Tauākī Whāinga Mahi

Statement of Performance Expectations

2024

Te Pūkenga

Whakataukī

Nau mai, nau ake, ka roi i tō kete aronui	Come forth and secure your basket of knowledge
Hei amonga mōhou ki te pūtake o te wānanga	To carry you through to the source of learning
Whakarewaia rā ki runga i te pakihiwi	Hoist it upon your shoulders
He hikitanga, he hāpainga,	For you to carry, for you to shoulder
He amonga, he ārewa, he tauira,	Learning that is valued, to lift up as an exemplar
Ka rongo te pō, ka rongo te ao	To be heard of during the night, and throughout the day
Ka huakina ki te ao mārama	To emerge into a world of light
Hei tohu tātai kura tāngata e	To be recognised and acknowledged as a treasured person (replete with skills and knowledge to benefit the community)

Te Pūkenga Statement of Performance Expectations 2024: Te Pūkenga
Hamilton, New Zealand.

Published in January 2024 by Te Pūkenga

Ngā ihirangi | Contents

Statement of Responsibility

The Statement of Performance Expectations 2024 is produced in accordance with the requirements of sections 149B to 149M of the Crown Entities Act 2004.

We take responsibility for the statement's content, including the assumptions used in preparing the forecast financial statements and the other required disclosures.

We use and maintain internal controls to ensure the integrity and reliability of our performance and financial reporting.

We certify that the information contained in this statement is consistent with the appropriations contained in the Vote Tertiary Education Estimates of Appropriations 2023/24. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed on behalf of Te Pūkenga Council by:

Sue McCormack – Acting Chair

21 December 2023

Jeremy Morley – Council Member

21 December 2023

Te Pūkenga is the definitive use of the word Pūkenga, describing the gaining and mastery of valuable skills. This occurs through the passing down of knowledge from person to person, where the receiver becomes a repository of that knowledge and in time an expert in those skills.

Our identity is inspired by the base of the harakeke, the strongest part of the plant, from where all threads meet and grow. Because while we are all separate strands, we are stronger together. It represents the sharing of perspectives, the exchanging of knowledge and skills. The weaving together of our collective past for a thriving tomorrow.

These separate strands are bound together to create a basket of knowledge filled with all the unique qualities, skills, and minds of Te Pūkenga. This is our tohu, the base from which we grow and flourish.

Kupu whakataki | Introduction

The Statement of Performance Expectations 2024 sets out, at a broad level, what Te Pūkenga - New Zealand Institute of Skills and Technology (Te Pūkenga) expects to deliver in 2024, and how we will measure our performance.

Our 2024 measures build on our establishment and transition journey progressed between 2020 and 2022 and our first year as a single network in 2023. In 2024, consistent with the NZ Government's announcement of their intention to disestablish Te Pūkenga, we will continue to prioritise excellent outcomes for learners, improving financial performance, and building on relationships with key partners and stakeholders to meet regional needs. These priorities will be managed alongside the considerable work that will be required to facilitate the development of the future state for vocational education and training in New Zealand.

Given the Government's new proposed policy direction, we will also review the Statement of Performance Expectations periodically, to ensure it remains consistent with that direction whilst maintaining the existing responsibilities of Te Pūkenga.

Tā mātou whakahaerenga | Our Organisation

Since 1 January 2023, Te Pūkenga has operated as a single tertiary education organisation (TEO), bringing together the existing network of former Institutes of Polytechnics (ITPs) and arranging training functions from Transitional Industry Training Organisations (TITOs) through Te Pūkenga Work Based Learning Limited (WBL).

Our formation in April 2020 was one of seven key changes from the Reform of Vocational Education (RoVE), a sector-wide transformation unifying the vocational education system for a fast-changing future of skills, learning and work.

Te Pūkenga has had a vital role in ensuring Aotearoa New Zealand has a vocational education system that puts learners at the centre and is a long-term skills partner for employers, industry, and iwi, hapū and Māori across the motu. We aim to provide nationally recognised new ways of learning with a focus on underserved learners (including ākonga Māori, Pacific and disabled ākonga) to create greater value and meaning for people and communities.

In doing this, we also currently operate within a broader education system comprised of new entities such as the Workforce Development Councils (WDCs), Regional Skills Leadership Groups (RSLGs), and Centres of Vocational Excellence (CoVES), as well as existing education partners including the Ministry of Education (MoE), the New Zealand Qualifications Authority (NZQA), the Tertiary Education Commission (TEC), iwi, hapū and Māori, and industry, to achieve the best outcomes for ākonga and Aotearoa New Zealand.

From 2020 to 2023, the period of our first horizon, we have focused on our transition and establishing the building blocks for a unified system. As we look towards 2024, considering changes in policy direction by the NZ Government, we shift our view away from an intended transformation phase and focus on ensuring best possible outcomes for learners, partners, and other stakeholders. At the same time, we aim to ensure the sector, which has been through significant change in the last three years, is in a solid position to respond effectively and efficiently to a new change programme.

Our Strategic Framework

We have established a strategic framework that embodies the principles of our Charter and describes three primary strategic objectives. A set of intended outcomes for each objective ensures focus on the right activities, reflecting our obligations and requirements set out in the Education and Training Act 2020.

Tō Tātou Tirohanga Roa Our vision	**Whakairohia he toki, tāraia te anamata.** Learning with purpose, creating our futures.		
Tō Tātou Tirohanga Whānui Our mission	**Ka whai huarahi whakahirahira te katoa o ngā ākonga me ngā pūkenga e tika ana, ngā tohu e tika ana, ka rapa te whai, ā, ka iti iho te noho nama** All ākonga into great mahi, with the right skills and qualifications, faster, and with less debt.		
Tō Tātou Pūtake Our purpose	**E tuku ana e Te Pūkenga ngā huarahi mātauranga hiranga, tino kounga hoki hei tautoko i ngā ākonga, ngā kaitukumahi me ngā hapori ki te whiwhi i ngā pūkenga, mōhiotanga, āheinga hoki kei te hiahiatia e Aotearoa i āianei, mō āpōpō hoki. Noho ai ngā ākonga me ō rātou whānau hei pūtake mō ā mātou mahi katoa.** Te Pūkenga provides excellent and quality education opportunities that support learners, employers and communities to gain the skills, knowledge and capabilities Aotearoa needs now and for the future. Learners and their whānau are at the centre of all we do.		
Ō Tātou Uara Our values	**Manawa nui** We reach out and welcome in	**Manawa roa** We learn and achieve together	**Manawa ora** We strengthen and grow the whole person
Hoaketanga ā-rautaki Strategic Objectives	**Maximise ākonga success, equity and well-being**	**A highly valued, trusted, and sustainable network**	**A coordinated and regionally responsive network**
Whāinga matua Outcomes	• Supporting all learners to succeed, particularly Māori, Pacific and disabled people. • Seamless entry, pathways and transitions. • Education and training designed to improve employment outcomes for ākonga.	• Academic integrity – strong reputation nationally and internationally. • A sustainable working environment that is fair, affirming, inclusive, and supports development. • Financially stable and efficient network. • Customers/partners/ stakeholders report high levels of satisfaction.	• Delivery and subject options aligned to local and regional needs and aspirations – future-focused and responsive to employers, industries, and communities. • Strong Te Tiriti o Waitangi partnerships and delivery aligned to the needs of ākonga Māori and their whānau, and the aspirations of iwi, hapū and Māori. • Consistent quality of education and training across locations and delivery modes. • Quality infrastructure across the network.

Te horopaki o ngā mahi whakahaere| Our Operating Context

The NZ vocational education system has been facing increasingly significant challenges over the past 10 years: declining enrolments and financial viability; inequitable outcomes for Māori, Pacific and disabled learners; competition between and within the former ITPs and ITOs; and increasing inconsistency in the engagement with and response to national and regional workforce needs. Over the past three years Te Pūkenga has established the foundations for a new, national organisation that aligned with the previous Government's response to these challenges. As we look to 2024 the challenges facing the sector remain, but the response will be different and the sector will have to adapt, while prioritising the Government's new policy direction and the outcomes and experience of our customers, partners, and stakeholders.

Our functions and Charter

Our functions and Charter are defined in the Education and Training Act 2020. Te Pūkenga exists to provide education and training, conduct research and be responsive to and empower stakeholders. A key aim is to improve the quality and consistency of vocational education and training in Aotearoa New Zealand.

The Charter embodies enduring principles for the way Te Pūkenga must operate, to improve outcomes for the system as a whole and equity for ākonga Māori and communities, as well as other underserved groups, including Pacific and disabled people.

Ministerial expectations

In December 2023, the Minister for Tertiary Education and Skills issued a Letter of Expectations (LoE), outlining the intention to disestablish Te Pūkenga in favour of regionally based, individual institutions. This Statement of Performance Expectations is framed on the understanding that all work inconsistent with this intent will cease. On the other hand, there are many things we intended to do that we believe are still consistent with the LoE in that they hold value for the sector going forward and are reflected here.

Te Tiriti o Waitangi partnerships

The legislative framework that established Te Pūkenga provides a more explicit Te Tiriti o Waitangi standard than seen before within the tertiary education sector. It requires Te Pūkenga to honour and give effect to Te Tiriti o Waitangi and, with ākonga Māori at the forefront, enable inclusivity and equity at all levels of the network.

Ongoing development of Te Pae Tawhiti, our Te Tiriti o Waitangi Excellence Framework, and the strategy and actions that flow from this foundational framework reflect our response to the requirements in our Charter. Central to this is our commitment to develop and strengthen authentic, meaningful, and active Māori-Crown partnerships that uphold our constitutional obligations to iwi and hapū across Aotearoa New Zealand.

This reflects our responsibility to ensure we actively work to protect the things that are considered as taonga by Te Tiriti o Waitangi partners, recognising that iwi, hapū, and Māori are key partners in regional, social, environmental, and economic development throughout Aotearoa New Zealand.

Our developmental journey and continuous quality improvement approach will continue into 2024. We will ensure that across our network of provision, Te Pūkenga is building on and strengthening existing partnerships and focusing on Māori-led projects that align with the aspirations of iwi, hapū, and Māori.

Te Pae Tawhiti remains a critical operational mechanism that provides guidance and tools that enable Te Pūkenga, and whatever future state follows, to understand the extent to which we are achieving Te Tiriti o Waitangi excellence – that is, how well we give effect to Te Tiriti o Waitangi partnerships and how well we respond to the needs and aspirations of ākonga Māori and their whānau.

Our key focus areas

From 2020 to 2023, we have focused on our transition phase, setting the foundations for a unified national vocational education and training provider.

A period of significant transformation was to begin in 2024. However, a change in NZ Government policy late in 2023 has required a refocus.

Some of our key focus areas for transformation in 2024 included commitments to initiatives that take us towards financial sustainability. These include initiatives to maximise revenue, rationalising our property portfolio, growing domestic and international student numbers, and partnering with iwi and other Māori organisations. This focus area remains relevant to ensure the sector is in a strong position to respond to the existing challenges and further change.

We will look to drive efficiencies through the collaborative development of programmes across identified sectors. Where appropriate, we will also continue to implement digital and technology platforms that will support the whole sector going forward.

The importance of our stakeholders in the community will continue to be central to our work across the network. In 2024, we will continue work aimed at empowering regional voice and responding to the needs of stakeholders wherever in the country they may be. We will also maintain our commitment to Te Pae Tawhiti by developing a strategy that builds on the current foundations and focuses our collective efforts across the sector. This will ensure Māori-Crown relationships and embedding Te Tiriti o Waitangi are inherent in our ways of working to achieve greater participation and equitable access and outcomes for Māori, and our services are relevant and responsive to the needs and aspirations of iwi, hapū and Māori.

We will also work closely with the Minister for Tertiary Education and Skills and other relevant agencies on the process for disestablishing Te Pūkenga and the development of a new structure for the sector that enables the new policy direction to be implemented with least disruption.

Mahere Haumi | Investment Plan 2024-2026

Our Investment Plan, agreed with the TEC, incorporates work-based learning, online and blended learning, and campus-based delivery, focusing on moving to an entirely integrated network. The Investment Plan summarises vocational education provision over the 2024-2026 period to ensure funding for network delivery is fully aligned with our transformation activities. While the plan beyond 2024 will likely no longer apply, and aspects of it will need to be reviewed as the changes to the sector are clarified, this Statement of Performance Expectations captures key performance measures from the Investment Plan (for example, ākonga participation and success, and overall delivery targets).

Our output classes

The activities we undertake and receive funding for fall into three broad categories or output classes. These reportable output classes are:

- education and training activities
- research activities
- transformation activities, reflecting the considerable ongoing work to create an effective, sustainable, and innovative network alongside the delivery of core functions.

The following table shows the connection between our core functions as set out in the Education and Training Act 2020[1], our reportable output classes (derived from our core functions), and our strategic objectives.

[1] Section 315, NZ Education and Training Act 2020.

	Output Classes		
	Education and Training	**Research**	**Transformation**
Strategic objective(s)	• Maximise ākonga success, equity and well-being. • A coordinated and regionally responsive network.	• A highly valued, trusted, and sustainable network.	• A highly valued, trusted, and sustainable network. • A coordinated and regionally responsive network.
Outcomes	• Supporting all learners to succeed, particularly Māori, Pacific and disabled people. • Seamless entry, pathways and transitions. • Education and training designed to improve employment outcomes for ākonga. • Delivery and subject options aligned to local and regional needs and aspirations – future-focused and responsive to employers, industries, and communities. • Strong Te Tiriti o Waitangi partnerships and delivery aligned to the needs of ākonga Māori and their whanau, and the aspirations of iwi, hapū and Māori.	• Academic integrity – strong reputation nationally and internationally.	• Financially stable and efficient network. • A sustainable working environment that is fair, affirming, inclusive, and supports development. • Customers/partners/stakeholders report high levels of satisfaction. • Consistent quality of education and training across locations and delivery modes. • Quality infrastructure across the network.
Core functions	• Provide, arrange, education and training (vocational foundation and degree level or higher educational and training). • Support life-long learning. • Be responsive to and meet the needs of the regions of Aotearoa New Zealand and their learners, industries, employers, and communities by utilising Te Pūkenga national network of tertiary education programmes and activities. • Improve outcomes in the tertiary education system, including (without limitation) by making connections with schools and other organisations involved in tertiary education and by promoting and supporting life-long learning. • Improve outcomes for Māori learners and Māori communities in collaboration with Māori and iwi partners, hapū, and interested persons or bodies.	• Conduct research, with a focus on applied and technological research. • Support life-long learning. • Improve outcomes in the tertiary education system, including (without limitation) by making connections with schools and other organisations involved in tertiary education and by promoting and supporting life-long learning. • Be responsive to and meet the needs of the regions of Aotearoa New Zealand and their learners, industries, employers, and communities by utilising Te Pūkenga national network of tertiary education programmes and activities.	• Carry out any other functions consistent with its role as a tertiary education institution. • Be responsive to and meet the needs of the regions of Aotearoa New Zealand and their learners, industries, employers, and communities by utilising Te Pūkenga national network of tertiary education programmes and activities. Note: S 315 does not take account of transformation activities.

Output Class 1: Education and training

In this output class, we provide a range of education and training that is developed collaboratively, is responsive to and meets the needs of iwi, hapū and Māori, employers, and community, and is equitable, barrier-free, and consistent for all ākonga.

This means that we work toward providing and delivering education and training that reflects and gives effect to Te Tiriti o Waitangi, putting ākonga with their whānau at the centre. Our education and training services must generate equitable outcomes, be developed collaboratively with our stakeholders, and meet the specific needs of diverse regions while being nationally consistent. Key to achieving these outcomes are significant partnership and stakeholder engagement activities.

Expected revenue and proposed expenses for Output 1:

Education and training	**Budget 2024 $000**
Revenue	1,381,820
Expenses	1,301,603
Surplus/(deficit)	80,217

Matter of Emphasis: this represents the current budget approved by Te Pūkenga Council on 1 November 2023. As a result of the revised Minister's Letter of Expectations this budget position is at risk as a number of cost saving initiatives are aligned to consolidation activities appropriate to a single entity and associated structures. The financial impact of this is being assessed and will be regularly reviewed.

Output Class 2: Research

In this output class, we seek to undertake research, focusing on applied research, which responds to real-world regional and national societal and industry issues.

This means we create and transfer knowledge while we grow our research capability through collaboration with communities and industry.

Expected revenue and proposed expenses for Output Class 2

Research	**Budget 2024 $000**
Revenue	8,731
Expenses	9,427
Surplus/(deficit)	(697)

Output Class 3: Transformation

In this output class, Te Pūkenga originally planned to transform our operations into a fully functioning, cohesive, and integrated national institute that operates in line with our Charter. In light of NZ Government policy changes it is unclear at this time whether the following appropriations will be available, and the extent to which the activities they were intended to support will continue. It is possible some or all of this funding will support the work required to move towards a different future state.

Expected revenue and proposed expenses for Output Class 3

The transformation of our systems and infrastructure is funded primarily through the following appropriations, which are intended to establish Te Pūkenga as a leading provider of on-campus, work-based, and online learning. This funding enables our transformation pathway and underpins the delivery of our strategic intentions.

Establishment of a Single National Vocational Education Institution (Key Systems) Operating Expenditure	**Budget 2023/24* $000**	**Estimated Actual 2023/24* $000**
Revenue	-	-
Expenses	12,779	12,779
Surplus/(deficit)	(12,779)	(12,779)

*Note: The $15.6m appropriation for SSBC was received in early 2023 and falls out of the reporting period.

Support for a Single National Vocational Education Institution (High Priority Building Projects) Capital Expenditure	**Budget 2023/24* $000**	**Estimated Actual 2023/24* $000**
Capital Expenditure	15,000	15,000

These appropriations will be reported on as part of our 2024 statement of service performance.

*Note: the financial year for Te Pūkenga is 1 January to 31 December and the government financial year is 1 July to 30 June. The Budget appropriations above are for the government financial year 1 July 2023 to 30 June 2024 and the Estimated Actual is for the same period.

He pēhea mātou e angitu ai| How we will achieve success

Our strategic objectives

Our three strategic objectives describe our areas of focus over 2024.

Objective 1 – Maximise ākonga success, equity and wellbeing

Ākonga are at the core of what we do. We strive to maximise their outcomes, focusing on the ākonga journey. This objective relates to all ākonga-facing activity and outcomes, including educational and employment success, with a focus on equity, programmes, pathways, and transitions.

We are committed to the following outcomes:

Learner success

Supporting all learners to succeed, particularly Māori, Pacific and disabled ākonga, is at the heart of Te Pūkenga Equity and Ākonga Success Strategy. The strategy sets the direction for investing in initiatives that create an inclusive system for ākonga and their whānau, removing barriers to educational access, participation, persistence, and completion.

In 2024, we will implement a range of initiatives through the Learner Success Plan which drives actions from the equity strategy. This includes enabling access for work-based ākonga and providing support services on-campus and those commissioned within the wider network. We will also implement initiatives from the National Disability Action Plan and Disability Action Plans of the Groups, which guide us in changing practices that result in discrimination against disabled people, focusing on improving their experiences.

Te Pae Tawhiti, our Te Tiriti o Waitangi Excellence Framework, provides guidance to help Te Pūkenga understand the extent to which we are achieving Te Tiriti o Waitangi excellence, including active and meaningful Te Tiriti o Waitangi partnerships, inclusivity, equity, and educational success for ākonga Māori. In 2024, Te Pae Tawhiti will be enhanced through the development of a Te Tiriti o Waitangi Excellence Strategy.

Seamless pathways

The unified model of education options seeks to reduce the complexities of moving into, through and out of vocational education and into employment. Seamless entry, pathways, and transitions for ākonga include the ability to enrol, participate, and achieve no matter where ākonga are around the country. It will assist with improving learner retention, progression, and wellbeing.

In 2024, we will work closely with all parts of the vocational education sector to shape new and existing qualifications and coherent pathways for ākonga (and employers) and leverage regional delivery to support a mix of provision that prepares ākonga for the future of work. This includes working together around programme development and a continued balance across all modes of delivery.

We will also focus on testing learner success strategies at scale, where we know retention, attrition or completion gaps exist. This is likely to be in first-year apprenticeship retention and in regions, and with cohorts that have high attrition and low completion rates.

Employment outcomes

Education and training are designed to improve employment outcomes for ākonga to maximise their success and wellbeing. It is important we enable more learners to gain the skills, training, and qualifications they need to fulfil employment outcomes and career progression. Central to this is strong partnerships with employers, industry, iwi and hapū so that we design vocational programmes that align with their needs and lead to authentic employment outcomes for our ākonga.

We will look to optimise the uptake of apprenticeships and cadetships. We will explore ways for greater engagement with industry and employers locally, regionally, and nationally and help whānau and communities know the value of apprenticeships as a pathway towards a rewarding career.

Examples of 2024 initiatives to achieve Strategic Objective 1 are:

- build a culture that is equity and ākonga focused and honours Te Tiriti o Waitangi.
- deliver initiatives from the Equity and Ākonga Success Strategy, Learner Success Plan and National Disability Action Plan.
- continue to transform our product portfolio to meet the future needs of ākonga, communities and industries.
- utilise funding from Te Tiriti Futures Fund to support innovative delivery on Te Tiriti o Waitangi obligations.
- complete a Te Tiriti o Waitangi Excellence Strategy and begin implementation.
- realign mix of provision and learning delivery to create pathways for learners through online, work-based, and campus-based learning, and shift towards a 'network of provision'.

Objective 2 – A highly valued, trusted, and sustainable network

To ensure the sector is well prepared for the changes ahead, and while we are still a legal entity, Te Pūkenga will aim to support a trusted and effective network. Meeting expectations and behaving with integrity will ensure we maintain the trust of our stakeholders.

Delivering quality training and qualifications, compliance with all regulatory and reporting requirements, and driving sustainability alongside highly effective marketing and communications will support our reputation and social licence.

We are committed to the following outcomes:

Academic integrity and reputation

Academic integrity and a strong reputation in Aotearoa New Zealand and internationally through the quality of our teaching, learning and assessment throughout the network, enabling ākonga to succeed. Being a trusted partner means we act with transparency, fairness, and responsibility. We aspire to ensure the NZ vocational training sector is recognised for the design, development, and delivery of flexible and sustainable training and applied research, aligned to the various needs of our partners and stakeholders.

A sustainable working environment

A sustainable working environment is fair, affirming, diverse and inclusive. It supports development and is one where the resources to eliminate racism and discrimination are visible. In providing this environment, Te Pūkenga will support our kaimahi to deliver excellent vocational education and training. In turn, this will facilitate best practice teaching and learning and the best possible chance for ākonga to succeed and complete credits and programmes of learning.

A sustainable environment also requires us to consider the impact our choices today have on the wellbeing of future generations and the skills needed to support Aotearoa New Zealand's transition to zero emissions. For 2024, our approach to sustainability will also focus on carbon and energy reduction plans for the network.

Financial stability and efficiency

Te Pūkenga Financial Strategy was finalised in June 2023 to guide us toward a financially stable and efficient operation.

Being financially sustainable is necessary for achieving ākonga success, equitable outcomes and prosperous partnerships with employers and other stakeholders in the community. In 2024, we will deliver on our Financial Strategy through a range of realistic actions and initiatives in our Financial Plan to achieve cost constraint and revenue maximisation. It must be noted, however, that the changes signalled through the Minister's Letter of Expectations could have a significant negative impact on our 2024 financial outcomes. The potential impact is currently being assessed and will be regularly reviewed.

Customer, partner, and stakeholder satisfaction

We aim for Te Pūkenga customers, partners, and stakeholders to report high levels of satisfaction by meeting their expectations through our increased responsiveness to the development of the skilled workforce needs of industry, employers, Te Tiriti o Waitangi partners, and the regions. We will do this by providing equity of access and inclusivity for ākonga traditionally underserved by the education system by providing more consistent and quality education outcomes, and by strengthening regional partnerships with iwi, hapū, and Māori.

Examples of 2024 initiatives to achieve Strategic Objective 2 are:

- put systems in place to support the undertaking of research for ākonga, academic and work-based kaimahi.
- rangahau and research with, by, and for Māori, Pacific, and priority communities, influences and drives our research agenda.
- implement the Financial Strategy through the Finance Plan and consider how this can be subsequently devolved to the regions for implementation under a new state.
- ensure effective delivery of initiatives supported by the Learner Component Fund and Strategic Component Fund, including those focused on Te Tiriti o Waitangi partnerships.
- continue to focus on international ākonga recruitment.
- trial new ways of working to improve access and delivery for rural and remote locations.

Objective 3 – A coordinated and regionally responsive network

Whilst this objective will need to be reconsidered within the context of the proposed changes in policy direction, Te Pūkenga will use its present scale, efficiency, and consistency to empower regional and local responsiveness. We will utilise our local presence, experience, and expertise to drive benefits aligned to specific needs for the good of Aotearoa New Zealand.

In line with our Charter, we will seek iwi, hapū and Māori input to determine the skills required to meet their aspirations, as well as the needs of employers, industry, and the broader community. In doing this, we aim to consistently deliver the national qualifications and standards developed by WDCs while meeting skill needs identified by RSLGs.

We are committed to the following outcomes:

Alignment with local and regional need

By aligning our delivery and subject options to local and regional needs and aspirations, we will be future-focused and responsive to iwi, hapū and Māori, employers, industry, and communities. This will support improved graduate employment outcomes at a regional level. Our current relationships will ensure we shape qualifications and pathways that best serve regional needs with a focus in 2024 on a strategic realignment of our mix of provision and fit-for-purpose products and services.

Strong Te Tiriti o Waitangi partnerships and delivery

Te Pūkenga is focused on ensuring our services respond with excellence to the needs of ākonga Māori and their whānau and the aspirations of iwi, hapū, and Māori communities throughout Aotearoa New Zealand. Active and meaningful Te Tiriti o Waitangi partnerships at local, regional, and national levels will be central to understanding those needs and aspirations.

Our relationships will ensure hapū, iwi, and Māori are integral in determining the skills required, recognising them as key partners in regional, social, environmental, and economic development. This focus on active and meaningful Te Tiriti o Waitangi partnerships will be central to our Te Tiriti o Waitangi Excellence Strategy being developed in 2024.

Consistent quality of education and training

We aim for excellent education and training across the network, at all locations and through all delivery modes. Collaborating on programme and resource development will reduce duplication and enhance quality and consistency for better learner experiences and outcomes regardless of where our ākonga are across the motu.

This is a significant opportunity for the sector to create a fit-for-purpose portfolio of industry programmes for Aotearoa New Zealand, that works for all regions, and in 2024 we will see the realisation of this work across sectors, including nursing and social work.

Quality infrastructure

Robust and quality infrastructure across the network will help us to get work done consistently and safely, to deliver on our aspirations for ākonga, industry and communities. Work towards this outcome will ensure our infrastructure supports a consistently high-quality learning environment across all delivery sites.

In 2024, Te Pūkenga will continue with a programme of some digital systems integration, but at a much-reduced level compared to what was previously planned. We will focus on those systems that will support financial sustainability, ākonga connectivity, and collaborative activity both across the sector and on a regional level.

Via the High Priority Buildings funding agreement, our campus-based delivery will be supported by various improvements to key buildings, ensuring consistency of experience for ākonga no matter where they choose to study.

Examples of 2024 initiatives to achieve Strategic Objective 3 are:

- leverage the previous unification of programmes work to facilitate quality and consistency across key sectors.
- build high quality, trusted relationships with Te Tiriti o Waitangi partners to test different partnership approaches.

- continue to establish the foundations for common platforms that will enable the sector to operate collaboratively through centralisation of data that is critical for decision making and oversight of financial and learner outcomes, and in support of the TEC Data System Refresh programme.
- make improvements to our property portfolio in line with the High Priority Buildings fund.

Ngā whāinga whakatutuki mō 2024 | Our Performance Expectations for 2024

To assess our performance key measures have been mapped to the objectives and outcomes set out in our strategic framework and our output classes.

Key:

Output Class 1 – Education and training= ▲

Output Class 2 – Research= ■

Output Class 3 – Transformation = ★

	Maximise ākonga success, equity and well-being	2024 target	2023 provisional result (as at 1 Dec 2023)	2023 target
Supporting all learners to succeed, particularly Māori, Pacific and disabled people				
▲	Participation – proportion of learners in priority groups[2]:			
▲	• Māori learners	23.0%	22.1%	Uplift of 2% on 2022
▲	• Pacific learners	9.7%	9.2%	Uplift of 2% on 2022
▲	• Disabled learners	7.0%	6.7%	Uplift of 2% on 2022
▲	Equity in course completion for Māori learners[3]	-8.0%	-9.3%	-9%
▲	Equity in course completion for Pacific learners[4]	-9.0%	-10.5%	-10%
▲	Equity in credit achievement for Māori learners [4]	-8.0%	-12.4%	-8%
▲	Equity in credit achievement for Pacific learners[5]	-9.0%	-15.5%	-11%
▲	Course completion[5]	79.4%	76.4%	80.5%
▲	Credit achievement[6]	80%	76.9%	69%
▲	Cohort-based programme completion[7]	64%	59.1%	66%

[2] All domestic learners.
[3] Provider based learners relative to non-Māori and non-Pacific completing courses (SAC funded) at levels 1-10.
[4] Work-based learners relative to non-Māori and non-Pacific learners.
[5] Provider based learners (SAC funded).
[6] Work-based learners.

Maximise ākonga success, equity and well-being		2024 target	2023 provisional result (as at 1 Dec 2023)	2023 target
Seamless entry, pathways and transitions.				
▲	Ākonga satisfaction with experience	Maintain 2023 result	89.0%	3% increase on baseline established in 2022
▲	Ākonga wellbeing	Maintain 2023 result	91.0%	3% increase on 2022
▲	Ākonga retention	Maintain 2023 result	84.2%	3% increase on 2022
▲	Ratio of learners in delivery modes:			
▲	• Work-based	40%	42%	*New measure*
▲	• Provider-based	40%	37%	*New measure*
▲	• Extramural	20%	21%	*New measure*
Education and training designed to improve employment outcomes for ākonga				
▲	Graduate employment rate[7]	Maintain 2023 result	83%	Baseline established

[7] 2021 graduating cohort post 1 year of graduation.

	A highly valued, trusted, and sustainable network	2024 target	2023 provisional result (as at 1 Dec 2023)	2023 target
Academic integrity – strong reputation nationally and internationally.				
	Research staff productivity[8]	Maintain 2023 result	25%	Baseline established
	NZQA quality assurance evaluation (modified EER)	Positive result	N/A	*New measure*
A sustainable working environment that is fair, affirming, inclusive, and supports development.				
	Staff engagement score	60%	50%	60%
	Staff retention	85%	82%	At least 85% under new structure
Customers/partners/stakeholders report high levels of satisfaction.				
	Ākonga Net Promotor Score	Maintain 2023 result	19.2	*New measure*
	Māori partners satisfaction[9]	60%	N/A	60%
	Employers Net Promoter Score	21.5	26	20
Financially stable and efficient network.				
	Achieve delivery targets[10]	Achieve targets as per MoP	N/A	Achieve targets as per MoP
	Total research revenue[11]	$8,731K	$13,200K	Achieve budgeted amount of $12m
	Total international revenue[12]	$133,442K	$89,801K	50% increase on 2022
	Overall financial result[13]	($93,403K)	($69,770K)	Achieve budgeted deficit of ($26,578K)

[8] Proportion of degree and postgraduate teaching staff (FTE) that produce at least 2.0 verified outputs across the previous 2 years.
[9] The % of partners who rate their relationship with Te Pūkenga as 'developing' (i.*e., Pihinga*), or higher.
[10] Proportion of funds received through the Investment Plan that meet delivery thresholds, by funding category and region.
[11] The total amount from external research revenue classifications and PBRF.
[12] Includes international student EFTS and other revenue from international activities.
[13] As per budget approved by Te Pūkenga Council on 1 November 2023. As a result of the Minister's Letter of Expectations this budget position is at risk and will be regularly reviewed.

A coordinated and regionally responsive network		2024 target	2023 provisional result (as at 1 Dec 2023)	2023 target
Delivery and subject options aligned to local and regional needs and aspirations – future-focused and responsive to employers, industries, and communities.				
▲	Te Tiriti o Waitangi Excellence Action Plans	Each Group has a Tiriti o Waitangi Excellence action plan in place and is reporting against it.	N/A	Each Group in new structure has action plan in place.
▲	No. of employers entering training agreements	29,000	26,245	Maintain numbers compared with 2022
▲	Total domestic EFTS	96,700	86,123	N/A[14]
Consistent quality of education and training across locations and delivery modes.				
▲	Consistency in course completion and credit achievement across regional groups[15]	Standard deviation of 2% (or less)	Course completion 1.6% Credit achievement 2.2%	*New measure*
Quality infrastructure across the network.				
★	Consolidation of digital key systems	Completion of FMIS and EPM projects[16]	N/A	*New measure*
★	High Priority Buildings projects completed or in progress as per funding agreement	11	N/A	*New measure*

[14] 2023 target was 274,300 total domestic learners rather than EFTS.
[15] Regional groups comprise Rohe 1-4
[16] FMIS – Financial Management Information System; EPM – Enterprise Performance Management

Ngā tauākī ā-pūtea āmu | Prospective Financial Statements

FOR YEAR ENDING 31 DECEMBER 2024.

Financials '$000	2024 Budget	2023 Forecast
Revenue	1,390,551	1,344,977
Operating Expenses	1,311,030	1,280,399
EBITDA	**79,520**	**64,578**
Depreciation & Amortisation	132,613	126,297
EBIT	**(53,092)**	**(61,719)**
Net Interest Income	12,190	13,874
Net Operating Deficit	**(40,903)**	**(47,845)**
Transformation Funding	11,500	2,323
Transformation Costs	64,000	28,944
Net Transformation	**(93,403)**	**(74,466)**
Other Unusal or Non Reurring items	-	(4,696)
Net Surplus/(Deficit)	**(93,403)**	**(69,770)**

Matter of Emphasis: this represents the current budget approved by Te Pūkenga Council on 1 November 2023. As a result of the revised Minister's Letter of Expectations this budget position is at risk as a number of the cost saving initiatives are aligned to consolidation activities appropriate to a single entity and associated structures. The financial impact of this is being assessed and will be regularly reviewed.

Prospective statement of financial position

AS AT 31 DECEMBER 2024

Financials '$000	2024 Budget	2023 Forecast
Cash & Cash Equivalents	224,571	309,971
Other Financial Assets	53,590	57,333
Other Current Assets	326,078	168,178
Total Current Assets	**604,239**	**535,482**
Non Current Assets	2,558,778	2,467,551
Total Non Current Assets	**2,558,778**	**2,467,551**
ST Loans and Borrowings	199,753	837
Other Current Liabilities	382,287	379,161
Total Current Liabilities	**582,040**	**379,997**
LT Loans and Borrowings	110,797	103,427
Other Non Current liabilities	37,278	12,041
Total Non Current Liabilities	**148,074**	**115,468**
Total Equity	**2,432,901**	**2,507,567**

Prospective statement of cash flows

AS AT 31 DECEMBER 2024

Financials '$000	2024 Budget	2023 Forecast
Opening cash balance	263,328	254,116
Total cash flow	(43,516)	60,077
Closing cash balance	**219,812**	**314,194**

Net Cash Flow			**2024 Budget**	**2023 Forecast**
Net Operating Cash Flow	1 - Operating Cash was Provided from	2 - Government Grants	902,456	886,767
		3 - Student Fees	438,166	349,980
		4 - Other Revenue	146,607	135,173
		5 - Interest and Dividends	14,596	25,750
		Total	**1,501,825**	**1,397,671**
	2 - Operating Cash was Applied to	6 - Employees and Suppliers	(1,295,922)	(860,439)
		7 - Other Operating Payments	(154,848)	(527,878)
		Total	**(1,450,770)**	**(1,388,317)**
	Total		**51,055**	**9,354**
Net Investing Cash Flow	3 - Investing Cash was Provided from	8 - Sale of Property Plant and Equipment	28,130	215
		9 - Sale of Investments/ Intangibles	36,713	115,461
		Total	**64,843**	**115,676**
	4 - Investing Cash was Applied to	10 - Purchase of Property Plant and Equipment	(205,535)	(79,441)
		11 - Purchase of Investments/ Intangibles	(40,207)	(20,534)
		Total	**(245,742)**	**(99,975)**
	Total		**(180,899)**	**15,701**
Net Financing Cash Flow	5 - Financing Cash was Provided from	12 - Net Increases in Debt	82,725	-
		13 - Other Financing Inflow	20,010	4,690
		Total	**102,735**	**4,690**
	6 - Financing Cash was Applied to	14 - Net Settlement of Debt	(5,316)	15,957
		16 - Other Financing Outflows	(11,091)	14,375
		Total	**(16,407)**	**30,332**
	Total		**86,328**	**35,022**
Total			**(43,516)**	**60,077**

The accompanying notes form part of these financial statements.

Statement of capital intentions 2023 – 2025

Our capital investment intentions to 31 December 2025 are detailed below.

All in $000s	PLANNED INVESTMENT		
	FY2023	**FY2024**	**FY2025**
Major investment projects (Value >$1	51,521	119,523	107,980
Medium Investment Projects (Value >	-	12,946	12,500
Minor Investment Projects (Value <$1	-	7,213	7,250
Annual allocations	63,906	53,779	39,250
Total	**115,427**	**193,461**	**166,980**

Note - FY23 Medium and Minor Investment projects were included under Annual Allocations

Tāpirihanga | Appendix

Appendix: Te tauākī ā-kaupapa here kaute | Statement of Accounting Policies

Purpose of prospective statements
The purpose of these prospective financial statements is to provide a base against which the actual financial performance can be assessed to promote public accountability. These prospective financial statements are prepared for this purpose, and the information may not be appropriate for any other purpose. Actual financial results achieved for the period covered may vary from the information presented, and the variations may be material. The information in the prospective financial statements is unaudited. There is no intention to update the prospective financial statements subsequent to presentation.

Reporting entity
Te Pūkenga – New Zealand Institute of Skills and Technology is a Tertiary Education Institution (TEI) that is domiciled and operates in New Zealand. The relevant legislation governing the operations includes the Crown Entities Act 2004 and the Education and Training Act 2020.

The financial statements are presented on a consolidated group basis. The group consists of the Te Pūkenga - New Zealand Institute of Skills and Technology and its business divisions (formerly wholly owned subsidiaries), as listed below:

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

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

Te Pūkenga has designated itself and the group as public benefit entities (PBE's) for the purposes of complying with generally accepted accounting practice.

The prospective financial statements of Te Pūkenga are for the year ended 31 December 2024 and were authorised for issue by the Council on 1 November 2023.

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

Statement of compliance

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

Te Pūkenga is a Tier 1 entity and the financial statements have been prepared in accordance with PBE Standards. These financial statements comply with PBE Standards.

Presentation currency and rounding

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

Standards issued and adopted

Standards and amendments issued and in effect that have been adopted and which are relevant to Te Pūkenga are:

- PBE FRS 48 Service Performance Reporting:
- PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022.
- PBE IPSAS13:
- PBE IPSAS13 Accounting for Leases is effective for reporting periods beginning on or after 1 January 2022 Te Pūkenga has not yet assessed in data the impact of the new standard.

Summary of significant accounting policies

The following significant accounting policies, which materially affect the measurement of financial results and financial position, have been applied consistently to all periods presented in these financial statements.

Forecast figures

The 2023 forecast figures for Te Pūkenga are approved by the Council. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements. The 2024 budget for Te Pūkenga was approved by the Council on 1 November 2023.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions might differ from the subsequent actual results. The prospective financial statements are consistent with the delivery of strategies and impacts disclosed in this SPE and the programme of work that Te Pūkenga expects to undertake during the forecast period. A conservative view has been adopted, with the assumption that funding will remain at the currently appropriate levels over the forecast period of these statements. Budget expenditure is based on the assumption that the cost of certain inputs will increase in line with general inflation, while others will decrease as cost-saving measures are implemented. 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. There are no critical assumptions to detail specifically.

Foreign currency transactions

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

Goods and services tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income tax

Te Pūkenga is exempt from Income Tax. Accordingly, no provision has been made for Income Tax.

Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Student Achievement Component funding

Student Achievement Component (SAC) funding is the main source of operational funding from the Tertiary Education Commission (TEC). Te Pūkenga considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course.

Tuition fees

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

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

Fees-free revenue

Te Pūkenga considers fees-free revenue is non-exchange revenue and recognises revenue when the course withdrawal date for an eligible student has passed. Te Pūkenga has presented funding received for fees-free as part of tuition fees. This is on the basis that receipts from the TEC are for payment on behalf of the student as specified in the relevant funding mechanism.

Apprenticeship/Training Fees

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

Industry Training Fund (ITF)

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

Performance-based research fund

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

Research revenue

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

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

Other grants received

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

Sales of goods

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

Accommodation services

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

Interest and dividends

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

Scholarships

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Cash reserves and ring fencing

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

Accounts Receivable
Short-term receivables are recorded at the amount due, less an allowance for credit losses. Te Pūkenga applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivable. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery.

Inventory
Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:
- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

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

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

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

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

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

Property, plant and equipment
Property, plant, and equipment consists of nine asset classes: land, buildings, infrastructure, leasehold improvements, computer hardware, furniture and equipment, motor vehicles, library collection, and heritage collections. Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation
Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. Revaluation movements are accounted for on a class-of-asset basis.

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

Additions
The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Te Pūkenga and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost.

Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Te Pūkenga and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred. Additions over $2,000 in value are capitalised. Amounts under this are expensed.

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

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

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

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

Impairment of property, plant and equipment

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

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

Intangible assets

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and relevant professional fees. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Course-related software and websites

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

Courses purchased from other organisations

Separately acquired courses and programmes (including trademarks and licences) acquired from outside of the Te Pūkenga group are initially recognised at historical cost. They have a finite useful life and, subsequent to initial recognition, should be carried at cost less accumulated amortisation and impairment losses. They are amortised over a period not exceeding 5 years.

Internally developed courses

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

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

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

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

Costs associated with maintaining courses and programmes are recognised as an expense as incurred.

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

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

Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit. Development costs previously recognised as an expense cannot be subsequently recognised as an asset.

Amortisation
The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.
The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 3 to 6 years 16.7% to 33.3%

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

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

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

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

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

Investment in associates

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

Joint venture
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are measured at cost in the parent financial statement. Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group’s share of the change in net assets of the entity after the date of acquisition. The group’s share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements. If the share of deficits of

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

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

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

Employee benefit Liabilities
Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to - but not yet taken - at balance date, and sick leave.
A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements
Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

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

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

Loan borrowings
Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless Te Pūkenga has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

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

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

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

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

New Zealand Government bonds
New Zealand Government bonds are designated at fair value through other comprehensive revenue and expense. After initial recognition, the bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense.

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

Unlisted shares
Equity investments are designated at fair value through other comprehensive revenue and expense. After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to general funds.

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

- Quoted market price (level 1) -Financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non-observable inputs (level 3) -Financial instruments valued using models where one or more significant inputs are not observable.

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

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

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

Trusts and bequests reserve
The trusts and bequests reserve are a component of equity which has been created by Te Pūkenga.

Transfers from the reserve may be made only for certain specified purposes or when certain specified conditions are met. The restrictions on use may be established by Te Pūkenga or legally through the terms and conditions of specific trusts and bequests.

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

Consolidation
The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line
basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date Te Pūkenga obtains control of the entity and ceases when the Te Pūkenga loses control of the entity.

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