Tauākī Whāinga Mahi

Statement of Performance Expectations

2023

Te Pūkenga

Te Pūkenga Statement of Performance Expectations 2023: Te Pūkenga Hamilton, New Zealand.

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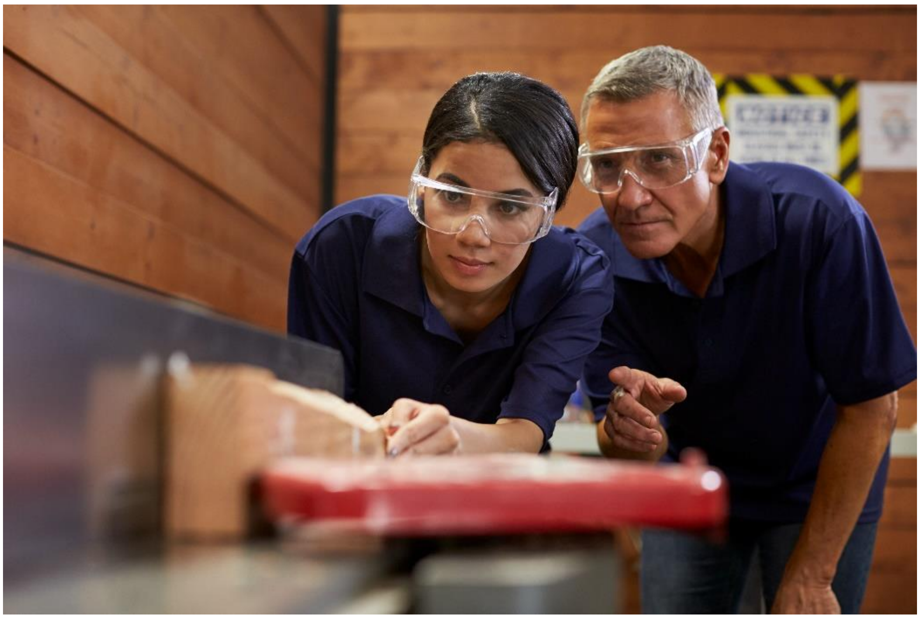

Te tauaki noho haepapa | Statement of Responsibility

This Statement of Performance Expectations 2023 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 will update these prospective financial statements following their publication.

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 of Performance Expectations 2023 is consistent with the appropriations contained in the Vote Tertiary Education Estimates of Appropriations 2022/23. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed on behalf of the Council of Te Pūkenga by:

Murray Strong
Council Chairperson
Te Pūkenga
12 December 2022

Kim Ngārimu
Council Deputy Chairperson
Te Pūkenga
12 December 2022

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

Purpose of this document

This Statement of Performance Expectations (SPE) sets out the performance expectations for Te Pūkenga - New Zealand Institute of Skills and Technology for 2023. Our performance expectations describe, at a broad level, what we will deliver in 2023 and how we will measure our progress over that time.

Our 2023 measures take account of our establishment and transition journey between 2020 - 2022 and our strategic intentions described in our Transitional Statement of Intent 2021[1] as we look toward our first year in 2023 as a single unified network, working cohesively to fulfil the functions, expectations and obligations set out within the Education and Training Act 2020, and the expectations set by the Minister of Education.

[1] Available on our website www.tepūkenga.ac.nz.

Tā mātou whakahaerenga | Our Organisation

Overview

The formation of Te Pūkenga in April 2020 created New Zealand's largest tertiary education provider. With the addition of the arranging training function from Transitional Industry Training Organisations (TITOs) through Te Pūkenga Work Based Learning Limited (WBL), to the existing network of former Institutes of Technology and Polytechnics (ITPs), Te Pūkenga is one of the largest providers of vocational education globally.

Te Pūkenga is at the centre of a once-in-a-generation opportunity to design a vocational education and training system that is simple to understand and navigate, and responsive to the needs of ākonga (learners) and employers. Importantly, this offers the opportunity to ensure equitable access and outcomes for all ākonga – particularly Māori, Pasifika, and disabled people. Since 2020, we have focused on Transition; setting in place the building blocks, pathways, and systems to support the integration of the existing separate entities into a united whole. We have also developed key strategies, plans and activities in support of our journey to transform vocational education in New Zealand, by creating an organisation that is flexible enough to change as the future develops – to help New Zealand thrive in the future.

With this in mind, we have established the foundations of our organisation – the things that remind us, every day, who we are and the ways we go about our mahi – our vision, purpose, and values guide everything we do. Now, as we enter the last phase of Horizon 1 (2020-2023) – Transition, our activities will continue to be guided by our vision, purpose, priorities, and outcomes.

Our vision, purpose, priorities, and outcomes[2]

Tō Mātou Tirohanga Roa | Our vision

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

Tō Mātou Pūtake | Our purpose

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

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

Ngā Whakaawenga | Enablers for change

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

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

Ā mātou whāinga tōmua | Our priorities

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

Ngā Whāinga Matua | Our outcomes

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

Ā Mātou Uara | Our values

Manawa nui
We reach out and welcome in

Manawa roa
We learn and achieve together

Manawa ora
We strengthen and grow the whole person

Ngā Tohu Whakatipu | Our Guiding Documents

Education and Training Act 2020 and Crown Entities Act 2004

Te Pūkenga — New Zealand Institute of Skills and Technology Charter

Minister's Letter of Expectations

Te Pae Tawhiti — Te Tiriti o Waitangi Excellence Framework

[2] "Our Priorities" and "Our Outcomes" are subject to change as our Outcomes Framework is finalised and implemented through 2023.

Our vision anchors us to our core function of providing vocational education and training as we move between and through our Horizons. Our vision reminds us of the strong alignment between the toki and our name Te Pūkenga, encouraging people to upskill themselves, or equip themselves with the relevant tools, helping us all to shape our common future.

Our purpose provides the standard for our delivery and who we need to deliver to.
Te Pūkenga is a key part of RoVE and we are reminded that we are one of the enablers of change under RoVE.

Our priorities reflect our charter obligations and allow us focus on certain elements of our outcomes in the near term as we transition to one organisation. Our outcomes are aligned to the requirements of the Charter and the Minister's Letter of Expectations, which keep us focused on what's important while we develop our new Te Pūkenga Outcomes Framework, which in time will replace the priorities and outcomes described above.

As we undertake our mahi, we are further guided by our values which help us connect with our stakeholders.

Te horopaki o ngā mahi whakahaere| Our Operating Context

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 empowering of stakeholders. A key aim is to improve the quality and consistency of vocational education and training in Aotearoa. The Charter embodies enduring principles for the way that Parliament expects Te Pūkenga to operate, to improve outcomes for the system as a whole and equity for Māori ākonga and communities, as well as other underserved groups including Pacific and disabled people.

Our Te Tiriti partners

In accordance with our Charter and the will of our Council, Te Pūkenga is focused on ensuring our services respond with excellence to the needs of Māori ākonga and their whānau, and to the aspirations of iwi, hapū, and Māori communities throughout Aotearoa.

We will ensure that our governance, management, and operations give effect to Te Tiriti o Waitangi; recognise that Māori are key actors in regional, social, environmental, and economic development; and respond to the needs of and improve outcomes for Māori ākonga, whānau, hapū and iwi, and employers.

In 2022, our Tiriti o Waitangi Partnership Model was developed to establish the organisation's approach to Te Tiriti; honouring meaningful, national, regional, and local Tiriti relationships with iwi, hapū and Māori partners. We also developed and implemented a Tiriti o Waitangi Blueprint to influence the development of our organisation structure and functions, and the organisation design implementation.

Supporting government policy and the Reform of Vocational Education (RoVE)

Te Pūkenga is a key part of the RoVE programme which will unify the vocational education system by bringing industry and educators to make sure New Zealand's workforce is fit for today's needs and tomorrow's expectations.[3] The strategic direction of Te Pūkenga as set out in its governing legislation and Ministerial expectations supports the Government's goals for building a productive, sustainable and inclusive economy and improving the wellbeing[4] of all New Zealanders, and objectives outlined in the Tertiary Education Strategy[5].

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[3] Reform of Vocational Education (RoVE) (Tertiary Education Commission website)

[4] See The Living Standards Framework (LSF) (Te Tai Ōhanga The Treasury website). The strategic direction of Te Pūkenga will directly or indirectly contribute to improvements in 4 wellbeing areas (knowledge and skills, environment, safety, and cultural identity).

[5] Learners at the centre; Barrier-free access; Quality and leadership; Focus on the future of learning and work; World class inclusive education.

Our focus areas

Over 2021 the transition phase continued, with a focus on setting up systems and ways of working across the network that place ākonga at the centre and prioritise equity for Māori, Pacific, and disabled learners. Key in 2021 was ensuring that the subsidiary network could maintain or improve the results each delivers while still working collaboratively on reimagining the future of vocational education. The operationalisation of those aspirations largely sat within the subsidiary network.

2022 was a year focused on integrating our (then) 17 subsidiaries and remaining TITOs into Te Pūkenga and completing workstreams and projects around core capability, enablement, and operating model design.

2023 will be a year focused on embedding and implementing core capabilities and functions across the network. We will build on the foundations we have laid working toward the realisation of what we have told our stakeholders to expect from us[6] by Horizon 1 (2020 - 2023).

Consideration of other strategic and compliance documents

Our 2023 Investment Plan, read together with this document and our Programme Business Case (PBC), sets out how we will deliver on the Government's objectives for tertiary education, the expectations set for us by the Minister of Education and the priorities of the Tertiary Education Strategy.

In 2023, Te Pūkenga will be one unified network of provision. Our Investment Plan, agreed with the Tertiary Education Commission (TEC), covers the three-year period 2023 – 2025, incorporating work-based learning, online learning and blended learning, and campus-based delivery, with a focus on moving to an entirely integrated network. The Investment Plan provides a summary of vocational education provision over this period, to ensure funding for network delivery is fully aligned to our transformation activities. This 2023 SPE captures a representative selection of key performance measures from the Investment Plan (for example, ākonga participation and success and overall delivery targets).

Our Programme Business Case, for which additional government funding has been sought over the period 2023-2026 to support key ('one-off') aspects of the transformation, has been developed in parallel with the Investment Plan and aligned to the developing Outcomes Framework.

Underpinning our strategic planning from 2023 onwards is our developing Outcomes Framework, which sets out the outcomes that Te Pūkenga aspires to contribute for the wider wellbeing of Aotearoa, and an initial set of performance measures that will track our progress in achieving these outcomes. The purpose of the Outcomes Framework is two-fold: to demonstrate external accountabilities to stakeholders; and to drive internal performance

[6] *Te Pūkenga What you can expect* accessible via [Te Pūkenga website, *Ngā Whakaputanga | Publications*]s under *Our Groundwork* section.

for Te Pūkenga. This includes planning, tracking, monitoring, and assessment of performance.

In time, the Outcomes Framework will replace the outcomes and priorities outlined in this document. However, due to development timelines the 2023 SPE is only partially aligned to the developing Outcomes Framework, in areas where we have confidence (a) that proposed outcomes meet the expectations of key stakeholders; and (b) in our ability to measure performance (for example, ākonga wellbeing, retention and graduate outcomes). Upon completion, the Outcomes Framework will inform the development of a new Organisational Strategy, which will more clearly inform a full redevelopment of the SPE and our Statement of Intent for 2024 and beyond.

Our outputs

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

- education and training activities
- research activities
- establishment and transition activities, reflecting the considerable ongoing work to create an effective, single organisation alongside delivery of our core functions.

The below table shows the connection between our core legislative functions as set out in the Education and Training Act 2020[7], our reportable output classes (derived from our core functions), current educational priorities and our strategic objectives set out in our Transitional Statement of Intent.

[7] S 315

	Education and Training	Research	Establishment/Transition
SOI objective alignment	• Partnerships and equity • Academic delivery and innovation • Ākonga at the centre • Employer aligned	• Ākonga at the centre • Academic delivery and innovation	• Operating model design • Network collaboration • Governance and accountability • Capital asset strategy and network stabilisation • Ākonga at the centre
Our priorities	• **Priority 1:** A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do. • **Priority 2:** Delivering customised learning approaches that meet the needs of learners and trainees wherever they are. • **Priority 3:** Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa New Zealand. Excellence in educational provision for all. • **Priority 4:** Services that meet the specific regional needs of employers and communities.	• **Priority 3:** Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa New Zealand. Excellence in educational provision for all. • **Priority 4:** Services that meet the specific regional needs of employers and communities.	• **Priority 2:** Delivering customised learning approaches that meet the needs of learners and trainees wherever they are. • **Priority 5:** Transition educational services in a smooth and efficient manner.
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 to 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 as a whole, 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 as a whole, 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 to 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 to 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 set out the establishment and transition activities required to fulfil Te Pūkenga functions.***

Output Class 1: Education and training
In this output class we seek to provide a range of education and training that is developed collaboratively, is responsive to and meets the needs of 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, that puts ākonga with their whānau at the centre. Our education and training services must generate equitable outcomes, meet the specific needs of diverse regions whilst being nationally consistent, and be developed collaboratively with our stakeholders. Key to achieving these outcomes are significant partnership and stakeholder engagement activities.

Expected revenue and proposed expenses for Output 1:

Education and Training	Budget 2023 $000
Revenue	1,334,865
Expenses	1,346,438
Surplus/(deficit)	(11,572)

Output Class 2: Research
In this output class we seek to undertake research, with a focus on applied research, which responds to real-world regional and national societal and industry issues.

This means that 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 2023 $000
Revenue	12,003
Expenses	6,542
Surplus/(deficit)	5,461

Output Class 3: Establishment and transition
In this output class Te Pūkenga seeks a seamless transition to a fully functioning, cohesive and integrated national institute that operates in line with our Charter.

This means that our network seamlessly transitions into becoming a responsive, connected, innovative and collaborative future-focused organisation. We create a sustainable network of provision across all facets of wellbeing.

Expected revenue and proposed expenses for Output Class 3

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

Establishment of a Single National Vocational Education Institution (MA26) Operating Expenditure	**Budget 2022/23* $000**	**Estimated Actual 2022/23* $000**
Revenue	10,000	10,000
Expenses	10,000	10,000
Surplus/(deficit)	0	0

Establishment of a Single National Vocational Education Institution (Key Systems) Operating Expenditure	**Budget 2022/23* $000**	**Estimated Actual 2022/23* $000**
Revenue	16,000	16,000
Expenses	16,000	7,250
Surplus/(deficit)	0	8,750

Support for a Single National Vocational Education Institution (High Priority Building Projects) Capital Expenditure	**Budget 2022/23* $000**	**Estimated Actual 2022/23* $000**
Capital Expenditure	25,000	25,000

These appropriations will be reported on as part of our 2023 statement of service performance.

In 2021/22 Te Pūkenga received a capital expenditure appropriation of $20m. In 2021 Te Pūkenga received $4m of this funding. The balance ($16m) of the 2021/22 capital appropriation was carried forward to the 2022/23 year.

*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 2022 to 30 June 2023 and the Estimated Actual is for the same period.

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

Our priorities

Our five educational priorities support us to meet our legislative requirements and allow us to focus on certain elements of our outcomes in the near term as we transition to one organisation. These priorities will be replaced in future strategic planning with the completion of our Te Pūkenga Outcomes Framework.

1.	Kia mau kia arotahi ki te mana ōrite me te whai wāhitanga – ka whakamana, ka hāpai hoki mātou i Te Tiriti o Waitangi i roto i ā mātou mahi katoa.	A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do.
2.	Te tuku whakaakoranga e tutuki tonu ai ngā matea o ngā ākonga me ngā tauira ahakoa kei hea.	Delivering customised learning approaches that meet the needs of learners and trainees wherever they are.
3.	Te whakarite mā mātou rahi, tō mātou whānui hoki hei whakakaha i te whānuitanga o te tuku mātauranga puta noa i Aotearoa. Te hiranga o te tuku mātauranga mō te katoa.	Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for all.
4.	He ratonga e rite ana ki ngā hiahia Motuhake o ngā kaitukumahi me ngā hapori.	Services that meet the specific regional needs of employers and communities.
5.	Te whakawhiti ratonga mātauranga kia ngāwari, kia tika ake hoki te whakahaere.	Transition educational services in a smooth and efficient manner.

Priority 1: A relentless focus on equity and ensuring participation – honouring and upholding Te Tiriti o Waitangi in all that we do

How we will give effect to Priority 1

Te Pūkenga is working to embed Te Tiriti o Waitangi at the forefront of our organisation engagement approach. Our approach is applied at national, regional, and local levels, in the design and development of education and training programmes, and the support we provide to our ākonga and their whānau to enable them to succeed.

To support demonstrable Te Tiriti relationships and inclusivity and equity for Māori, we have signalled the following in our organisation approach:

- Te Pūkenga and Te Tiriti partners will collaborate on all significant decisions, and in a manner that recognises their rangatiratanga and the importance of 'by Māori, for Māori' approaches.
- Te Pūkenga will collaborate with Tiriti partners in a way that recognises, supports and is relevant to their aspirations as it relates to Te Pūkenga.

- Cultural capability, including lifting the leadership practice to effectively partner with Māori, will be a performance expectation at network organisational and individual level.

Te Pae Tawhiti

Te Pae Tawhiti – our Te Tiriti o Waitangi Excellence Framework – has been developed as a mechanism to help give effect to Te Tiriti o Waitangi. This is an internal self-reflective framework used by our network to measure current Te Tiriti o Waitangi practice across all parts of the organisation as well as having agreed actions to help pursue Te Tiriti o Waitangi excellence. This reflective practice includes a self-assessment against key indicators linked to capability frameworks developed by Te Arawhiti. We also draw on the framework as guidance for internal planning, actions, and reporting, and in how we self-reflect and review the work undertaken in collaboration and partnership with Māori partners.

Partnership approach

To adequately deliver on our legislative obligations and expectations we are seeking to better understand the respective aspirations of iwi and hapū for their respective rohe and uri, and how they want to express their rangatiratanga and mana motuhake.

We are in the position to build on existing relationships across the network, but we also need to establish new relationships throughout the system. In both cases we will work alongside Te Tiriti partners to understand what partnership means and how they want to interact with the vocational education and training system. This will require the prioritisation of iwi, hapū, and mana whenua engagement, and the development of long-term and active relationships.

Evaluation and accountability mechanisms on the health and quality for agreed outcomes of our Te Tiriti o Waitangi partnerships are being designed to identify whether our initiatives and activities are providing the outcomes and results expected by our Māori partners.

Te Tiriti Futures

As an organisation, Te Pūkenga is seeking ways to reflect Māori-Crown partnership and give effect to Te Tiriti o Waitangi through an opportunities and innovation approach, enabled by Te Tiriti Futures. Te Tiriti Futures is a new service envisioned to provide targeted investment for innovative Māori educational projects, dedicated regional resources to partner with and deliver for Maōri, centralised data analytic and insight resources, capability building for Māori innovation, and a methodology that prioritises Māori knowledge, values, and relationships. Te Tiriti Futures primary stakeholders are Māori entities, businesses, iwi, hapū, whānau, collectives and communities. Our Te Tiriti Futures Blueprint 2023-2025 outlines several ways this Te Pūkenga service will develop to respond to primary stakeholder needs.

Te Pūkenga, WDCs and RSLG leaders and senior managers are seeking new ways to improve local and regional relationships with Māori, enable transformational change in new ways and look to accelerate and lift the outcomes for Māori ākonga through opportunities seen on a day-to-day basis.

Examples of activity in 2023:
Increasing equitable outcomes for Māori:

- Complete development of Te Tiriti o Waitangi Excellence Strategy and implementation plan which sets clear expectations and actions for being a Tiriti honouring organisation that delivers on equitable outcomes for Māori
- Progress implementation of Te Pae Tawhiti – Te Tiriti o Waitangi Excellence approach within the new organisation structure, including resourcing and establishment of national and regional teams, prioritising implementation in high-Tiriti relevant functions as identified in Te Tiriti o Waitangi Excellence strategy, and in learner support initiatives and priority programmes as identified in the Equity and Learner Success strategy.
- Increase the trust and confidence of Te Tiriti o Waitangi partners through the implementation of the Tiriti Partnership Model in region by regional co-leaders, and at governance level by Council.
- Tiriti Futures fund supports increased opportunity for Māori partner-led strategic initiatives that deliver future-focused learning, and that identify new ways to improve local and regional relationships with hapū, iwi, and Māori, enable transformational change in new ways and look to accelerate and lift the outcomes for ākonga Māori.
- Complete the Equity Framework and Strategy, recruit into the newly established equity function and begin equity gap analysis and variance reporting with business divisions to support leadership to identify inequity, and to monitor, measure and sustain equity.

Priority 2: Delivering customised learning approaches that meet the needs of learners and trainees wherever they are

How we will give effect to Priority 2

Learner success throughout the network
Te Pūkenga has an on-going commitment to improve ākonga success, on a journey toward parity (for course completion and first year retention). Improved ākonga experiences help us to retain existing and attract new ākonga.

To guide work aimed at achieving equitable outcomes, Te Pūkenga has developed a targeted Ākonga Success and Equity Strategy (which will give effect to our 10-year Learner Success Plan, and a Disability Action Plan (DAP)) to illuminate barriers and inequalities that exist for under-served communities. The 10-year strategy articulates how we will design an equity-creating system, within which a networked Te Pūkenga can provide enhanced services and experiences for ākonga, from 2023.

Insights from ākonga obtained via Te Rito research undertaken in 2021 continues to inform how we enable the success of ākonga. Continued engagement with RSLGs, employers, under-served communities and partners will provide actionable intelligence that will allow us to identify how we can enhance ākonga success.

Transformation of vocational education and training
Unification of programmes will continue to be a key activity in 2023. Unified programmes will be evaluated to assess the extent to which Mātauranga Māori is authentically and effectively embedded, and an action plan developed for continuous quality improvement. Once existing providers have transitioned to a unified programme, a collaborative redevelopment approach will continue to embed Mātauranga Māori, with the vision of achieving Te Tiriti o Waitangi excellence and creating equity.

Close collaboration between WDCs and Te Pūkenga will be required to support effective qualification development. Te Pūkenga will respond to qualification requirements as determined by WDCs at levels 1-6 of the NZQCF. Consistency of process across WDCs will be important for large providers like Te Pūkenga who will be working closely across all WDCs. As the WDCs become more established, Te Pūkenga will continue to explore how we can best collaborate and coordinate with the WDCs through 2023.

A holistic learning approach
People have different educational outcomes that have significant consequences both economically and on wellbeing. We are focusing our attention on providing an education experience that improves parity of outcome, uplift and support of learner identify, and holistic wellbeing. To achieve this our equity strategies are delivered through the six dimensions of Te Pae Mahutonga[8], to ensure the holistic wellbeing of our ākonga is sustained and nurtured during their journey with us.

Examples of activity in 2023:
Learner success throughout the network

- Detailed design and implementation of significant foundational initiatives, which require regional and local input across the network, to have these ready for implementation starting in 2024. This includes:
    - A holistic navigation service and technology platform for priority ākonga, across work-based, distance and campus delivery, helping them with their training, academic and personal needs and ensuring they are connected to resources and services.
    - AKO capability – designing the capability engine that will deploy equity teaching and training practices across the network. This will be for tutors and trainers, with specifically-design capability support for work-based employer partners.
    - Foundational pathways – pathways for underserved ākonga are optimised, with a focus on increasing access and participation, including co-requisites and supplementary support, to increase completion progression to higher study.
- Prioritise existing practice within the network and use data to focus retention and completion activities where the need is greatest for priority learners at regional level.

[8] See Te Piko: Our Strategy pg 14 available on our website

- Scale work already under way across the network, focusing on pastoral care and compliance commitments. This includes:
    - National Tuākana / Teina and Peer Mentoring network,
    - Early pre-start Whakawhanaungatanga activities to enable meaningful and early connections,
    - Learner networks, ākonga representation and the implementation of Whiria Ngā Rau, and
    - Hardship fund for ākonga.

Transformation of vocational education and training

- Provide capability development to deliver Mātauranga Māori components for programmes that have been transformed through the unification process.
- Enable clear connection points for RSLGs which are supported by organisational structures, and develop collaborative ways of working, which include data and insight sharing practices to connect demand to supply.
- Enable clear connection points for WDCs which are supported by organisational structures and establish functional groups to support collaboration on qualification development, skill standards and programme development and endorsement.
- Develop a micro-credential with AWS and industry partners for non-tech roles in cloud, for example, sales, BDM and administration*.
- Develop micro-credentials with different modes of delivery leading to employment outcomes for rangatahi in the cybersecurity space*.
- Develop a micro-credential that will prepare rangatahi for entry level roles or further micro-credentials such as AWS re/start*.
- Work with a multinational to develop training opportunities for teachers delivering digital technology at schools/kura to up skill teachers already delivering these subjects, or those that would like to do so, increasing rangatahi access to digital technology early on*.

*Dependent on funding

Providing a holistic learning approach

- Increase ākonga wellbeing through the implementation of Te Pae Mahutonga across the network, which provides guidance through the Te Pūkenga Outcomes and Performance Framework.
- Commitment provided through Learner Success Plan to uplift cultural capability, disability confidence, and employer capability. The LSP uses Te Pae Mahutonga to provide the wellbeing dimensions against which longer term ākonga success can be measured.
- Implementation of Te Pae Mahutonga as part of the scope of network self-assessment used to help understand where we are on our wellbeing journey. This is consistent with Te Pae Tawhiti and Outcomes Framework self-assessment approaches.

Priority 3: Using size and scale to strengthen the quality and range of education delivery throughout Aotearoa – excellence in education provision for all

How we will give effect to Priority 3

Programme design and delivery

In 2023, our work will be focused on operating as a single unified national network which puts ākonga at the centre and takes a unified view of vocational educational across the motu, to inform investment more effectively in response to system drivers. By creating WDC-aligned Ako sub-networks of provision, Te Pūkenga programme design and delivery will be deeply connected to the needs of all key stakeholders.

The scope and scale of our delivery in 2023 will mean that we will undertake a wide variety of activities across multiple locations in different regions, operating within a new organisational structure, using multiple operating systems, and different modes of delivery.

The scope of these activities include (as examples):

- Developing regional and local connectedness.
- Coordinating regional delivery to meet specific needs, while maintaining a national viewpoint.
- Establishing ako networks as national communities of practice aligned to the industry groupings of the WDCs.
- Continuing the embedment Te Tiriti o Waitangi.
- Continuing development of teaching practice and pedagogy across all modes of learning.
- Improving our research and rangahau capability.
- Growing and developing employer, industry relationships and partnerships.
- Enhancing secondary-tertiary pathways and trade academy provision.

Te Pūkenga considers the WDC- and RSLG-informed investment priorities as critical to the vocational education system and will assess advice when designing and delivering programmes that pathway to and from this important group of programmes. Te Pūkenga will focus on enriched work-based learning delivery and other innovative multi-modal delivery models that better service ākonga and employers.

Te Pūkenga Whiria Te Ako (formerly known as the Ako Framework) is the touchstone when looking to answer questions about the way we design learning and teaching experiences for our ākonga at work, on-campus and via distance; and how we support our kaiako to deliver these experiences. The framework will define excellence in Ako and innovation for those working or learning across the network, and will provide a local, regional and organisational view of excellence from design to delivery. Whiria Te Pūkenga, and Whiria Te Ako within it, are values-based and people-centred.

Underpinning our aspirations for national delivery, the intended volumes of delivery for the period of 2023- 2025 are set out in our Investment Plan.

Programme unification
Unifying programmes will reduce complexity across the network, enable greater flexibility for ākonga and employers, and support seamless transition across learning contexts and geographic locations. The delivery of unified programmes will improve the quality and consistency of delivery, whilst also supporting regional variation and cultural context. This initiative is heavily focussed on improving equity of access and outcomes. Programme developments will respond to ākonga insights and Te Rito opportunity statements, in partnership with iwi, industry, employers and communities. At levels 1-6 of the NZQF, this work will be guided by the industry requirements emerging from the WDCs.

International education
The size and scale of Te Pūkenga means it can more meaningfully engage in the design and delivery of international education online, offshore, and onshore. Our international stakeholders will benefit from the work of the former Te Pūkenga subsidiaries who have developed and maintained relationships with a wide range of institutions and government entities, particularly across the Asia-Pacific region, to bring life to research collaborations, student exchanges, and vocational and applied higher education and training across the globe. Te Pūkenga International Education Strategy 2022-2033 was created through unified and collaborative engagement with sector, industry, and government representatives including Education New Zealand (ENZ).

Partnerships
Our aspiration is to become recognised as a partner of choice in the design, development and delivery of flexible and sustainable applied and vocational higher education and training. Te Pūkenga is building relationships with the RSLGs, WDCs, other government departments including the Ministry of Business, Innovation and Employment (MBIE), local government, chambers of commerce, regional economic development organisations, iwi, hapū, community employer and industry groups, and other regional leaders and partners to inform the relevance of our provision going forward.

Research
One of our legislated functions is to conduct research, with a focus on applied and technological research. Te Pūkenga will be further developing its applied research capability to produce work-ready graduates with problem-solving skills, through high-quality, industry-focused teaching, applied research, postgraduate education, and innovation. A network of international institutions inherited from our former subsidiaries will help bring to life research collaborations to respond to issues both locally and globally.

Establishing a viable place in New Zealand's research landscape will involve being able to strike a balance between creating and transferring knowledge and working in collaboration to respond to local, national, and global challenges. Our Whiria Te Ako and Te Poari Akoranga (Academic Board) provides strategic direction and guidance in the areas of rangahau and research.

Throughout the remaining stages of our journey to Horizon 1 (2020 – 2023) – Transition we expect research will become a growing area, particularly driven by Māori, Pacific, and underserved communities.

This agenda will heavily influence our vision, and development of our rangahau Māori and research strategies. Alongside this, Te Pūkenga network will begin to prepare for the next Performance Based Research Funding round in 2025.

Examples of activity in 2023:

Academic delivery

- Build on Whiria Te Ako principles to provide data analysis tools which will inform resource distribution decisions to enhance quality delivery and equity.
- Increase number and capability of Ako network discipline groupings, with a view to establishing national delivery plans and making efficient use of resources.
- Continue to build on programme unification, developing process to support future curriculum design and resource development.
- Continued relationship development with RSLGs, WDCs and other government departments.
- Develop a feedback mechanism for Te Pūkenga kaimahi to identify areas for improvement or gaps, including those in the quality framework.
- Build a strong culture across the network of reflective practice leading to continuous quality improvement and ensure kaimahi have the capacity and capability to engage fully with the quality framework.
- Integrate work-based learning delivery into the network and provide support and capability development to our kaimahi who are moving from an industry training organisation environment to a provider environment to enable them to engage with and navigate the quality framework.

International delivery

- Begin to rebuild international education in the network context, with key drivers from the NZ International Education Strategy 2022 -2023, NZ Government 'high value' statements, new INZ settings, the Green List, and Productivity Commission reports.

Delivering on investment objectives and transformation

- Achieve delivery thresholds as set out in the Investment Plan 2023, and complete or progress Programme Business Case activities ear-marked for completion or development in 2023.

Research

- Refocus and improve overall research capability and output.
- Development of rangahau, research and innovation strategy.

Priority 4: Services that meet the specific regional needs of employers and communities

How we will give effect to Priority 4

Employer and Community satisfaction

Each region of New Zealand has specific comparative advantages and a different mix of industries and businesses. These differences can be quite significant and demand adaption of our offerings to local needs. We also have large national employers whose needs we must also satisfy.

Te Pūkenga is collaborating with industry sectors seeking increased scope and access to vocational learning through the introduction of work-based learning pathways in partnership with WDCs. This work will use existing qualifications previously delivered by ITPs and redeveloped by WBL to meet key targets in Sector Skills Action Plans (for example, a technology work-based learning pathway for new entrants).

The Employer Journey and Experience workstream focuses on ensuring the voice and needs of employers are seamlessly integrated within Te Pūkenga and ensure employers' time is optimised by aligning these voices with other parts of the vocational education and training system, for example, WDCs and RSLGs. Employers play a critical teaching role within the VET ecosystem as partners in the delivery of our mix of provision and the unified funding system incentivises more work-based and work-integrated learning. Accordingly, supporting and partnering with employers to help them undertake this role is vital to ensure we have a broad network of workplace trainers and our ākonga have a great learning experience. We recognise the effort and investment of employers to pass on their knowledge and experience in the workplace.

Responsiveness through partnerships and collaboration

Te Pūkenga has significant partnerships with local government, iwi, business, and community organisations across New Zealand, in addition to the major employer partnerships (for example, with NZ Defence Force). Across our national network, we work closely with regional economic development agencies, major iwi bodies and iwi-owned businesses and peak bodies for business. We are also well-connected with the other actors in the vocational education and training system. We are engaging with Private Training Establishments (PTEs), universities, Māori business enterprise groups, and wānanga about how we can work together in the tertiary education landscape. Through 2023 – 2025, we will further develop our partnership with Te Wānanga o Aotearoa with a focus on collaborative initiatives that add value.

The network's existing programme advisory committees and employer partnership groups provide connections with employers across New Zealand, and we maintain strong relationships with professional organisations.

Giving effect to our Charter will require Te Pūkenga to systematically draw on a wide range of insights and priorities from our partners. We have identified key initiatives that are most aligned to achieving learner success and equity and meeting RSLG regional priorities by adopting innovative delivery approaches or adjusting delivery towards more work-based or work-integrated learning.

*Solving real world industry and societal problem*s through applied research
Our applied research will continue to focus on solving real-world societal challenges and industry problems. Such activity can create new knowledge and use existing knowledge in new and creative ways. We see applied research occupying a niche between academic research and industry innovation, in partnership with communities and iwi. Māori leaders are looking to unlock the potential of the Māori economy and their youthful population using new technology and Mātauranga Māori.

For applied research Te Pūkenga has opportunities to contribute to the low emissions reduction plan and explore opportunities within the new Research, Science, and Innovation System through Te Ara Paerangi – Future Pathways programme. Te Pūkenga can play its role by helping to ensure that Aotearoa New Zealand's research community and innovative businesses have the science capability, people, infrastructure, culture, and experience needed to seize new opportunities (aligning to our future focused aspirations).

Examples of activity in 2023:

Employer and community satisfaction

- Develop and implement employer engagement framework.
- Develop responsiveness and future services that meet employers needs through the development and implementation of key initiatives.
- Help equip and provide employers with the teaching competencies they need for this critical role.

Establish partnerships and collaboration with industry

- Establish relationship agreements with employers, drawing together training and education currently delivered by several providers and Te Pūkenga Work Based Learning business divisions.
- Work with early mover employers and industry sectors who want to explore delivering vocational learning in new and innovative ways.
- Collaborate with industry sectors seeking increased scope and access to vocational learning through the introduction of work-based and blended learning pathways.

Research

- Establish Te Pūkenga research and rangahau direction.
- Identify opportunities for applied research.
- Contribute toward scholarly discourse.

Priority 5: Transition educational services in a smooth and efficient manner

How we will give effect to Priority 5

The Operating Model

While the focus of 2023 will primarily be on implementing and embedding our organisational design, we will also be building on the journey we began during the first stages of Horizon 1 towards transformation. Te Pūkenga is re-organising itself for the future and progressing substantial strategic planning to be ready to enter the development phase in Horizon 2 (2024 - 2026) – Transform. This started with the transition of former subsidiaries into Te Pūkenga, followed by reshaping functions over the course of 2023. This will provide the platform for transformation activities, for example, integrated multi-modal learning.

Our Operating Model supports the financial viability of the network, network system efficiency, the interplay between regional structures and our Ako networks (enabling us to become a network of provision). It enables us to engage with stakeholders and develop meaningful Te Tiriti partnerships.

System capability and quality assurance

Several strategies that support the implementation of the Operating Model will continue to be implemented in 2023 (for example, Information Systems Strategic Plan (ISSP)). Te Pūkenga is actively involved in the WDC Shared Data Platform project, which aims to provide meaningful intelligence about current and future industry workforce needs. The same kaimahi are also connected with MBIE RSLG leadership and actively involved in the integration of RSLG data sets into this mahi.

Through 2023, we will continue to work with NZQA on the roles and functions of each and on approaches to the external quality assurance for Te Pūkenga as a national provider.

People capability

Te Pūkenga is led by a capable and diverse leadership and management group, including experienced academic leaders, who work with a community of accomplished and well supported academic and professional staff. Upon full implementation of the new organisational structure, retaining and building the required capability and capacity throughout the network will be a focus to ensure our mahi in 2023 continues with minimal interruption, and initiatives will be undertaken to increase capability to achieve equity and cultural competency so to create a more inclusive learning and working environment.

Examples of activities in 2023:

Operating model

- Build the organisational structures for each region.
- Implement four regions to deliver outcomes for ākonga and employers including co-leadership of regions.
- Develop national āko networks as communities of practice.
- Identify, prioritise and rationalise systems.

Integration across the network

- WDC Shared Data Platform project.
- Progress made in moving to a single set of Information Technology systems to ensure a consistent learning experience and efficiencies are realised.
- New programmes of study include increased work-integrated and work-based learning for degree plus learning.

People and capability

- Confirm the organisation structure design aligned to Te Pukenga Operating Model.
- Capability development – cultural competency including Equity and Te Tiriti, confidence in enabling disabled people, values-based leadership.
- Change leadership and engagement – capability development and inclusion with change projects.

Ngā whāinga whakatutuki mō 2023 | Our Performance Expectations for 2023

Our output classes have been mapped to our priorities and the objectives set out in our Transitional Statement of Intent. To assess our performance within each output class, we have again used our five educational priorities to help us focus on the right areas over the next year as we begin the last stages of our journey towards Horizon 1 (2020-2023) – Transition. We have then grouped our SPE measures under the most applicable priority. Many of these measures will be reworked or replaced in future SPE in line with our developing Te Pūkenga Outcomes Framework.

Key:

Output Class 1 – Education and training = ▲

Output Class 2 – Research = ■

Output Class 3 – Establishment and Transition = ★

Our performance measures		2023 target	2022 provisional result (as at 25 Nov 2022)	2022 target
A relentless focus on equity and ensuring participation – we honour and uphold Te Tiriti o Waitangi in all we do				
▲	Participation – proportion of learners in priority groups[9]:			
▲	• Māori learners	Uplift of 2% on 2022	21%	22%
▲	• Pacific learners	Uplift of 2% on 2022	8%	10%
▲	• Disabled learners	Uplift of 2% on 2022	7%	7%
▲	Equity in course completion* for Māori learners[10]	-9%	-11.2%	-7.4%
▲	Equity in course completion* for Pacific learners [10]	-10%	-13.9%	-8.4%
▲	Equity in credit achievement* for Māori learners [11]	-8%	-12.5%	-8%

[9] All domestic learners

[10] Formerly SAC-funded learners relative to non-Māori and non-Pacific completing courses at levels 1-10.

[11] Work-based (formerly ITR-funded) learners relative to non-Māori and non-Pacific learners

* New educational performance measures are in development in the context of the UFS and we are engaged with TEC in their development. Until this is resolved the existing EPIs still reflect the SDR and ITR funded delivery context.

▲	Equity in credit achievement* for Pacific learners 11	-11%	-14%	-11%
▲	Te Tiriti o Waitangi Action Plans *(Updated measure)*	Each business group in new structure has action plan in place.	Achieved	Milestones met
▲	Māori partner satisfaction	60%	TBC	Baseline established
Delivering customised learning approaches that meet the needs of learners and trainees wherever they are.				
▲	Course completion[12]*	80.5%	72.8%	80.5%
▲	Credit achievement[13]*	69%	65%	77%
▲	Cohort-based programme completion 13*	66%	65%	64%
▲	Ākonga satisfaction	3% increase on baseline established in 2022	90%	Baseline established through first network-wide survey
▲	Ākonga wellbeing	3% increase on 2022	*(New measure)*	N/A
▲	Ākonga retention	3% increase on 2022	*(New measure)*	N/A
Using our size and scale to strengthen the quality and range of education delivery throughout Aotearoa. Excellence in educational provision for all.				
▲	Total domestic learners	1% increase on 2022	274,300	Increase
▲	Total international revenue[14]	50% increase on 2022	*(New measure)*	N/A

[12] Formerly SAC-funded learners
[13] Work-based learners (formerly ITR-funded)
[14] Includes international student EFTS and other revenue from international activities
* New educational performance measures are in development in the context of the UFS and we are engaged with TEC in their development. Until this is resolved the existing EPIs still reflect the SDR and ITR funded delivery context.

▲	Percentage of ākonga enrolments in unified programmes[15]	18%	*(New measure)*	N/A
▲	Achieve delivery targets[16]	Targets achieved as per MoP	*(New measure)*	N/A
■	Proportion of staff teaching on degree and postgraduate programmes that are research active[17]	Baseline established	*(New measure)*	N/A
■	Total research revenue[18]	Achieve budgeted amount of $12m	*(New measure)*	N/A
Services that meet the specific regional needs of employers and communities.				
▲	No. of employers entering training agreements	Maintain numbers compared with 2022	29,400	15800
▲	Partner and stakeholder satisfaction: • Employers (Net Promotor Score) • Brand perception (Updated measure)	20 50% brand awareness[19]	19 19%	Baseline established
■	The development of a Rangahau research and innovation strategy	Strategy confirmed by Council	*(New measure)*	N/A
▲	Graduate employment rate	Baseline established[20]	*(New measure)*	N/A
Transition educational services in a smooth and efficient manner.				

[15] Head count relative to total qualifications in the Te Pūkenga mix of provision
[16] Proportion of funds received through the Investment Plan that meet delivery thresholds
[17] Total FTE of degree teaching staff with research time allocation that produce at least 1.0 quality assured output per year
[18] The total amount from external research revenue classifications and PBRF
[19] Based on results from twice yearly quantitative survey assessing brand health, awareness, and perceptions.
[20] 2020 graduating cohort post 1 year of graduation

★	Overall financial result	Achieve budgeted deficit of -$26,578,000	*(New measure)*	N/A
★	Organisation structures are in place	All (9) Business Groups are established progressively through 2023 All (4) Regions are operating by end of 2023	*(New measure)*	N/A
★	Staff engagement score	60%	53%	60%
★	Staff retention	At least 85% staff retention under new structure	*(New measure)*	N/A
★	Completion of ISSP technology roadmap (2023-2026)	Completed and implementation underway	*(New measure)*	N/A

Ngā tauākī ā-pūtea āmu | Prospective Financial Statements

FOR YEAR ENDED 31 DECEMBER 2023

All in $000s	ESTIMATED ACTUAL 31 Dec 2022	Budget 31 Dec 2023
REVENUE		
Government grants	913,883	1,068,221
Tuition fees	197,910	351,190
Other revenue	156,483	135,055
Total revenue	1,268,276	1,554,466
EXPENDITURE		
Employee expenses	815,735	882,424
Depreciation & amortisation expense	127,120	133,626
Interest expense	6,903	8,136
Administration and other expenses	382,147	556,858
Total expenditure	1,331,905	1,581,044
Surplus/(deficit)	(63,629)	(26,578)

Prospective statement of financial position

AS AT 31 DECEMBER 2023

All in $000s	ESTIMATED ACTUAL 31 Dec 2022	Budget 31 Dec 2023
ASSETS		
Current assets		
Cash and cash equivalents	216,890	235,130
Other financial assets	76,639	122,090
Student fees and other receivables	130,924	112,515
Prepayments	31,342	26,327
Inventory	8,613	7,863
Other current assets	27,236	13,090
Total current assets	491,644	517,015
Non-current assets		
Property, plant and equipment	2,425,090	2,424,494
Intangible assets	62,859	65,753
Investment property	3,575	3,895
Other non-current assets	1,132	1,047

Total non-current assets	2,492,656	2,495,189
Total assets	2,984,300	3,012,204
LIABILITIES		
Current liabilities		
Trade and other payables	100,011	98,687
Employee entitlements	47,469	49,140
Revenue received in advance	156,281	158,218
Borrowings	5,306	2,384
Other current liabilities	19,201	18,532
Total current liabilities	328,268	326,961
Non-current liabilities		
Employee entitlements	3,515	2,888
Borrowings	45,109	71,814
Other non-current liabilities	39,556	35,571
Provisions - non-current	330	296
Total non-current liabilities	88,510	110,569
Total liabilities	416,778	437,530
Net assets	2,567,522	2,574,674
EQUITY		
General funds	1,243,474	1,262,763
Property revaluation reserve	1,243,117	1,233,522
Trust, endowments and bequests	1,636	1,634
Other reserves	79,295	76,755
Total equity	2,567,522	2,574,674

Statement of changes in equity

AS AT 31 DECEMBER 2023

	ESTIMATED ACTUAL	Budget
All in $000s	31 Dec 2022	31 Dec 2023
Balance at 1 January	2,616,817	2,567,522
Other comprehensive revenue and expense		
Surplus/(deficit)	(63,629)	(26,578)
Movement in reserves		
Movement in reserves	14,334	33,730
Balance at 31 December	2,567,522	2,574,674

The accompanying notes form part of these financial statements.

Prospective statement of cash flows

AS AT 31 DECEMBER 2023

All in $000s	ESTIMATED ACTUAL 31 Dec 2022	Budget 31 Dec 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Government funding	831,764	973,059
Receipts from student fees	327,395	383,011
Receipt of interest	2,908	3,402
Receipt of other revenue	155,228	181,597
Goods and services tax (net)	(30,902)	(34,845)
Payments to employees	(838,639)	(945,655)
Payments to suppliers	(392,877)	(443,011)
Interest paid	(2,831)	(1,959)
Net cash flow from operating activities	52,046	115,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	83,312	52,022
Proceeds from sale or maturity of investments	163,739	102,242
Proceeds from sale of intangibles	0	0
Purchase of property, plant and equipment	(120,447)	(141,779)
Purchase of investments	(130,699)	(81,612)
Purchase of intangible assets	(20,391)	(24,002)
Net cash flow used in investing activities	(24,486)	(93,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	9,399	1,602
Proceeds from capital contributions from the Crown	4,961	15,000
Repayment of borrowings	(31,239)	(18,301)
Proceeds/Distributions from other financial activities	(1,162)	(2,531)
Net cash flows from financing activities	(18,041)	(4,230)
Net (decrease)/increase in cash and cash equivalents	9,519	18,240
Cash and cash equivalents at beginning of the year	207,371	216,890
Cash and cash equivalents at end of the year	216,890	235,130

The accompanying notes form part of these financial statements.

Statement of capital intentions 2022 – 2025

Our capital investment intentions to 31 December 2025 are detailed below

	PLANNED INVESTMENT			
All in $000s	2022	2023	2024	2025
Property plant and equipment	71,079	59,024	44,769	48,443
Major development projects	60,524	65,503	67,279	54,204
Investments	5,564	350	150	150
Intangible assets	3,671	21,758	21,270	21,651
Total	140,838	146,635	133,468	124,448

Tāpirihanga | 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 2023 and were authorised for issue by the Council on 28 November 2022.

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.

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

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 estimated and forecast figures for Te Pūkenga are based the consolidated budgets approved by the Subsidiary councils for the 2023 financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

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.

Appendix 1

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.

Te Pūkenga

tepūkenga.ac.nz