in supporting Pasifika to thrive in business and employment. As a trusted partner in Pacific communities, we can help capture and nurture the Pacific competitive advantage, enabling businesses with increased capability, agility and resilience.

Through the New Zealand Government's wellbeing initiatives, the transformation of PBT resulted in a refreshed programme of service offerings and a digital platform, along with a new approach to scale this across New Zealand.

In this unique position, PBT was able to move agilely to respond to the impact of COVID-19 and the disruption caused by the volatility of the pandemic. Our COVID Response Strategy framework provided insights to the short, mid and long-term challenges of 2020/21 that Pasifika businesses and what our response needed to be.

Our focus shifted to rapidly providing proactive advice and facilitating access to the Government's response initiatives and related economic development support packages. At an operational level, PBT's programmes and services moved from in-person delivery to an online delivery model. Our new technology and processes were unincumbered by the issues of legacy systems. Our customer relationship management provided fundamentally important real-time reporting. Alongside this, there was a high level of work engaging with Pasifika businesses that have been adversely affected by COVID-19, and we found a significant increase in demand for support after the Government's main COVID-19 support programmes stopped.

Significant spikes in request for support were made at a time when the Government was expecting businesses would be reverting to business-as-usual and showed that there was, and still is, a long tail from COVID-19. During lockdown periods, Pasifika businesses retrenched to their family units and community prioritising immediate needs of health, children, and wider family. We found business owners overwhelmed with their income stopped, unable to reach out for help

until they were in a position to resume business activities. Through pastoral care and significant engagement, PBT was able to encourage business owners to seek support they may otherwise have missed.

Through partnerships with government agencies and as part of the COVID-19 Recovery Plan, PBT was able to provide the right support and services to our Pacific businesses. Standing up a number of strategic programme initiatives such as the Pasifika Digital Boost, HATCH Pacific youth entrepreneurship, and Procurement Support Services lead PBT to have exponential growth of Pacific business registrations, assessments and approval of grants for service provider services this year.

I am very proud of the response of our capable front-line staff, who stepped up and assisted all Pacific businesses and sole traders. The significant increase in the volume of work while dealing with COVID-19 and working remotely at different times of the year was handled incredibly well by the PBT staff, and I am grateful for their tireless effort.

Management and staff are very proud of the achievements during challenging times, which would not have been possible without the support of our partners and key stakeholders. As an organisation, PBT remains committed to delivering enhanced services and support that enables Pacific businesses to survive the current environment and grow.

Pelenato Sakalia

Executive summary

PBT continues to be a leader in Pacific economic development and a navigator for Pacific businesses to develop resilience and increase capabilities in a COVID-19 environment.

As the National Pacific Economic Development Agency, we have made significant progress on enabling Pacific businesses to realise their potential to contribute to livelihood, the economy, and become sustainable sources of continued prosperity in a post-COVID-19 environment. PBT strongly commits to lead and navigate Pacific business towards in business and employment.

Our transformational progress

In the last financial year, PBT has made substantial growth in different areas of its operation – from re-shaping our strategies, transforming our operations, and tailoring our COVID-19 response to address the unique challenges faced by our Pacific communities. This transformational shift is a significant driver for a massive increase in demand for PBT's services throughout the country. The work that our people have done going into the last financial year was geared towards a strategic direction focused on our three enablers: Supporting Pacific entrepreneurship and business growth, creating platforms for growth, and Providing leadership on Pacific economic development. We have adopted more customer-centric ways of working that are measured through our Outcomes Framework. The delivery of our services, designed to uplift industry capabilities and promote and sustain growth amidst the pandemic, has resulted in increased reach and growth in our associated networks, strengthened businesses and development of new capabilities among our Pacific business community, value-add gained by our customers through interaction with PBT, and availability of new opportunities for through new capabilities developed.

Our collaboration

We have a high number of partners more than ever. In this financial year, along with a network of professional service businesses, PBT has partnered with multiple government agencies to enable a government-backed and tailored support package for Pacific businesses throughout New Zealand. We have also strengthened our private sector relationships and regional partnerships that have seen successful collaboration to deliver culturally competent specialist support especially for our Growth Sectors. We continue to expand our breadth of partnerships and relationships to further our purpose of being a navigator and leader in supporting Pacific people to thrive in business and employment across the country.

Our COVID-19 Support Framework

We have studied how Pacific business responded to the COVID-19 pandemic and learned that the Pacific business community responds differently to the impacts of COVID-19. They are slower to access mainstream government financial support, lack digital capability to engage in an online business presence, only seek support when they have 'hit a wall', and struggle to adapt to new business environments.

They need a resilient approach that caters to the unique Pacific context. PBT has tailored its response and solutions to help address these specific and unique needs such as integrating our COVID-19 Response Strategy across our programmes, providing digital capability uplift, collaborating with multiple government agencies and private sector organisations to provide the right support for Pacific business and enable them to cope in a COVID-19 environment.



Our next steps

We know strategic partnerships compound the impactful outcomes for our customers. We will continue to strengthen these relationships to create value for our Pacific business community and contribute to the economy. We will also evaluate our COVID-19 Response Strategy to ensure our customers are prepared to take the next step from 'living in a COVID-19 environment' to sustaining their businesses and livelihood in a 'post-COVID-19 context'.

We look forward to furthering the capabilities of our Pacific businesses and being an impactful driver of Pacific economic development.



About PBT

A Pacific Economic Development Agency

PBT was established in 1985 to provide Pacific businesses with advice, information, support and education relating to Pacific business development. Today, PBT is the national Pacific Economic Development Agency which provides targeted support to Pacific businesses and delivers a stronger set of economic development services directly benefiting the Pacific community.

We have partnerships with the Ministry for Pacific Peoples (MPP), Ministry for Social Development (MSD), Ministry of Businesses, Innovation and Employment (MBIE), Department of Internal Affairs (DIA), Creative New Zealand (CNZ) and Ministry for Culture & Heritage (MCH), New Zealand Trade and Enterprise (NZTE) and Tamaki Regeneration Company (TRC), who provided funding for PBT to provide its various programmes and services.

We also have a network of certified delivery partners (professional service businesses) that we collaborate with to provide specialist advice and support to our customers, the Pacific businesses and entrepreneurs throughout New Zealand.

Our strategy

PBT continues to be a navigator and leader in supporting Pacific people to thrive in business and employment.

Over the last two financial years, PBT has seen massive growth in all facets of its operations – from a staggering increase in demand for its services from the Pacific business community, the transformational shift in its structure, people and operations, to the evolution of its programmes and services – to better suit the needs of our customers and to adapt to the changing environment impacted by the COVID-19 pandemic.

The key objectives for PBT



Address income disparity by lifting wages and increasing the number of high value jobs



Increase proportion of Pasifika businesses in high growth sectors



Increase Pasifika employment, enterprise ownership and business survival rates



Address and tailor our services to the unique and key challenges for Pacific communities

We have continued to adapt to the scale and complexity brought about by this significant shift by targeting our strategic direction through our three focus areas, which were developed from our Intervention Logic Framework as part of our FY21 Business Plan.



Increase support in Pacific entrepreneurship and business growth



Increased focus on providing leadership on Pacific economic development



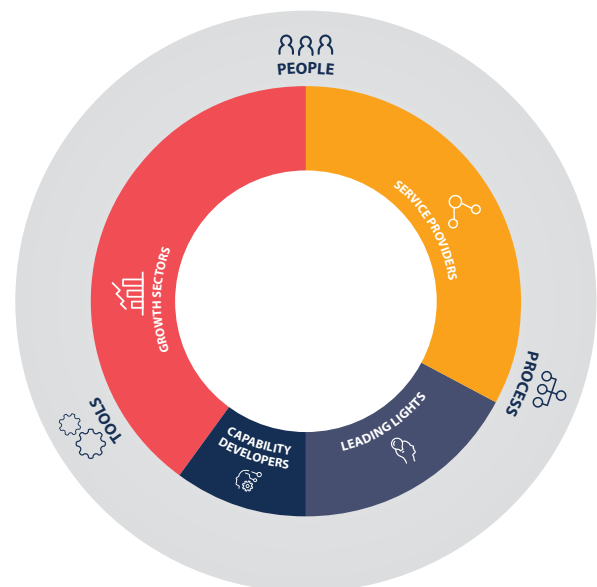
New activities focussed on creating platforms for Pacific Industry and business growth

Furthermore, with the staggering local and global impacts of the COVID-19 pandemic, we reshaped our approach to our programmes and services to cater to the 'Pacific-way' of adjusting to a change in the business and economic environment. This triggered a shift in what we deliver, and how we deliver our services to enable impactful and recovery-focused support for our Pacific businesses during the pandemic.

Our transformation

We re-shaped our approach to enable bigger, bolder and more focused outcomes for our Pacific businesses.

Since becoming the National Pacific Economic Development Agency in 2019, we have targeted our support to Pacific businesses by delivering a stronger set of economic development services directly to the Pacific community. This required a change in how we operate and transform the organisation by shifting our operating and delivery model from generic business assistance to focused and facilitated access to more customised solutions offered by our trusted partners.



Over the last financial year, we shifted our focus to Growth Sectors by providing support to businesses within targeted sectors that resulted in positive outcomes for these Pacific businesses and reinforced their role in becoming future 'Leading Lights' for PBT customers.

We have continued to evolve our ways of working (people, processes and tools) from manual, simple tasks to higher value targeted support. We have shifted our measurement of success to performance outcomes that will assess the underlying impacts of PBT's programmes and services to the Pacific community and the wider economy as embodied in our Outcomes Framework.

In order to support this customer-centric, outcomes-based approach, we furthered our strategic partnerships and have grown our partnership ecosystem, focusing on alliances that align with our three focus areas and our key projects, to ensure impactful results for our customers.

Our people

Our services and volumes have expanded exponentially this year, which meant an uptake in our talent pool that provides high-quality service to PBT clients.

We have 23 staff and managers working across our Auckland, Wellington and Christchurch offices.

They are our number one asset and with a growing workforce we have started to develop a strategy that encompasses learning and capability, coaching and succession planning. Health and well-being has been a priority for us as we look to support our staff and their families as we all learn to live and work with the threat of COVID-19 in our community.

Our people continue to be the foundation of PBT and what we do. We take pride in being a highly diverse organisation serving a diverse community throughout the country. We remain committed to meeting outcomes that are not just customer-focussed but also people-focussed. Our massive growth over the last financial year has proved to be a welcomed challenge to further expand our talent pool and develop our people through access to multiple resources both internally and externally, and with the public and private sectors. We also continue to find ways to improve our benefits, processes and infrastructure so that our people's capabilities are optimised, and their wellbeing taken care of.



Capability Developers

Pacific businesses that approach us for specific services. These services include help applying for grants and connecting with our partners for additional support. These businesses vary across a range of sectors and sizes.



Growth Sectors

Businesses within targeted sectors that we have chosen to improve outcomes. They have been identified as having an area that would benefit from our specialised support.

Our key programmes

Our focus is on supporting significant growth sectors for Pacific businesses to drive capability and innovation outcomes through bespoke and responsive programmes.

Our business-as-usual programmes are designed to uplift below-industry standard capabilities or competitive opportunities for Pacific businesses.

• Capability Services & Portfolio Offerings

- **Business Assessments** – We conduct an online and advisory process to assess the capability of our registered customers to identify assistance they need.
- **Referrals** – We provide our customers access to certified, culturally competent and specialist service providers to support them in specific areas of business need and personal development.
- **Workshops** – We equip enterprises with essential skills to enable them to grow, which include general and industry-specific workshops.
- **Grants for Services** – We provide eligible customers with aide to access support recommended through business assessments and referral plans.
- **Personalised Offering** – We provide customers a unique set of capability offerings geared towards business who share common opportunities and challenges.
- **Ecosystem Engagements** – We facilitate gatherings of various ecosystem participants to discuss, network, celebrate and engage meaningfully and culturally, which include community engagements, networking, mentoring engagements, ideation sessions and special events.

Beyond our business-as-usual services, we have continued to deliver three key projects within significant Growth Sectors of New Zealand. These sectors sit at the intersection of Government priority, private investment and potential impact for Pacific businesses and communities.



• Pacific Construction Support Services /Procurement Support Service

A four-year initiative between PBT and MBIE, our Procurement Support Service delivers an innovative support to help Pacific business owners participate successfully in procurement processes and lift Pacific business capability and capacity in procurement-related functions.

Our Procurement Support Service offers a wide range of culturally tailored, industry-leading support around:

- **Health and safety** – We conduct Safe365 Maturity, and Environment and Sustainability Assessments which help understand a business' health and safety risks and environmental performance, and tailor an effective action plan.
- **Procurement and construction workshops** – We provide procurement readiness and risk management workshops, as well as tendering and pricing for the construction industry, to help Pacific businesses develop skills and knowledge by collaboration with key industry partners, suppliers, contractors and other businesses.
- **Customised support** – For businesses with complex needs, we provide personalised and targeted support around tender management, management system development and ISO certifications, as well as commercial advice.
- **Tools and resources** – We offer resources such as a Procurement Diagnostic Tool to help understand business maturity, a Pricing Calculator to help businesses estimate pricing when responding to market opportunities, and a Stop/Go Tool to assess a business' ability to successfully compete in specific tender opportunities.



- **Pacific Social Enterprise**

The Pacific Social Enterprise workshops were part of the original offerings in PBT's Programmes and Services portfolio. PBT developed this programme as informed by the insights from the 2019 Pacific Social Enterprise (New Dawn) Summit and from the service design discovery work. This programme looks at the introduction and overview of a Social Enterprise, and delves into elements of Social Enterprise from a Pacific perspective and context. It also looks at the impacts of Social Enterprise and discusses the value and the different elements to measure impact. Participants also get the opportunity to develop the foundations of their organisation's "Theory of Change" as part of a Social Enterprise network.



- **Pacific Youth Entrepreneurship**

In 2019, PBT undertook research and discovery to look at how we could support entrepreneurial Pacific youth; then the concept of HATCH Pacific was born. HATCH Pacific is a programme aimed at Pacific youth, to help turn their ideas or products into viable businesses. It aims to inspire Pacific youth to create sustainable businesses centred around their Pacific values. HATCH Pacific is based on four key pillars:

- Structured programme;
- Education;
- Networking; and
- Fellowship

Through partnership with MSD, in February 2021, we piloted the original in-person HATCH Pacific programme that saw 20 Auckland-based business-minded Pacific youth receive guidance in getting their business up and running and get access to PBT and mentors for post-programme support, all delivered with cultural competency and understanding.

Over the last financial year, and in response to the COVID-19 pandemic which altered our communities' livelihood and way of working, we have furthered our existing programmes to provide specific support on digital uplift and online presence, as well as provide assistance to the arts and creatives industry which have likewise been hit hard by the pandemic.



- **Pasifika Digital Boost**

PBT piloted a programme in partnership with DIA to deliver 270 digital skills packages for Pacific businesses to achieve improved digital inclusion outcomes. The digital skills packages included a digital needs assessment and delivery of digital devices and support (e.g., digital workshops) for hundreds of Pacific businesses and entrepreneurs.



- **Pasifika Festivals Initiative**

A first of its kind in the Pasifika Festival ecosystem, we partnered with CNZ and MCH in 2020 that saw 20 Pacific-led festival organisers from around Aotearoa talanoa with us to identify their urgent needs, opportunities and long-term goals and enable access to the COVID-19 Recovery Package and Pasifika Culture and Heritage Funding (Tasi, Tasi21 and Lua Waves of festival support).





Delivering our strategic outcomes

Our three enablers to success

This financial year our focus started to shift from setting foundations to building innovations

Our organisational trajectory and transformation have encouraged our strategy and our three focus areas to enable a more customer-centric approach.

We tailored our programmes to address the growing demand for our services but still maintaining our customer-centric ways of working.

We have been constantly re-imagining how we could do better for our customers; and the development of our programmes and services to our ever-changing environment is a testament to that. We continue to offer our standard services but have bespoke and specialised programmes that cater to specific needs of our customers, focusing particularly on developing and enhancing our Service Provider Network and our Personalised Services Offering.



Increase support in Pacific entrepreneurship and business growth



Increased focus on providing leadership on Pacific economic development



New activities focussed on creating platforms for Pacific Industry and business growth

We continued to develop our industry strategies to create platforms for growth for our customers.

We dipped into the Creative and Digital sectors for their industry-specific strategies and support and created projects resulting from these strategies (Pasifika Festivals Initiative and Pasifika Digital Boost Programmes). We have also continued to progress our existing growth platforms – the Pacific Construction Support Services, Pacific Social Enterprise, and Pacific Youth Entrepreneurship programmes.

We have also invested significantly in our digital capability as part of our Service Delivery Model by continually updating our website and customer relationship management platform.

We structured our services to cater most immediately to respond to our customers' needs to cope with the COVID-19 pandemic.

While we continued to provide our enhanced programmes, we have given additional focus and emphasis on re-shaping our services around the effects of the COVID-19 pandemic on Pacific businesses. Our vision was to provide targeted support that is relevant to the Pacific context and enhanced visibility over our immediate COVID-19 support offerings available.

Our nationwide COVID-19 support framework

Our insights

The Pacific community in New Zealand in itself faces certain key challenges.



Lower prosperity



Disproportionate business ownership



Lower educational and employment outcomes



Unsure where to go for support

However the COVID-19 outbreaks in New Zealand have impacted Pacific businesses differently and significantly, compounding the challenges for our Pacific community even more.

- **Digital capability shortfall** – The lockdowns have uncovered a major inadequacy in Pacific businesses' digital capability which significantly hindered an agile shift to online engagement and sales.

- **Slow uptake in Government support** – Pacific businesses are slow to engage mainstream support mechanisms to access Government support such as the Wage Subsidy. This fuelled a 'long tail of need' for Pacific businesses who tend to delay seeking support, by which time Government support has ended.
- **Community-based dynamics** – Pacific businesses generally do not respond well to self-help options and only seek support when they have 'hit a wall', inciting the need for targeted pastoral care within a trusted ecosystem.
- **Slow transition to business-post-pandemic** – Pacific businesses struggled to adapt to new business environments. The continued uncertainty imposed significant challenges in transitioning back into business-post-lockdown brought by adjustments to new health and safety rules and policies.
- **Adverse sector impact** – 73% of Pacific businesses in New Zealand are in the Services, Tourism and Construction industries; the sectors hit hardest by the COVID-19 lockdowns. These Pacific businesses have hit uncharted territories in terms of shutting down businesses for months and the uncertainty of how to operate safely and sustainably in a post-pandemic environment.
- **Cashflow disruption** – Pacific businesses were unable to operate or provide services; projects were either delayed or cancelled, and revenue streams were either heavily disrupted, or entirely collapsed. This resulted to cashflow concerns for lease payments, rents, business financing, and general overhead costs.

Our response

Building resiliency within the Pacific community in a COVID-19 environment.

Throughout the COVID-19 pandemic, PBT has focused on building reputation and trust in our unique and high-touch community, and providing an important gateway of support and engagement between the Pacific community and Government ministries.

We recognised that these challenges impact the way our customers seek support. We embraced the Pacific-relevant challenges and took a proactive approach to front-foot these and provide a more tailored response to better address the needs of Pacific businesses. Foreseeing these effects, we centred our approach to these pain points driven by COVID-19 and our cultural context, and re-structured our services and operations to cater to these Pacific-specific challenges.

- **Contextualised to the Pacific culture and needs** – We implemented our nationwide support framework by integrating our COVID-19 Response Strategy across our programmes to address the unique challenges faced by our Pacific businesses. Our strategy and services are now continually informed by these insights, the various mechanisms through which we are supported by a number of crucial relationships and partnerships.
- **Collaboration over competition** – Our culturally competent Service Providers provide specialist support to our customers in specific areas of their business and personal development. In FY21, we have registered 24 new certified Service

Providers, adding to our total pool of 39 within our Service Provider Network.

We have also partnered with multiple delivery partners in the private sector to further our customer capabilities. This includes collaboration with, among others, TROW Group and Amotai to providing a pipeline of businesses for the Procurement Support Service participants, with PolyX Night Market Experience and Exhibitions to deliver business assessments to their stall holders and subsidise stall holder fees, and with Deloitte to help strengthen and monitor PBT's economic outcomes.

Partnering up

PBT continues to build and strengthen relationship with existing and new partners across the country through workshops, community event collaborations, and more.



We also collaborated with our regional partners, i.e. local Pacific communities and business networks, to be able to connect into other regions within the country and enable wider access for our customers.

- **Building confidence of our people** – At the start of FY21, PBT had one existing contract for services with MPP. Throughout the year, we have grown our partnership ecosystem with various government agencies from which we received additional contracts to support new fully funded programmes for the wider Pacific business community. We leveraged these to enhance our capabilities to provide the right support and services to our Pacific businesses and entrepreneurs:
 - **MPP** – Our partnership with MPP has long provided prosperous outcomes for our Pacific entrepreneurs and enterprises across New Zealand through capability and ecosystem services.
 - **TRC** – As part of its COVID-19 economic stimulus package, TRC partnered with PBT to provide tailored business support services for the local Tāmaki community, which provided outcomes for growth in the local economy by creating business sustainability and more opportunity for local employment.
 - **MSD** – The successful Auckland roll-out of the original HATCH Pacific programme funded by MSD triggered a national roll-out of a virtual academy that will now cater to a wider group of Pacific youth throughout the country.
 - **DIA** – We partnered with DIA to help deliver their outcomes of improving digital inclusion for New Zealanders by providing digital skills packages to 270 Pacific businesses across the country who are struggling with ‘digital trust, motivation, access and skills’.
 - **NZTE** – We piloted a project with NZTE that created a pathway for Pacific businesses to access mentoring and advice to 20 Pacific businesses.

- **MCH & CNZ** – PBT, MCH and CNZ pulled together resources to undertake business assessments focussing on creative entrepreneurs and businesses (i.e. Pacific festival organisers and stall holders) across the country, with the objective of building their artists’ capabilities in basic business areas such as finance and marketing.
- **MBIE** – Our partnership with MBIE continues to grow and is foundational in our Procurement Support Service.

Our Outcomes Framework achievements

Our performance measures serve as a ‘check point’ for us to ensure we are continuously aligned with our vision, and we deliver on our intended outcomes. We take pride in our customers reaping benefits from the work that we do, evidenced by our 2021 Annual Client Survey and from an independently conducted evaluation of PBT in 2021:

- Increased customer reach Continued growth is just one of the indicators of PBT’s success. Our customer growth from across the country means our Pacific businesses are tapping into what PBT has to offer, which is a positive measure of our success.

+ 548%

Business registrations¹

+ 925%

Business assessments

+ 1,064%

Clients matched with Service Providers

+ 1,231%

Approved grants

+ 60%

Certified Service Providers

+ 274%

Completed business development workshops

¹ In comparison to prior financial year.

- **Value-add for our customers from interaction with PBT**

– 96% of our clients see value in the workshops we conducted and the content we delivered. They see most value from these workshops in the opportunity to improve their networks and connectivity beyond the Pacific business community.

Our customers who have participated in the Digital Boost programme have been able to progress beyond and overcome the digital divide through transformation from paper-based businesses and operations to an online-capable enterprise – from electronic bookkeeping, online supplies ordering management, to digital marketing and social media presence and more.

- **Business development and new opportunities**

from enhanced capabilities – Our young Pacific business owners who have embarked on our HATCH programme have been provided a pathway into entrepreneurship through pastoral care and direction, building a network of Pacific businesses, core business concept education, provision of blueprints for success, and building confidence in cultural identity in values.

Pacific entrepreneurs likewise have improved information about support that is available to them and have access to skills, advice and expertise they need through PBT's Service Provider Network.

PBT customers are taking clear actions and working on their businesses guided by the pastoral care provided by their trusted relationships with PBT's Business Advisors. They have increased their business confidence and believe they are in a stronger position to grow.

Our continuous journey through collaborative success

Our FY21 success has proven that collaboration brings in impactful results. As we embark on the next financial year, in what continues to be a COVID-19 environment, we will endeavour to strengthen our partnerships with the NZ government agencies and the private sector to further enhance the capabilities of Pacific business communities

throughout the country. We will also continue to enhance our internal processes and systems to ensure we remain a leader for Pacific economic development.

We will look to:

- Enhance joint support between PBT and the NZ government agencies to provide a wider reach of government-funded COVID-19 support to the business community;
- Investigate further opportunities with MSD to develop a programme to support building capabilities for other business groups;
- Collaborate more broadly with IRD to strengthen and develop workshops for financial management practices;
- Leverage the opportunities from the Moana Pasifika game day opportunities;
- Engage with CNZ to build a community of entertainers and performers to support local events and activities;
- Explore strategic partnerships with non-profits to understand how PBT may contribute;
- Expand our offerings through industry participation to assist businesses in complying with COVID-19 restrictions;
- Work with other core partners to ensure the opportunities provided by PBT reach into the community;
- Cement our wider reach through establishment of our physical Wellington and Christchurch offices;
- Establish our Client Portfolio Management to boost pastoral care of our customers;
- Build a data-driven approach to form better insights into how we can continue supporting Pacific business and employment; and
- Continue enhancing our Service Delivery Model to ensure our solutions are adept with technology-enabled times.





Statement of Responsibility

The Board is responsible for the preparation of the annual financial statements and statement of service performance and the judgements used therein.

The Board is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting .

In the opinion of the Board, the annual financial statements and the statement of service performance, for the year ended 30 June 2021 fairly reflect the financial position and operations of the Pacific Island Business Development Trust.

On behalf of the Board,

Tevita Filisonu'u Funaki

Chair, PBT Board
7 October 2022

Samuelu Sefuiva

Audit, Risk and Finance Committee Chair
7 October 2022

Statement of Service Performance 2020/2021

In FY21, Pacific Business Trust (PBT) implemented a new business model and launched a refreshed suite of programmes and services to support the Pacific Business Community in New Zealand including workshops, digital platform, grants for services, and programmes such as the Procurement Support Service and Pasifika Digital Boost.

PBT is guided by our Outcomes Framework to report on the Trust's activities and measure success. The activities and outcomes within the Framework provide the best foundation for our Statement of Service Performance reporting for the financial year beginning 1 July 2020 and ending 30 June 2021.

The Outcomes Framework is organised around the following three focus areas:

- Support Entrepreneurship and Business Growth;
- Creating platforms for growth; and
- Providing leadership on Pacific Economic Development.

PBT's strives to support Pacific economic development in the short and medium terms by:

- Providing Pacific entrepreneurs with improved access to support, skills, expertise and funding to build their capability and capacity
- Supporting providers to improve the quality and relevance of their advice and support to Pacific businesses
- Increasing the understanding of the issues the impact Pacific businesses and entrepreneurs

- Assisting procurers to understand the capabilities of Pacific businesses
- Growing the understanding of 'what works' in Pacific economic development interventions

The effects of the COVID-19 pandemic in FY20 produced shifts in the business environment. PBT responded to these effects by proactively integrating COVID-19 related support into business-as-usual activities. This was achieved by adapting core services and forming more meaningful partnerships with multiple organisations to ensure Pacific businesses are receiving the most up-to-date support to manage their businesses under COVID restrictions.

PBT is able to deliver these programmes and services to Pacific Businesses with support from our funders: Ministry for Pacific Peoples (MPP), Ministry of Business, Innovation and Employment (MBIE), Ministry of Social Development (MSD), The Department of Internal Affairs (DIA), New Zealand Trade and Enterprise (NZTE), Ministry of Foreign Affairs and Trade (MFAT) and Tāmaki Regeneration Company (TRC).

Framework focus area:

Support entrepreneurship and business growth

Key outputs and measures	Target 2020/2021	Actual 2020/2021	Comparative 2019/2020	Commentary
1. Number of completed PBT client registrations	120	797	123	Pacific businesses can register with PBT by visiting the website's 'Join Community' page, or by calling or emailing us. A registered client is a business that provides all the mandatory personal and business details we require for clients to access PBT's services and to support PBT's reporting obligations to funders.
2. Number of completed Business Assessments	370	1,087	106	<p>All new and re-engaging clients will undertake Business Health Checks at different stages of their journey with PBT. These assessments help PBT to understand the current state of a business across different areas of their business and to help us track their progress over time.</p> <p>Assessments identify which areas of the business a client would benefit from the support of a Service Provider and/or PBT's other Programmes and Services. They also provide a basis for justifying funding allocated to support a client and gives us insight into the goals and challenges of the Pacific business community.</p>
3. Number of clients who have been matched with a service provider (Referral Plans)	330	1,036	89	Referral plans contain a set of recommendations (referrals) that a PBT Business Advisor makes for a client. These are based off the needs and challenges of the business identified in the conducted assessment. Business advisors may include referrals to workshops, service providers or other PBT programmes where they believe they would benefit from the support from PBT's offerings.
4. Number of grants approved (Grants for Services)	330	599	45	An eligible client can receive a grant for service to access support and tools to help build their capability and capacity to operate their business. Grants are approved to assist clients with the areas of need identified by a business advisor in the assessment.
5. Proportion of clients satisfied with their matched Service Provider	80%	95%	N/A	After an engagement with a service provider is completed, a client is sent a survey to rate their engagements and the work delivered to the client by the service provider. These surveys inform PBT on the client's experience and the impact the work has had on their business and provides us feedback on the service provider that contributes to their annual review. For this survey, 95% of the 52 responses received scored 3 or higher out of 5 when rating their overall experience with a service provider (3 being 'Fair' and 5 being 'Excellent').
6. Number of Certified Service Providers	12	24	15	<p>Service Providers deliver a range of specialised skills and services across 5 main functional areas of business that we assess a client on.</p> <p>Potential Service Providers are required to undertake a cultural competency assessment and pass technical and business advisory vetting to become a Preferred PBT Service Provider.</p> <p>24 new Service Providers joined the network in FY21 providing a range of services including marketing, accounting and finance, and HR.</p>
7. Number of business development workshops	69	86	23	<p>Business development workshops are PBT's 'One-to-many' service offering that provides entrepreneurs with current business practices and skills to build their knowledge and confidence in operating their business. PBT has a range of workshops spanning across general business topics, social enterprise, construction and procurement, and digital skills and capability.</p> <p>Some of PBT's workshops with the highest attendance rates were Procurement Readiness, Understanding Accounting and Tax, and Digital Marketing for Business growth.</p>

Creating platforms for growth

Key outputs and measures	Target 2020/2021	Actual 2020/2021	Comparative 2019/2020	Commentary
8. Number of businesses registered for PBT's Procurement Support Programme	N/A	98	N/A	PBT's Procurement programme aims to provide Pacific businesses with the skills and knowledge to participate in procurement opportunities. This programme is delivered through a series of procurement-specific workshops and specialised funded services with support from our partners and service providers.
9. Number of users on PBT's Digital Platform (PBT Portal)	N/A	684	N/A	PBT launched a new digital platform (PBT Portal) in July 2020. The PBT Portal allows clients to access support and resources for their business in real-time. Clients can execute their referral plans by accessing the service provider network and applying for funding, access PBT-exclusive business articles and resources, and network with other Pacific businesses on the portal.
10. Number of businesses registered for the Pasifika Digital Boost Programme	270	349	N/A	The Pasifika Digital Boost was a short-term programme that was introduced by PBT in November 2020 as a response to the lack of digital capability in the Pacific business community. It served as an opportunity for PBT to partner with organisations to supply clients with the digital devices such as phone, laptops and tablets that will enable them to operate their businesses online and deliver workshops to improve digital capability of the businesses.
11. Proportion of clients who are satisfied with PBT's Services	80%	81%	N/A	PBT sends out an annual survey to collect feedback from clients on the programmes and services PBT has provided. For the FY21 survey, PBT received 277 responses to the survey with 84% of responses scoring their satisfaction with PBT's services as a 3 or higher out of 5 (3 being 'Fair' and 5 being 'Excellent'). Feedback suggestions included more networking events and improved communications from PBT to clients.

Providing leadership on Pacific economic development

Key outputs and measures	Target 2020/2021	Actual 2020/2021	Comparative 2019/2020	Commentary
12. Number of applicants for National Awards (Biennial Pacific Business Awards – November 2020)	50 applicants across 6 categories	76 applicants across 7 categories	62 applicants across 7 categories	The Pacific Business Trust Awards Ceremony is a biennial event hosted by PBT to recognise and celebrate the outstanding achievements and successes of Pacific businesses in New Zealand. Pacific businesses can be nominated by themselves or others and are judged by an independent panel of business experts.
13. Number of Pacific Enterprises and Entrepreneurs attending the Pacific Social Enterprise Symposium (May 2021)	50 attendees at event	231	N/A	The 2021 Social Enterprise Symposium is an event that showcased the experiences of Pacific Social enterprises and their impact in the community. The event provided an opportunity for corporates such as Spark and Salesforce to present the benefits of digitally enabling social enterprises to enhance the delivery and impact of the services they provide to the community

Statement of Comprehensive Revenue and Expenses

The Pacific Island Business Development Trust
For the year ended 30 June 2021

	Notes	2021	2020
Revenue			
Revenue from exchange transactions			
Government Funding	6	9,188,359	2,121,471
Investment Income		1,500	19,327
Total Revenue from exchange transactions		9,189,859	2,140,798
Revenue from non-exchange transactions			
Other general funding/Grants	7	171,300	268
Other Income		2,607	1,525
Total Revenue from non-exchange transactions		173,907	1,793
Total Revenue		9,363,766	2,142,592
Expenses			
Advertising and marketing costs		490,082	108,973
Amortisation	8	220,434	105,417
Audit Fees	9	65,043	64,988
Costs related to providing services	10	3,397,414	1,002,167
Assets - Depreciation	11	15,165	5,615
Employee related costs		982,105	378,535
Lease expenses		167,632	149,900
Trustee fees		94,209	72,834
Other expenses	13	1,966,331	802,113
Transformation costs		36,383	254,821
Total Expenses		7,434,798	2,945,363
Total surplus / (deficit) for the year		1,928,969	(802,771)
Other comprehensive revenue and expense for the year			
Other comprehensive revenue and expense		–	–
Total comprehensive revenue and expense for the year		1,928,968	(802,771)

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

Statement of Changes in Net Assets / Equity

The Pacific Island Business Development Trust
For the year ended 30 June 2021

	2021	2020
Net Assets - accumulated revenue and expense		
Opening Balance	2,902,585	3,705,356
Total comprehensive revenue and expense for the year	1,928,969	(802,771)
Balance as at 30 June	4,831,554	2,902,585

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

Statement of Financial Position

The Pacific Island Business Development Trust
As at 30 June 2021

	Notes	30 Jun 2021	30 Jun 2020
Assets			
Current Assets			
Cash and cash equivalents	14	5,386,597	3,033,710
Receivables from exchange transactions	16	1,893,565	73,887
Receivables from non-exchange transactions	16	40,100	–
Total Current Assets		7,320,262	3,107,597
Non-Current Assets			
Property, Plant and Equipment	11	73,631	16,014
Intangible Assets	8	920,886	586,619
Total Non-Current Assets		994,517	602,633
Total Assets		8,314,779	3,710,230
Liabilities			
Current Liabilities			
Trade and Other Payables	16	724,822	719,601
Deferred Revenue		1,058,891	23,000
Employee Entitlements		128,760	55,856
Goods and services tax		385,751	9,187
Grants approved but not paid		1,185,000	–
Total Current Liabilities		3,483,225	807,645
Total Liabilities		3,483,225	807,645
Total Assets less Total Liabilities (Net Assets)		4,831,554	2,902,585
Trust Equity			
Accumulated Revenue and Expense		4,831,554	2,902,585
Total Trust Equity		4,831,554	2,902,585

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

Statement of Cash Flows

The Pacific Island Business Development Trust
For the year ended 30 June 2021

	2021	2020
Cash Flows from Operating Activities		
Revenue from exchange transactions	8,668,307	2,616,279
Revenue from non-exchange transactions	131,200	62,652
GST received (net)	187,076	117,813
Payments to suppliers	(5,055,917)	(2,081,675)
Payments to Employees	(953,997)	(425,328)
Other Revenue - Interest	1,500	19,327
Total Cash Flows from Operating Activities	2,978,170	309,069
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(70,582)	(11,286)
Purchase of intangibles	(554,700)	(692,036)
Total Cash Flows from Investing Activities	(625,282)	(703,322)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,352,888	(394,253)
Cash Balances and Cash Equivalents		
Cash and cash equivalents at beginning of year	3,033,710	3,427,963
Cash and cash equivalents at end of year (refer Note 13)	5,386,597	3,033,710
Net change in cash for year	2,352,888	(394,253)

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

Notes to the Financial Statements

The Pacific Island Business Development Trust For the year ended 30 June 2021

1. Reporting entity

The Pacific Island Business Development Trust (the “Trust”) is a Charitable Trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is listed in Schedule 4 of the Public Finance Act 1989 which means it is treated for certain financial reporting requirements as if it was a crown entity under the Crown Entities Act 2004. The Trust is also a charity registered under the Charities Act 2005 and is therefore exempt from income tax.

The financial statements are presented for the year ended 30 June 2021.

These financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust. The principal activity of the Trust is to develop a strong economic base for Pacific Island people in New Zealand.

The Trust is a national organisation with offices in Auckland and Wellington. The organisation exists to provide support and services to Pacific businesses and Pacific entrepreneurs in New Zealand.

The Trust is governed by a board of trustees who are appointed by the Minister for Pacific Peoples. The organisation’s Trust Deed makes provision for a minimum of five and a maximum of eight trustees. The Trust is primarily funded under an outcome Agreement with the Ministry for Pacific Peoples (MPP).

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise

These financial statements have been approved and were authorised for issue by the Board of Trustees.

2. Basis of Preparation

Statement of compliance

The Trust’s financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 public sector public benefit entities, and disclosure concessions have been applied.

For the purposes of complying with NZ GAAP, the Trust is a public benefit public sector entity and is eligible to apply PBE Standards RDR on the basis that it does not have public accountability its annual operating expenditure is between \$2 million and \$30 million.

2.1 Basis of Measurement

These financial statements have been prepared on the basis of historical cost.

2.2 Functional and Presentational Currency

The Trust’s financial statements are presented in New Zealand dollars (\$), which is the Trust’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

3. Effect of First-Time Adoption of PBE Standards RDR

This is the first year the Trust has prepared financial statements in accordance with PBE Standards RDR for public sector entities. In the prior year, the financial statements were prepared using the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) reporting standard.

There are minor differences between PBE Standards RDR and PBE Public Benefit Entity Simple Format Reporting - Accrual (Not-for-profit). These differences have an effect on the disclosure only. The main changes in disclosure resulting from the application are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However PBE Standards RDR required receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

In adopting PBE Standards RDR, the Trust has elected not to take the RDR exemption in relation to the presentation of comparatives. Therefore, comparatives have been presented in full. There is no difference between the net assets/equity presented by the Trust as at 1 July 2019 (transition date) and 30 June 2020 in its previous financial statements, and the net assets/equity presented in these financial statements.

4. Summary of Accounting Policies

4.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must be met before revenue is recognised.

Revenue from exchange transactions

Interest Revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Dividends

Income from dividends is recognised when the Trust's right to receive payment is established, and the amount can be reliably measured.

Government Funding

Government contracts where the funding is based on the achievement of detailed milestones and mutually agreed KPIs has been classified as revenue from exchange transactions. This is because the services provided by the Trust constitute the performance of agreed tasks over an agreed period of time, with the direct exchange of approximately equal value, being the provision of services on behalf of government (central and local) entities. The funding is recognised as revenue by reference to the stage of completion of the agreed KPIs and milestones in the relevant funding agreement.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return. With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the Trust, and
- Fair value is reliably measurable.

The following specific recognition criteria in relation to the Trust's non-exchange transaction revenue streams must also be met before revenue is recognised.

Other General Funding/Grants

The recognition of other funding/grants revenue depends on the nature of any stipulations to the inflow of resources received, and whether this creates a liability (i.e. present obligation rather than the recognition of revenue).

Stipulations that are 'conditions' specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Grant funding that is not based on the achievement of detailed milestones and mutually agreed KPIs does not result in a direct exchange of approximately equal value. Therefore, funding from these sources is classified as non-exchange revenue.

4.2 Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be wholly settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured

Notes to the Financial Statements (Cont'd)

at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Defined contribution plans (including Kiwisaver) are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

4.3 Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and the amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.4 Financial Assets

All of the Trust's financial assets are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and receivables from exchange transactions. Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of three months or less.

4.5 Impairment of Financial Assets

The Trust assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets classified as loans and receivables, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cashflows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Trust first assesses whether there is objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

4.6 Financial Liabilities

The Trust's financial liabilities include trade and other payables which are classified as amortised cost financial liabilities.

All financial liabilities are initially recognised at fair value plus directly attributable transactional costs, and are measured subsequently at amortised cost using the effective interest method.

4.7 Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

4.8 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

4.9 Intangible Assets

Intangible assets that are acquired by the Trust, which have finite useful lives, are initially measured at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Amortisation is recognised in surplus or deficit on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The useful lives and associated amortisation rates of major classes of assets have been estimated as follows:

Website & Software Development	5 years
Digital Platform	5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

4.10 Property, Plant and Equipment

Items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost of the asset less any estimated residual value over its remaining useful life:

Office Equipment	20% - 25%
Furniture & Fittings	10% - 20%
Computer Equipment	25% - 40%
Leasehold Improvements	unexpired lease period plus right of renewal
Artworks	10% - 20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

4.11 Impairment of non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit (CGU) is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Cash-generating assets and non-cash-generating assets are distinguished by the purpose designated for the asset.

For the purpose of the impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use

Notes to the Financial Statements (Cont'd)

that are largely independent of the cash inflows of other assets of CGU's. Impairment losses are allocated to the assets in the CGU on a pro-rata basis.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.12 Grants approved but not paid

The Trust provides grants to a number of organisations in the ordinary course of its operations. Where a grant has been approved by the Trustees and communicated to the grant recipient prior to the reporting date but has not been paid, the grant payment is accrued as a liability.

5. Significant Accounting Judgments, Estimates and Assumptions

5.1 Use of Judgement and Estimates

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgments

Judgement made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- The lease for the Trust at Level 2/45 O'Rorke Road, Penrose, Auckland, has been recognised as an operating lease for the full term and expenses on a straight line basis over the term of the lease. The trust has determined, based on an evaluation of the terms and conditions of the arrangement, such as it not transferring substantially all the risks and rewards incidental to ownership of the asset, that it is an operating lease.
- The intangible asset of the Digital platform arose from development has been determined as having a finite useful life and is amortised. The Digital Platform is the hub of the Trust and captures all client record. Functional improvement costs to the Digital Platform are capitalised. Amortisation is recognised in a surplus or deficit on a straight line basis over the estimated useful life of the intangible asset. Amortisation method, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.
- The Trust has made a judgement regarding the classification of its government grant revenue between exchange and non-exchange revenue. The rationale for the classifications made are set out in the Trust's revenue policy in note 4.1.

	2021	2020
6. Government Funding - exchange		
MPP Funding (MPP)	6,146,000	1,811,471
New Zealand Trade and Enterprise (NZTE)	75,119	–
Ministry Of Social Development (MSD)	194,049	310,000
Department of Internal Affairs (DIA)	1,350,000	–
Tamaki Regeneration	25,301	–
Ministry of Business and Innovation (MBIE)	1,397,889	–
Total Government Funding - exchange	9,188,359	2,121,471
7. Other General Funding/Grants - non-exchange		
MPP Business Awards Ticket Sales / Donations	6,200	–
Sponsorship Revenue	80,100	268
Moana Pasifika Ministry of Foreign Affairs and Trade Pacific Enabling Fund	85,000	–
Total Other General Funding/Grants - non-exchange	171,300	268
8. Intangible Assets		
Digital Platform		
Opening Balance	491,524	–
Additions	550,000	589,828
Amortisation	(200,466)	(98,305)
Net Book Value (refer Depreciation Schedule)	841,058	491,523
Website & Software Development		
Opening Balance	95,096	5,500
Additions	4,700	96,708
Amortisation	(19,968)	(7,112)
Net Book Value (refer Depreciation Schedule)	79,828	95,096
Total Intangible Assets	920,886	586,619

9. Auditors Remuneration Current

Total amount recognised for audit services is \$65,043 (2020: \$64,988). Audit services are provided by BDO Auckland (BDO Auckland for current year and Audit NZ for prior year).

Notes to the Financial Statements (Cont'd)

	2021	2020
10. Costs related to providing services		
Business Awards Costs	–	166,793
Direct Cost - Contractors	614,610	613,785
Events Venue Hire and Supplier Fees	307,921	–
Grants - Digital Devices	318,344	–
Grants for Services	1,483,389	41,020
Hatch - Relaunched	–	143,571
Workshops & Seminars	355,513	3,479
Other Expenses	317,637	33,519
Total Costs related to providing services	3,397,414	1,002,167
11. Property, Plant & Equipment		
Artworks		
Opening Balance	743	1,189
Depreciation	(446)	(446)
Net book value Artworks (refer Depreciation Schedule)	297	743
Computer Equipment		
Opening Balance	6,289	3,806
Additions	19,439	6,414
Depreciation	(11,843)	(3,931)
Net book value Computer Equipment (refer Depreciation Schedule)	13,885	6,289
Furniture and Fittings		
Opening Balance	8,016	4,392
Additions	53,313	4,871
Depreciation	(2,742)	(1,247)
Net book value Furniture & Fittings (refer Depreciation Schedule)	58,586	8,016
Leasehold Improvements		
Opening Balance	965	1,456
Additions	–	1
Depreciation	(103)	(492)
Net book value Leasehold Improvements (refer Depreciation Schedule)	862	965
Office Equipment		
Opening Balance	–	31
Additions	–	–
Depreciation	–	(31)
Net book value Office Equipment (refer Depreciation Schedule)	–	–
Total Property, Plant & Equipment	73,631	16,014

12. Commitments

As at the reporting date, the Board of Trustees has entered into the following operating lease commitments:

The premises at Level 2/45 O'Rorke Road, Penrose, Auckland, are leased from James Kirkpatrick Limited on a five (5) year term commencing 3 May 2021 with further one (1) of five (5) year right of renewal and the annual rent is \$125,300 plus GST paid monthly.

	2021	2020
Operating Commitments		
Not later than 12 months	146,218	69,067
Between 12 months and five years	502,139	20,686
Later than five years	–	–
Total Operating Commitments	648,357	89,753

13. Other Expenses

Contractors - Inhouse	–	433,090
Consultancy	1,275,723	91,939
Economic Leadership	180,179	–
IT Support, Software License Management and Computer Expenses	–	37,352
Sponsorships	174,867	–
Staff Expenses	78,058	45,933
Other Miscellaneous Expenses	257,503	193,800
Total Other Expenses	1,966,331	802,113

14. Cash and Cash Equivalents

Westpac Cheque Account (On Call)	3,608,532	994,647
Westpac Savings Account (On Call)	1,780,316	2,039,781
Westpac Credit Cards	(2,250)	(719)
Total Cash and Cash Equivalents	5,386,597	3,033,710

There are no restrictions over any of the cash equivalent balances held by the Trust.

The applicable interest rate on Westpac Cheque account for funds in credit is 0.05%

The applicable interest rate on Westpac Savings account for funds in credit is 0.05%

Notes to the Financial Statements (Cont'd)

15. Related Party Transactions

Key management personnel remuneration

The Trust classifies its key management personnel into one of two classes:

- Members of the governing body
 - Chief Executive Officer, responsible for reporting to the governing body and for operation of the Trust's business
- The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'full-time-equivalents' (FTE's) in each class of key management personnel is presented in the schedule below:

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2020: Nil).

The CEO of the Trust, Pelenato Sakalia is also a CEO of Moana Pasifika rugby board. The Trust received \$85,000 from Ministry of Foreign Affairs & Trade solely for the purpose of the super rugby event.

Remuneration and compensation provided to close family members of key management personnel

The Trust did not provide any loans to key management personnel or their close family members (2020: \$Nil).

	2021	2020
Members of the governing body and management	\$437,208 (9x people)	\$368,234 (9x people)

16. Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2021	2020
Financial Assets		
Loans and Receivables		
Cash and Cash Equivalents	5,386,597	3,033,710
Receivables from exchange transactions	1,933,665	73,887
Receivables from non-exchange transactions	40,100	–
Total Financial Assets Classified as Loans and Receivables	7,360,362	3,107,597
There is no allowance for impairment as accounts receivable will be fully collected.		
Financial Liabilities		
At Amortised Cost		
Trade and Other Payables	724,822	719,601
Grants approved but not paid	1,185,000	–
Total Financial Liabilities	1,909,823	719,601

17. Capital Commitments

There were no capital commitments at the reporting date. (2020: \$Nil).

18. Contingent Liabilities and Contingent Assets

There are no contingent assets or liabilities at the reporting date. (2020: \$Nil).

19. Events after the Reporting Period

The Board of Trustees and management is not aware of any other matters or circumstances since the end of the reporting period, other than disclosed in note 19, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Trust. (2020: \$Nil).

20. COVID-19 Note

COVID-19 was declared a global pandemic by the World Health Organization in March 2020. The Trust has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home).

There have been various lockdowns and restrictions put in place which has impacted some of the Trusts events, functions and operations during the 2021 financial year.

At this stage the Trust has found an increased demand for services and expect this to increase. The Trust will continue to follow the various government policies and advice and will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

Depreciation and Amortisation Schedule

The Pacific Island Business Development Trust
For the year ended 30 June 2021

Cost Account	Cost	Opening Accum Dep	Opening Value	Purchases	Disposals	Depreciation	Closing Accum Dep	Closing Value
Artworks	18,097	17,354	743	–	–	446	17,800	297
Computer Equipment	72,367	46,640	5,260	20,468	–	11,843	58,482	13,885
Digital Platform	1,139,828	98,305	491,524	550,000	–	200,466	298,770	841,058
Furniture & Fittings	77,772	15,506	8,016	54,249	905	2,774	18,249	58,586
Leasehold Improvements	8,671	7,705	965	–	–	103	7,808	862
Office Equipment	1,468	1,468	–	–	–	–	1,468	–
Website & Software Development	101,408	1,612	95,096	4,700	–	19,968	21,580	79,828
Total	1,419,611	188,590	601,604	629,417	905	235,599	424,158	994,517

Trust Directory

Board of Trustees

Tevita Funaki

Chairman

Maria Fuata

Trustee

Ron Viviani

Trustee

Samuelu Sefuiva

Trustee

Leaupepe Rachel Karalus

Trustee

Hiueni Nuku

Trustee

Muaausa Pele Walker

Trustee

Sonia Tiatia

Trustee (appointed 8 September 2021)

Management

Pelenato Sakalia

Chief Executive Officer

Bankers

Westpac New Zealand Limited

IRD Number

020-905-760

Auditors

BDO Auckland on behalf of Auditor General

Accountants

Johnston Associates Chartered Accountants Limited

Solicitors

Langton Hudson Butcher

Independent Auditor's Report

To the readers of Pacific Island business development trust's financial statements and performance information for the year ended 30 June 2021.

The Auditor-General is the auditor of Pacific Island Business Development Trust ("the Trust"). The Auditor-General has appointed me, Matthew Coulter, using the staff and resources of BDO Auckland, to carry out the audit of the financial statements and the performance information, of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 22 to 36, that comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expenses, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Trust on pages 19 to 21:

In our opinion:

- the financial statements of the Trust on pages 22 to 36:
 - present fairly, in all material respects:
 - » its financial position as at 30 June 2021; and
 - » its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board; and
- the performance information on pages 19 to 21:
 - presents fairly, in all material respects, the Trust's performance for the year ended 30 June 2021; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 17 October 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 Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for 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 audit opinion.

Other matter

The financial statements and performance information of the Trust for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 December 2020.

The Trustees' responsibilities for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Trust, or there is no realistic alternative but to do so.

The Trustees' responsibilities arise from 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 and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of performance expectations.

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 Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, 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 communicate with the Trustees 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 Trustees are responsible for the other information.

The other information comprises the information included on pages 1 to 18 and page 37.

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

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

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Trust.



Matthew Coulter
BDO Auckland

On behalf of the Auditor-General
Auckland, New Zealand

