E.102

TE TAUĀKĪ KAWATAU TUTUKINGA | STATEMENT OF PERFORMANCE EXPECTATIONS

FINANCIAL YEAR 2025/2026

RĀRANGI UPOKO
CONTENTS

KUPU WHAKATAKI
WHO WE ARE

The Network for Learning Limited (N4L) is a Crown-owned company jointly held by the Ministers of Finance and Education and listed under Schedule 4A of the Public Finance Act 1989. Its governance is provided by a Crown-appointed Board of Directors.

N4L provides centrally funded, managed technology services to schools and kura across Aotearoa New Zealand. Our core services - network connectivity, cybersecurity, web filtering, and service management - are essential to ensuring that teachers, learners, and school leaders have a more reliable, secure, safer, and cost-effective digital infrastructure every day.

This infrastructure strengthens New Zealand's education system by improving equal access to digital technology, increasing operational efficiency, and enhancing schools' cybersecurity posture. It enables educators to focus on teaching and learning while reducing the digital burden on individual schools and Boards.

Today, N4L supports around 2,500 schools and kura, serving approximately 905,000 teachers, students and staff, representing nearly 20% of the population. We operate the country's largest Wide Area Network (WAN) and Local Area Network (LAN), carry around 25% of the nation's daytime internet traffic, and manage the largest Security Information and Event Management (SIEM) platform and Security Operations Centre (SOC) in the New Zealand public sector.

E AHU ANA MĀTOU KI HEA
WHERE WE ARE GOING

In late-2024, N4L's constitution was amended to enable a broader service mandate, reflecting the Government's intent to strengthen digital outcomes across the education sector. This expanded role includes broadband and ICT infrastructure, and strategic projects that respond to the system's evolving teaching and learning needs, or as agreed with other public sector agencies. The constitution also requires N4L to operate in a way that is responsive to the needs of schools, kura, principals, teachers, learners and whānau; and is flexible enough to respond to the emerging challenges and opportunities caused by emerging technological change.

Our primary focus remains on delivering safe, secure, and affordable digital services. However, we are also uniquely positioned to support the Crown's wider digital education goals, including improved system integration, greater efficiencies, and more effective use of public investment.

N4L is committed to:

- **Enhancing digital connectivity:** Delivering high-quality, scalable, cost-effective broadband and network services to all schools.
- **Expanding cybersecurity protections:** Proactively defending against increasingly sophisticated cyber threats.
- **Maximising system efficiency:** Reducing duplication and fragmentation in service delivery by aligning with the Ministry of Education and sector strategies.
- **Harnessing data and AI responsibly:** Leveraging real-time data and AI to improve learning outcomes while upholding standards of privacy, security, and transparency aligned with the appropriate public sector frameworks.

We are also focused on strengthening the sustainability of education technology infrastructure.

N4L delivers multi-year infrastructure projects that require lifecycle planning, strategic investment, and sound asset management. Without these, schools risk operating on outdated or vulnerable systems. We aim to lift the maturity of procurement and long-term asset planning across the sector.

N4L plays a critical role in managing key strategic risks for the Crown, including:

- Increased cybersecurity threats
- Technology lifecycle and service reliability
- Fiscal pressures
- Regulatory compliance

Effective risk management is essential to maintaining trust in public services and ensuring the resilience of New Zealand's education sector.

We are also committed to ensuring value for money. By centralising and standardising services, N4L enables the Government to achieve greater scale, reduce duplication, and ensure that digital investments deliver measurable outcomes for learners, educators, and communities.

N4L is taking a measured, responsible approach to integrating AI and other emerging technologies.

We will implement digital tools that are aligned with sector needs, improve outcomes, and uphold principles of equity, trust, and transparency. All innovation will be evidence-driven and guided by the real challenges schools and educators face.

As education evolves, so too must the technology that supports it. N4L will continue to align with Government priorities, delivering value through innovation and ensuring that every learner and educator has access to a secure, future-ready digital education system, regardless of the location or circumstances of their school.

Jeremy Banks | *Chair*

25 June 2025

Ming-Chun Wu | *Chair, Audit and Risk Committee*

25 June 2025

NGĀ TUTUKINGA, NGĀ INENGA, ME NGĀ WHĀINGA KORE PŪTEA

NON-FINANCIAL PERFORMANCE, MEASURES AND TARGETS

N4L has identified a number of key metrics against which it will assess its non-financial performance. N4L started the rollout of the next iteration of the network in March 2025, so performance is measured against both the existing and new network.

Managed Internet: N4L connects all state and state-integrated schools to our Managed Internet, a fast, reliable, safer and more secure connection that enables schools to access all the internet they need for digital learning.

Key metric	Performance 2023/24	Performance to date (2024/2025)	Target (2025/2026)
Percentage of eligible schools connected to the internet by N4L	100.0% Target: 99.9%	Q1: 100% Q2: 100% Q3: 100% Target: 99.9%	99.9%
Percentage of schools that voluntarily disconnect from N4L's internet service	0.0% Target: 0.5%	Q1: 0% Q2: 0% Q3: 0% Target: 0.5%	Less than 0.5%
Network availability - metro	99.995% Target: > 99.863%	Q1: 99.995% Q2: 99.997% Q3: 99.997% Target: > 99.863%	N/A, refer new measure below
Network availability - non-metro	99.994% Target: > 99.817%	Q1: 99.988% Q2: 99.992% Q3: 99.994% Target: > 99.817%	N/A, refer new measure below
*Network availability	New measure	New measure	99.84%
Number of schools connected via the Managed Network Upgrade	N/A	Q1: N/A Q2: N/A Q3: 68 Target: 500	2041

*This measure is new, reflecting changes to the underlying technology that no longer require a distinction between metro and non-metro availability.

Managed Wi-Fi: Through the Ministry-led Te Mana Tūhono programme, N4L is taking on the management of schools' internal Wi-Fi networks. This is an essential service, as schools are increasingly using network-enabled telephony, security and other operating functions. The migration involves replacing aging network equipment, including LAN switches and wireless access points, with Wi-Fi 6 technology.

Key metric	Performance 2023/24	Performance to date (2024/2025)	Target (2025/2026)
Number of schools' hardware replaced (cumulative)	Full Replacement: 320 Access Point only: 146 Switch only: 81 Target: Full Replacement: 309 Access Point only: 89 Switch only: 90	Q1: 117: 51 Full Replacement 66 Switch Replacement Q2: 241: 114 Full Replacement 127 Switch Replacement Q3: 346 176 Full Replacement 170 Switch Replacement Target: Full replacement: 475	397 Only full replacements will be conducted in 2025/26 Cumulative installs by end of 2025/26 will be 2208
Number of schools provided with Secure Access or equivalent services	Q1: 0 Q2: 0 Q3: 16 Q4: 94 Target: 98	Q1: 79 Q2: 144 Q3: 246 Target: 452[1]	510

In prior years, as a result of international stock shortages and supply chain disruptions caused by the pandemic and other geopolitical changes, N4L has had limited access to hardware stock needed for the Equipment Replacement programme. As such, the programme conducted full installs where possible, but also installed either access points or switches only where stock was unavailable.

By the end of 2024/25, access to hardware supplies had been restored and there were no more schools with only partial installs, so from this point forward, only full replacements are being conducted.

[1] Split between upgrades and schools receiving Secure Access for the first time.

Managed Cybersecurity: N4L ensures a safer and more secure online learning environment in schools and kura, by operating several safety and security services, including a Security Operation Centre (SOC), an email protection service, filtering and firewalls, and the Secure Access programme. Schools help to maintain cybersecurity by adopting our Internet Safety & Security Services recommended settings. N4L maintains its own cybersecurity posture by continually testing and remediating.

Key metric	Performance 2023/24	Performance to date (2024/2025)	Target (2025/2026)
Percentage of schools using the recommended settings within N4L's Internet Safety & Security Services	Q1: 95.2% Q2: 95.6% Q3: 95.8% Q4: 96.2% Target: 93.5%	Q1: 96.2% Q2: 96.6% Q3: 96.6% Target: 93.5%	93.5%[2]
*Percentage of high-priority remediations from annual security penetration testing resolved within the recommended timeframe	New target	New target	100%

*The measure above is new for 2025/26, reflecting the increased importance of cybersecurity management and the increasing maturity of N4L's cybersecurity controls.

Support services: N4L aims to lift the burdens that digital technology can place on schools, freeing them for their core activity of teaching and learning. Our support services include targeted communications and face-to-face engagement to aid the uptake of N4L's services in schools. Customer Support, Network, and Security Operations teams offer expert support for incidents affecting one or more schools nationwide.

Key metric	Performance 2023/24	Performance to date (2024/2025)	Target (2025/2026)
Principal and/or operational contact at each state and state-integrated school satisfaction with the performance of N4L delivering the Managed Network and associated services	92.1% Target: 90% 'satisfied' or 'very satisfied' response from respondents	93.4%[3] Target: 90% 'satisfied' or 'very satisfied' response from respondents	90% 'satisfied' or 'very satisfied' response from respondents[4]

Key metric	Performance 2023/24	Performance to date (2024/2025)	Target (2025/2026)
Time to acknowledge the MAC (Moves, Adds and Changes) service request	Q1: 88% Q2: 90% Q3: 92% Q4: 88% FY: 90% Target: >80% of all requests within 8 Support Hours	Q1: 78% Q2: 91% Q3: 93% Target: >80% of all requests within 8 Support Hours	>80% of all requests within 8 Support Hours
Phone answering time (percentage of calls answered within 30 seconds)	Q1: 87% Q2: 88% Q3: 86% Q4: 88% FY: 87% Target: > 85%	Q1: 83% Q2: 91% Q3: 92% Target: > 85%	> 85%
Time to resolve by tier 1 and tier 2 Service Desk (the number of minutes to resolve an incident, measured per month)	Q1: 96% Q2: 93% Q3: 96% Q4: 94% FY: 95% Target: 85% of incidents resolved within agreed time to respond. P1: 4 Support Hours P2: 8 Support Hours P3: 16 Support Hours P4: As agreed	Q1: 88% Q2: 86% Q3: 94% Target: 85% of incidents resolved within agreed time to respond. P1: 4 Support Hours P2: 8 Support Hours P3: 16 Support Hours P4: As agreed	Target: 85% of incidents resolved within agreed time to respond. P1: 4 Support Hours P2: 8 Support Hours P3: 16 Support Hours P4: As agreed

[2] Internet Safety & Security Services includes firewall security and web filtering settings, DNS Threat Protection, SafeSearch and DDoS Protection. This metric shifts as schools change their network settings, so the level of compliance shifts over time.

[3] Responses were received from 622 unique schools (665 responses in total).

[4] Customer satisfaction is measured and reported annually via our Touchpoint Survey.

TE TUTUKINGA PŪTEA
FINANCIAL PERFORMANCE

N4L will measure its financial performance against the following high-level targets:

- N4L will generate income as set out in the Prospective Statement of Comprehensive Income,
- N4L will operate in a financially sustainable manner, ensuring that its operating expenses and any required capital expenditure are covered by its operating income and agreed on shareholder funding, and
- N4L will notify the Treasury early if it expects material changes in its financial forecast.

N4L will meet the Minister's expectations as set out in her Letter of Expectations.

Expected revenues and proposed expenses

Sources of income

The Company expects to receive income from:

- The Managed Services Statement of Work (SOW),
- The Project Services SOW, providing elements of the Te Mana Tūhono programme to state and state-integrated schools, as set out in statements of work with the Ministry of Education, including:
    - Managed Network upgrade services,
    - Managed Wi-Fi services,
    - Secure Access services, and
    - Cybersecurity services in schools.

The Company may also receive additional income from other Government contracts.

Statement of significant assumptions

The prospective financial statements included in this Statement of Performance Expectations rely on a set of critical assumptions made by N4L.

The most significant assumptions reflected in these financial statements are:

The Managed Network upgrade programme will be completed within the timeframes and budget allocated.

Achieving the Equipment Replacement targets as set out in this document is dependent on an In Principle Transfer of $1.0m being confirmed by 31 October 2025.

Any additional activities will be conducted within the parameters established by Ministerial expectations of N4L and in accordance with the agreed Statements of Work.

Jeremy Banks | *Chair*
25 June 2025

Ming-Chun Wu | *Chair, Audit and Risk Committee*
25 June 2025

NGĀ PŪRONGO PŪTEA ANAMATA
PROSPECTIVE FINANCIAL STATEMENTS

Prospective Statement of Comprehensive Income for the year ended 30 June 2026

	2024/25 Forecast $000	2024/25 SPE $000	2025/26 SPE $000
Income from Exchange Transactions	65,566	62,459	71,474
Foreign Exchange Gains	2,634	0	0
Total Income	**68,200**	**62,459**	**71,474**
Expenditure			
Network and Field Services	21,164	20,860	15,930
Personnel Costs	27,976	27,064	33,156
Software and Licensing	5,005	3,957	7,439
Depreciation	3,449	3,154	6,167
Audit Fees	76	78	78
Foreign Exchange Losses	575	0	0
Other General and Overhead Expenses	7,053	6,585	6,798
Total Expenses	**65,298**	**61,698**	**69,568**
Net Surplus/(Deficit)	**2,902**	**761**	**1,906**
Total Comprehensive Income/(Loss) for the Period	**2,902**	**761**	**1,906**

Prospective Statement of Changes in Equity for the year ended 30 June 2026

	2024/25 Forecast $000	2024/25 SPE $000	2025/26 SPE $000
Opening Balance	**9,217**	**9,156**	**12,119**
Net Surplus/(Deficit)	2,902	761	1,906
Total Comprehensive Income/(Loss) for the Period	**2,902**	**761**	**1,906**
Closing Balance	**12,119**	**9,917**	**14,025**

Prospective Statement of Financial Position as at 30 June 2026

	2024/25 Forecast $000	2024/25 SPE $000	2025/26 SPE $000
Assets			
Current Assets			
Cash and Cash Equivalents	13,356	10,080	16,055
Other Current Assets	20,958	14,571	17,030
Total Current Assets	**34,314**	**24,651**	**33,085**
Non-Current Assets			
Property, Plant, Equipment and Intangibles	20,555	15,681	31,948
Total Non-Current Assets	**20,555**	**15,681**	**31,948**
Total Assets	**54,869**	**40,332**	**65,033**
Current Liabilities			
Accruals and Payables	9,576	7,962	7,320
Total Current Liabilities	**9,576**	**7,962**	**7,320**
Non-Current Liabilities			
Lease Incentive	27	27	27
Deferred Revenue	33,147	22,426	43,661
Total Non-Current Liabilities	**33,174**	**22,453**	**43,688**
Total Liabilities	**42,750**	**30,415**	**51,008**
Equity			
Share Capital	14,000	14,000	14,000
Retained Earnings	(1,881)	(4,083)	25
Total Shareholders' Funds	**12,119**	**9,917**	**14,025**
Total Liabilities and Shareholders' Funds	**54,869**	**40,332**	**65,033**

Prospective Statement of Cash Flows for the year ended 30 June 2026

	2024/25 Forecast $000	2024/25 SPE $000	2025/26 SPE $000
Cash Flows from Operating Activities			
Receipts from Customers	102,692	89,992	92,638
Interest Received	337	446	372
Other Receipts	2,954	0	0
Payments to Suppliers and Staff	(79,632)	(70,408)	(70,117)
Net Cash Inflow from Operating Activities	**26,351**	**20,030**	**22,893**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	(20,646)	(17,424)	(20,194)
Net Cash Outflow from Investing Activities	**(20,646)**	**(17,424)**	**(20,194)**
Net Increase/(Decrease) in Cash	**5,705**	**2,606**	**2,699**
Opening Balance	7,651	7,474	13,356
Closing Balance	**13,356**	**10,080**	**16,055**

NGĀ PITO KŌRERO MŌ NGĀ PŪRONGO PŪTEA ANAMATA

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

1. Reporting entity

The Network for Learning Limited (N4L), a limited liability Company incorporated in New Zealand under the Companies Act 1993, is a Crown entity as defined by the Crown Entities Act 2004. It is listed in Schedule 4A of the Public Finance Act 1989.

N4L's purpose is to establish and operate a student-focused network for schools and kura that provides significant benefits to students and educators by delivering a reliable, safe and secure internet connection. As such, N4L's principal aim is to provide services to the public, rather than make a financial return. Accordingly, N4L is designated as a public benefit entity (PBE).

The New Zealand Crown is the ultimate parent of N4L, however the Crown does not guarantee the liabilities of N4L in any way.

2. Statement of compliance

The prospective financial statements are for the year ended 30 June 2026, with comparatives to the forecast and SPE for the current year ending 30 June 2025. The forecast comparatives for 2024/2025 include actual financial results for the period July 2024 to April 2025. The prospective financial statements have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and Crown Entities Act 2004, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements have been prepared in accordance with and in compliance with Tier 1 PBE accounting standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These statements will be used in our Annual Report as the budgeted figures.

3. Critical accounting estimates and assumptions

In preparing these prospective financial statements, N4L has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results, and these differences may be material.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The prospective financial statements were authorised for issue by the Board of Directors on 25 June 2025. The Board is responsible for preparing the forecast financial statements presented, including judgments concerning the appropriateness of the assumptions underlying the prospective financial statements and other required disclosures. It is important, however, to note that the prospective financial statements are estimates based on the available information at the time of publication and contain inherent uncertainties.

Actual financial results achieved are likely to vary from the information presented, and the variations may be material.

4. Measurement

The financial statements have been prepared on a historical cost basis.

5. Functional and presentation

Currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand ($000). The functional currency of N4L is New Zealand dollars.

6. Summary of significant accounting policies

Accounting policies

The following accounting policies, which significantly affect financial performance and position measurement, have been consistently applied.

Income

Income is measured at the fair value of consideration received or receivable. Interest income is recognised using the effective interest method. Income from exchange transactions includes income from the provision of network and cybersecurity services in schools, equipment sales and interest income.

7. Cash and cash equivalents

Cash and cash equivalents include cash on hand and term deposits held with a major New Zealand trading bank with original maturity of six months or less.

8. Other current assets

Other current assets are recorded at their face value, less any provision for impairment.

9. Property, plant, equipment and intangibles

Property, plant, and equipment consist of computer equipment, office equipment, office furniture, and leasehold improvements. Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Intangible assets consist of acquired computer software licenses, which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software or developing and maintaining N4L domains are recognised as an expense when incurred.

10. Accruals and payables

Accruals and payables are non-interest-bearing and are stated at their nominal value. They are normally settled on 30-day terms, and the carrying values of accruals and other payables approximate their fair values.

11. Goods and Services Tax

All items in the prospective financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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 operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

12. Income Tax

N4L is a public authority and, consequently, is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

13. Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- Cash comprises cash at bank and any short-term deposit with an original maturity of six months or less that are readily converted to known amounts of cash and are subject to an insignificant risk of changes in value.
- Operating activities are the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments, property, plant and equipment, intangible assets and other non-current assets.
- Financing activities are those activities that result in changes in the size and composition of the contributed equity of the Company.

14. Income from Exchange Transactions

Income from Exchange Transactions represents:

- Estimated income from the provision of core network and support services to schools. These services for state and state-integrated schools are paid for directly by the Ministry of Education on behalf of the schools. Income from services to schools also includes income from independent schools for the provision of core network services and support services, which are paid for by the independent schools.
- Estimated income from a network replacement programme, a hardware replacement programme and school cybersecurity services. The Ministry of Education pays for these services.
- Equipment sales to schools and IT providers, which is recognised at the time of sale.

15. Expenditure

Network and Field Services represent:

- Estimated payments to network providers and other field services for the provision of N4L services in schools.

Personnel Expenses represent:

- Estimated salaries, short-term employee benefits and contractor costs.

Software and Licensing represent:

- Software and licensing costs to operate N4L's systems, including the Managed Network.

Depreciation represents:

- The depreciation of assets over time, including assets under the Managed Network.

Other general and overhead expenses represent:

- All other costs, including facilities, professional services, travel, board and governance costs.

16. Reportable outputs

In compliance with the Crown Entities Act (2004) S149E(1)(c), N4L confirms that all of its revenue and expenditure proposed in the financial year is a reportable class of outputs, with the exception of equipment sold to schools directly.

Auckland Head Office
Level 5, 8 Tangihua Street
Auckland Central
Auckland 1010

Christchurch Office
3/2 Musgrove Place
Wigram

Wellington Office
3/354 Lambton Quay
Wellington 6011

W n4l.co.nz
P 0800 LEARNING (0800 532 764)
E info@n4l.co.nz