Te Pūkenga

22 August 2025

Te Pūkenga - Proactive release of Regional ITP Viability reports

Purpose

This document provides background to the following proactively released Regional ITP[1] Viability report conducted for each Te Pūkenga ITP business division in 2024. It also provides context for the reader to understand the report and the environment in which it was developed and how it has informed subsequent work by each Te Pūkenga ITP business division.

Background

The Government via the Minister for Vocational Education announced on 7 December 2023 that the Government had begun its process to disestablish Te Pūkenga. Disestablishment of Te Pūkenga begins | Beehive.govt.nz

In a letter dated 20 May 2024 - *Progressing financial sustainability initiatives* – sent to Te Pūkenga Council Acting Chair, Minister Simmonds set out her expectations that Te Pūkenga take action to improve the financial performance and viability of our whole network. The letter is available publicly: www.tepūkenga.ac.nz/assets/Publications/Letter-of-expectations-Dec-2023/Letter-to-Te-Pukenga-clarifying-aspects-of-Letter-of-Expections.pdf.

In June 2024, Te Pūkenga was directed by the Tertiary Education Commission (TEC) to obtain specialist support to review and improve the financial viability of our 16 ITP business divisions to support their ability to become standalone entities in future. Calibre Partners, Volte, PricewaterhouseCoopers, and Deloitte (the Consultants) undertook this work as part of the Regional ITP Viability (RIV) programme. The TEC letters are available here:

- 2024.06.14-Notice-requiring-Te-Pukenga-to-obtain-specialist-help.pdf
- 2024.07.09-Letter-to-Sue-McCormack-Te-Pukenga-re-specialist-help.pdf

In July 2024, the Consultants were engaged and began working with their allocated ITP business divisions to confirm the financial position of each ITP business division, including, understand the profitability of programmes and delivery sites, and assess the utilisation of assets.

Following this work, the Consultants were requested to develop reports with options and possible initiatives and activities that could improve the financial viability and financial positions of each business division. The Consultants submitted draft reports to Te Pūkenga in October 2024 on how each ITP division could become a viable, stand-alone entity, or how it might minimise financial losses and operate as part of a federation or merger.

[1] Institute of Technology and Polytechnic (ITP)

On 20 December 2024, the Government announced the high-level design of the vocational education and training sector, although these decisions did not outline which ITP business divisions would be established, federated or merged: Vocational education and training decisions support return to regions | Beehive.govt.nz

In January 2025, after waiting for the Government's announcement, Te Pūkenga Council considered and approved the draft consultant reports for ITP Business Divisions to inform the development of divisional operational implementation plans.

While some business divisions began activities in 2024, this work continued and accelerated in 2025.

On 14 July 2025, the Government announced that ten ITP business divisions would be stood up as standalone entities, two of which would be federated with Open Polytechnic as the anchor ITP, and that four would remain within Te Pūkenga from 1 January 2026: Regional governance will return to ten polytechnics | Beehive.govt.nz

Important points to note when reading these reports

Assumptions

A significant number of assumptions had to be made by Te Pūkenga and the Consultants, informed by TEC, given the context in which this work was undertaken. Many of the assumptions made are included in the reports and relate to a range of matters. The context for the assumptions included:

- The Government was consulting with the public on proposals for the future structure of the vocational education and training system at the same time as the Consultants were undertaking this work;
- No decisions had been made by the Government on the business divisions that would standalone, and for which merger, federation or another collaborative model could be an option;
- Uncertainty of the funding model and levels of funding in 2026;
- A fiscally constrained environment with relation to government funding in the tertiary sector.

In most cases, the Consultants undertook scenario modelling of a "base case" and a "downside scenario" and the related assumptions are outlined in the reports.

Financial information and data

The financial, staffing and enrolment data and information (current and forecast) contained in these reports were provided to the Consultants at a point in time (during July-September 2024) for the purposes of their analysis. Therefore, this data and information may not align with other data and information within end of year regular reporting and forecasting processes at a business division and Te Pūkenga network level and is not a reflection of where divisions might be at the present time.

Financial viability metrics

While no specific criteria for viability was provided by the Government or agencies, Te Pūkenga instructed the Consultants to consider the Tertiary Education Commission's Financial Monitoring Framework (FMF) as a guide when assessing financial viability of each ITP business division. The FMF can be found here: Financial monitoring of tertiary education institutions | Tertiary Education Commission. We provided the Consultants guiding metrics to use in their assessment to support this work.

Kaimahi (people/staffing)

Information related to kaimahi and forecasted financial modelling in the reports helped inform possible areas that could be reviewed at each business division. The information within the reports was a point in time and provided options and suggestions for the business divisions to consider as they looked at ways to improve their financial position. The reports where not definitive in their options, final decisions around what would be consulted on followed a sign off process and a set of principles.

In deciding on change, business divisions carefully considered a range of matters such as enrolments, ākonga to kaiako (teacher) ratios, programme and course viability, profitability, support functions and personnel costs among other variables to support improving their financial position. These matters then informed the rationale within the change proposals.

Formal change proposals were developed by each business division, which subsequently led to formal consultation processes with affected kaimahi. During consultation kaimahi are encouraged to provide feedback. This is then reviewed before any final decisions are made by business divisions.

Regional ITP Viability Programme
Phase 2b - Financial Improvement Plan

Eastern Institute of Technology
APPROVED

PricewaterhouseCoopers

15 November 2024

Te Pūkenga

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Approved

Attention: Gus Gilmore s 9(2)(a)
By email: s 9(2)(a)

Copied to: s 9(2)(a)

15 November 2024

Dear Gus s 9(2)(a)

Regional ITP Viability Programme: Revised Phase 2B Report for Eastern Institute of Technology

In accordance with the Consultancy Services Order dated 17 Jul 2024 (CSO) and variation dated 30 Aug 2024 between PwC and Te Pūkenga (**'you' or 'the Client'**), we present our Phase 2b report for Eastern Institute of Technology (EIT) for the Regional ITP Viability Programme.

Our key focus has been on the items detailed in Minutes of Consultants from 31 October 2024 provided by Te Pūkenga:

- Current state analysis
- Financial improvement initiatives – an overview of key initiatives that need to be undertaken which underpin the financial forecasts, including scale, timing and resources required
- Key modelling assumptions underpinning the financial forecasts (EFTS demand, pricing assumptions, etc)
- Financial forecasting for each year through to 2029, including a full set of financial statements (including cash flows)
- Assessment against the Financial Monitoring Framework
- Sensitivity analyses to the base case
- Performance metrics – what are the KPIs to measure the success of the Financial Improvement Plan
- How financial management practices will be implemented to ensure the benefits are delivered
- An overview of key risks, assumptions and caveats to the implementation of the Financial Improvement Plan
- Commentary about how robust financial management and controls will be implemented

Please refer Appendix One for further details.

We acknowledge that where information has been supplied to us by Te Pūkenga and / or EIT, this information has not been independently validated or verified by us. In particular, we did not conduct any form of audit in respect of the information and accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we will have relied.

This is a draft report. The comments in this draft report are subject to amendment or withdrawal. Our definitive findings and conclusions will be those set out in the final report. It should be read in conjunction with the Important Notice following, as well as the risks and assumptions included on pages 41 and 42.

This report is not intended for general publication or circulation and should not be copied to any party without our prior written consent.

We have appreciated the opportunity to work alongside you and look forward to discussing the content of this report with you.

Yours sincerely

John Fisk
Partner

Richard Nacey
Partner

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Important notice

Important message to any person not authorised to have access to this Report.

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2. The reader of this Report acknowledges that this Report was prepared at the direction of our addressee client and may not include all advice and / or procedures deemed necessary for the purposes of the reader.

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4. Further, the reader agrees that this Report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, other agreement or document and not to distribute the Report without PwC's prior written consent.

This document has been prepared for and only for Te Pūkenga, in accordance with the terms of the Consultancy Services Order (CSO) dated 17 July 2024 and variation dated 30 August 2024, and the Scope of Services and Restrictions set out in Appendix One and for no other purpose.

We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this document is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

This Report may contain information obtained or derived from a variety of sources. PwC has not sought to establish the reliability of those sources or verified the information so provided, nor carried out anything in the nature of an audit. Accordingly, no representation or warranty of any kind (whether express or implied) is given by PwC to any person (except to the extent agreed (or otherwise) with our client under the relevant terms of the CSO) as to the accuracy or completeness of the Report. The statements and opinions expressed herein have been made in good faith and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

Since 2020, there have been a number of factors that have impacted businesses in New Zealand and globally. While the disruption caused by the initial impact of the COVID-19 pandemic has generally passed, in many instances supply chain disruptions followed and may still linger. Disruptions have also resulted from the conflict in Ukraine and related trade constraints. Many economies are also experiencing a period of elevated uncertainty associated with inflation and interest rate movements. While we have sought to factor these matters into our assessment, we suggest an added level of consideration on the part of the reader of this Report as to the impact of wider macroeconomic factors.

Our scope and approach

Our scope

PwC has undertaken a limited scope assessment of the current state of EIT financial position and operations, extending the analysis undertaken in Phase 1 and 2A. This is focused solely on potential actions and recommendations to achieve financial viability.

As noted throughout this document, a range of limitations apply to our work, including that it has not taken into consideration any desire to maintain a regional or national network of educational provision, and accordingly, that BDs have been considered in isolation. It also does not take into consideration educational performance, obligations under Te Tiriti o Waitangi, or employment legislation requirements. Information on potential future operating model structure and considerations for shared services is limited in scope. Please refer to Appendix One for more details.

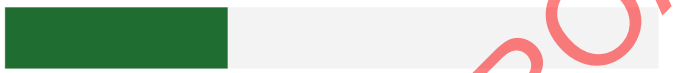
Access to client

PwC's work was carried out predominantly on a desktop basis, but was supplemented by engagement with Te Pūkenga and EIT. This engagement is a continuation of that outlined in our Phase 1 reports, and undertaken in Phase 2A. On the advice of Te Pūkenga, PwC's engagement with BDs took into consideration the high volume of activity being faced by EIT at present.

Access to information

Management has made the effort to provide information relatively promptly where the information was available. However, **the overall quality of information provided by EIT, and on which we have relied upon in this report, was of low to medium quality**. While we have continued to work with EIT as we have revised this report, critical data gaps remain, and this has impacted the level of confidence we have in the completeness and accuracy of information provided, and therefore may **impact on the accuracy of our analysis presented in this report**. As noted in our earlier prior reports, budget processes at EIT have been significantly delayed, and where budgeting work has progressed, this delay along with the level of information provided has impacted significantly on our ability to complete this work. These delays have also impacted the level of rigor of internal review that we would anticipate as part of a full process. Adjustments to improve accuracy and reliability have been made by management, but we remain of the view that further work is required to finalise the FY25 budget.

Clarity of information



The information provided by EIT, together with access to Te Pūkenga and key EIT personnel, has allowed us to gain a high level understanding of some of the more significant risks associated with its current position. However, given the timeframe for this report, the depth of analysis on information provided should be considered limited in nature, and all analysis is based on current operational and policy settings. We have not carried out anything in the nature of an audit. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of the information in this report that has been provided to us and upon which we have relied.

1. Executive Summary

Te Pūkenga

Overview

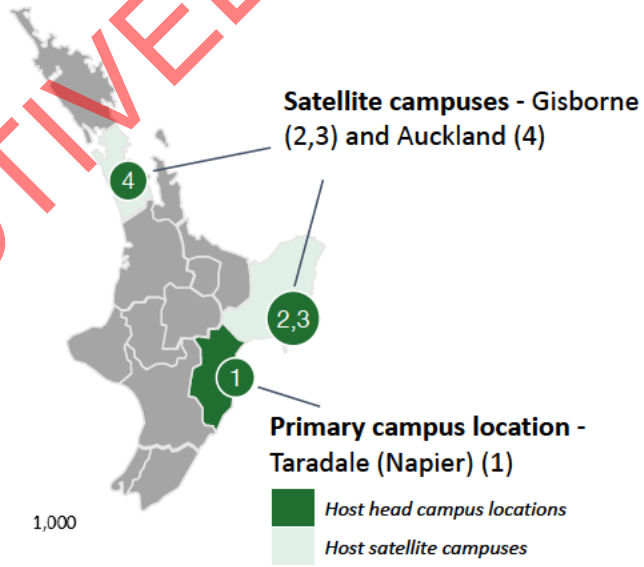
Financial viability

EIT is on the pathway to financial viability as a standalone institution if properly recapitalised and the savings opportunities identified are achieved. While EIT is expected to generated an underlying surplus and be cash flow positive from 1 January 2026, financial key performance indicators (KPI) set by Te Pūkenga may not be achieved until 2028.

EIT continues to recover from the impacts of Cyclone Gabrielle in February 2023, which resulted in significant flood damage to its primary Taradale campus in Napier. With the rebuild programme planned to be completed in late 2025 or early 2026, EIT is expected to return to profitability in 2026, or shortly after. However, EIT requires additional funding to complete the rebuild of the Taradale campus. If additional funding is not provided, EIT may need to utilise the majority of its cash reserves required as working capital, consider options around its rebuild programme, or secure bridging finance. Early advice on the likely level of recapitalisation would provide EIT with optionality.

EIT remains highly dependent on a recovery in domestic EFTS to pre-Cyclone levels as well as continued growth in international EFTS, and offshore delivery. Any significant delays or funding shortfalls in the Taradale campus rebuild programme will likely impact the timing of EIT's return to profitability. EIT's disproportional reliance on international delivery is a critical downside risk to EIT's financial viability.

EIT FY25 Budget EFTS delivery by 10 largest schools [1]



EIT overview

- EIT is situated on the East Coast of the North Island. EIT Hawke's Bay was founded in 1975, merging with Tairāwhiti Polytechnic (previously "Tairāwhiti Community College") in 2010.
- EIT delivers from two primary locations, a large campus in Taradale in Napier, Hawke's Bay, and a campus in Tairāwhiti, Gisborne. Further to this, EIT has an international campus in Auckland and provides offshore delivery.
- The Taradale campus suffered extensive damage from Cyclone Gabrielle in February 2023. While some of the damage to the campus has been repaired, work remains ongoing and is expected to be finished in late 2025 or early 2026.
- EIT delivers across 3 main sites, 16 schools, and c. 280 programmes. 4,569[2] EFTS are budgeted to be delivered in FY25, with key delivery across Computing, Technology and Trades, Primary Industries, and Health & Sports Science.
- EIT has a 36%[3] market share of the Gisborne learner market and 42%[3] of the Hawke's Bay learners market across all tertiary education provision.

1) EFTS data presented is informed by the programme profitability analysis. 831 EFTS in China are excluded as these are not part of standard EFTS reporting. EFTS by school may not reconcile with the FY25 Budget.
2) FY25 Budget.
3) Draft Competition Analysis 24-04-2024.pptx provided by Te Pūkenga.

Key initiatives and cost of the change

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Cost of the change / recapitalisation

EIT has estimated change and recapitalisation requirements of s 9(2)(b)(ii) to become financially viable as a standalone entity. This represents the peak funding needs expected to arise in late 2025 or early 2026, driven by a shortfall in funding currently available to complete the rebuild of the Taradale campus. While the forecast shows EIT generating positive cash flows in subsequent periods, these cash flows largely won't be available to contribute towards the rebuild from a timing perspective. The table below captures the peak funding requirements as at the end of 2025, with details provided on page 11.

Cost of change - FY25 peak funding needs	$	Confidence level
Critical property needs	s 9(2)(b)(ii)	Low to Medium
Critical IT investment	$2.8m	Medium
Teach out costs	$2.5m	Medium
3-months OPEX	$19.3m	Medium to High
Total funds needed:	s 9(2)(b)(ii)	
Ring fenced reserves - 31 Dec 24	$14.7m	Medium
Cash balance (excl. ring fenced reserves) - 31 Dec 24	$5.2m	Medium
Free cash flow	$5.8m	Medium
Insurance proceeds	s 9(2)(b)(ii)	Medium
Total funds available:		
Net capital requirements / (surplus) - 2025		

Key focus areas / activities needed

There are a range of savings initiatives and opportunities identified to improve the financial performance of EIT on its pathway to viability. These initiatives and opportunities have been assessed purely from a financial perspective, and no consideration has been given to community or societal impacts or trade offs.

The table opposite provides an overview of the key initiatives (included in the Base Case forecast) and opportunities (upsides to the Base Case forecast). Note that these are estimates only and further work will be required to provide more accurate estimates.

Key focus areas / activities needed (continued)

Initiative	Cost of change	Potential impact p.a.	Confidence level	Timing
Non-academic staffing costs	$1.7m	$3.6m	Low to Medium	1Q2026
Programme rationalisation	$1.9m	$0.4m	Low to Medium	Teach out up to two years for bachelor degrees.
RLC Ruatoria	n.a.	$0.1m	Medium	1Q2026
Hawke's Bay Health Centre	n.a.	$0.1m	Medium	1Q2025
Hawke's Bay bookshop	n.a.	<$0.1m	Medium	1Q2025
Tairāwhiti café	n.a.	<$0.1m	Medium	1Q2025
Sponsorship	n.a.	<$0.1m	Medium	1Q2025
Scholarship	n.a.	$0.3m	Medium	1Q2026
Total initiatives (Base Case)		**$4.7m**		
Reintroduced car park charges	n.a.	$0.1m	Medium	1Q2025
Childcare fee increases	n.a.	$0.2m	Medium	1Q2025
New RSE contract	n.a.	s 9(2)(b)(ii)	Medium	1Q2025
Cook Island rationalisation	n.a.	$0.1m	Medium	2Q2025
Improved vacancy management	n.a.	n.q.	Medium	2025-2029
Programme profitability impr.	n.a.	n.q.	Low to Med	2026
Total initiatives and opportunities		s 9(2)(b)(ii)		

We have also sought to estimate the potential impact of closure of all or part of the Tairāwhiti campus (refer page 22 for details). The Tairāwhiti campus is financially underperforming and adversely impacting the overall financial performance of EIT. However, closure of all or part of the Tairāwhiti campus is unlikely to be required should EIT achieve growth and savings initiatives in line with the modelling completed.

It is our view that EIT currently has constrained management capacity within its organisation and the leadership team to support the direction and scale of change. While, based on the information we have available (which is of varied quality), it appears that some strategic roles (such as a Head of Digital) have been incorporated into the EIT Budget and assumed in the future structure, these may not cover all strategic capability area requirements. Please refer page 23 (Section Four) for a potential future structure, which outlines the functional capabilities held within EIT and any possible future gaps.

Confidence level descriptors:
Low: Preliminary analysis undertaken and/or limited data available to assess; work may be ongoing to validate or quantify.
Medium: Reasonable confidence in the fidelity of the total cost and impact; some further confirmation may be ongoing to validate or quantify.
High: Confidence in the fidelity of the total cost and impact; minimal further work required on this topic to validate or quantify.

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Indicative financial performance

Financial Performance 2025-2029

The high level financial modelling completed shows that EIT should be able to generate a consistent underlying surplus from 2026 onwards, and meet the key financial performance KPIs from 2028 onwards. This is subject to medium to high risk due to increased uncertainty around EIT's ability to increase EFTS levels while the rebuild process for the Taradale campus continues, and the overall poor quality of the information available.

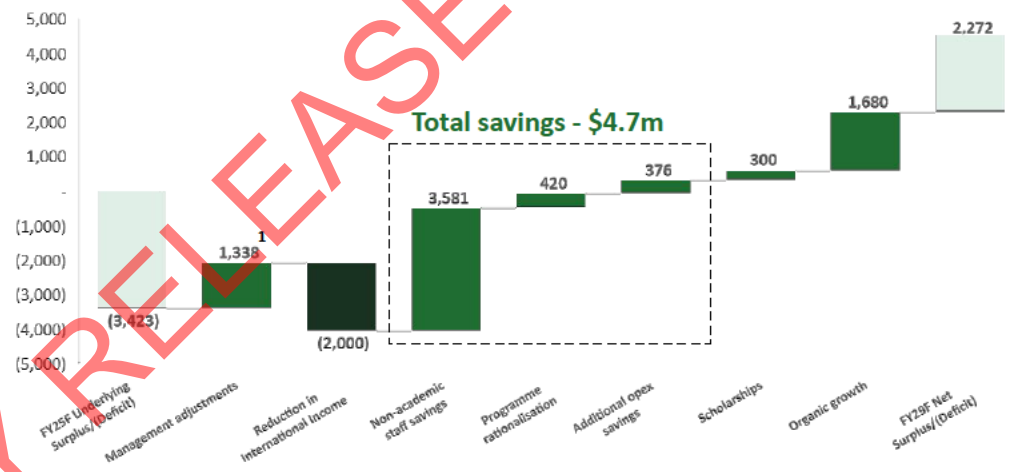
The **FY25 Budget** prepared by management has been reviewed and validated to the extent possible. The budget process has still not been completed and we maintain the view that the budget lacks the rigorous review we would normally anticipate as part of a finalised budget process, undermining reliability and accuracy of the budget. We consider there to be a high level of risk associated with the accuracy of the budget and medium risk around the growth assumptions used, particularly as it related to the international income growth.

The **FY25F to FY29F forecast** is underpinned by growth assumptions discussed with management and outlined on page 38, together with a range of adjustments. The key management adjustments include: i) adjustments made by management to improve the accuracy of the FY25 budget after submitting the budget to Te Pūkenga, including estimated insurance proceeds, ii) improvement initiatives identified and detailed on pages 12 - 13), iii) sensitised international student income (although management maintains the view that the original budget levels are relatively conservative), and iv) estimated redundancy costs. This doesn't fully mitigate the downside risk to the forecast. Please refer our sensitivity analysis on page 39 for details.

The graph opposite shows a bridge between FY25 budget and FY29 forecast underlying performance. The improvement from underlying budget deficit of $3.4m in FY25 to a underlying surplus of $2.3m in FY29 is primarily driven by a total of $4.7m performance improvement initiatives identified.

The table on the right shows forecast financial performance for EIT over the period FY24 to FY29.

EIT Net Surplus / (Deficit) Movement Forecast FY25F to FY29F



EIT Financial Performance Forecast ($'000)	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F
Government Funding	38,266	46,323	46,323	47,056	48,381	50,335	52,369
Domestic Student Fees	10,231	11,790	11,790	11,833	11,919	12,400	12,901
International Student Fees	12,895	17,511	15,511	17,008	17,695	18,410	19,154
Other Teaching Income	2,008	1,802	1,802	1,851	1,898	1,946	1,995
Trading Income	3,255	3,689	3,689	3,789	3,885	3,983	4,084
Other Income	7,194	3,721	3,721	3,789	3,883	3,981	4,082
Total Revenue	**73,849**	**84,835**	**82,836**	**85,325**	**87,660**	**91,055**	**94,585**
Personnel Expenses	(48,050)	(52,212)	(52,212)	(49,156)	(50,066)	(52,089)	(54,193)
Teaching Delivery	(13,296)	(15,477)	(14,153)	(14,134)	(14,283)	(14,648)	(15,023)
Infrastructure	(5,865)	(5,667)	(5,628)	(5,781)	(5,926)	(6,076)	(6,230)
Administration	(6,219)	(8,402)	(7,891)	(8,048)	(8,250)	(8,459)	(8,674)
Total Operating Exp.	**(73,431)**	**(81,759)**	**(79,884)**	**(77,117)**	**(78,526)**	**(81,272)**	**(84,119)**
EBITDA	**418**	**3,076**	**2,952**	**8,208**	**9,134**	**9,784**	**10,465**
Depreciation & Amortisation	(7,624)	(7,601)	(7,601)	(8,365)	(8,790)	(9,013)	(8,966)
Net Interest Income	1,721	1,102	1,102	416	508	622	773
Underlying Surplus/(Deficit)	**(5,485)**	**(3,423)**	**(3,547)**	**259**	**852**	**1,393**	**2,272**
Unusual items [2]	**4,896**	**1,000**	**11,900**	**(3,135)**	**(487)**	**-**	**-**
Surplus / (Deficit) after unusual items	**(589)**	**(2,423)**	**8,353**	**(2,875)**	**365**	**1,393**	**2,272**

1) Following the finalisation of the FY25 Budget, management identified a further $1.6m in cost savings which they plan to action in FY25.
2) s 9(2)(b)(ii)

Te Pūkenga

Financial KPIs and Financial Monitoring Framework

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Financial KPIs and FMF 2025-2029

Table below provides a summary of key performance indicators (KPIs) for the period 2024 to 2029 as requested by Te Pūkenga.

EIT Forecast KPIs	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F
Personnel to Revenue ratio	65%	62%	63%	58%	57%	57%	57%
EBITDA margin	1%	4%	4%	10%	10%	11%	11%
Net Operating surplus margin	(7%)	(4%)	(4%)	0%	1%	2%	2%
Academic SSR	13.65	15.18	14.90	15.49	15.84	15.84	15.84
Allied to Academic Staff ratio	1.01	1.01	1.01	0.91	0.95	0.95	0.95
Domestic EFTS	3,471	3,838	3,838	3,742	3,757	3,832	3,909
International EFTS	646	731	648	696	710	724	739
Staff - Academic	302	301	301	287	282	288	293
Staff - Non Academic	304	304	304	262	267	273	278
Staff - Total FTE	606	605	605	549	549	560	572
Total Programmes Delivered	n.a.	280	260	258	258	258	258
Programmes discontinued	n.a.	n.a.	20	2	-	-	-

Te Pūkenga has set targets for Personnel cost to Revenue ratio (60%), EBITDA margin (11%), Net Operating Surplus Margin (2%) and Academic Student student staff ratio (SSR) (19), with the particular focus on EBITDA margin and Net Operating Surplus Margin.

Our modelling shows EBITDA margin and Net Operating Surplus Margin targets will be met from FY28 onwards, Personnel cost to Revenue ratio from FY26 onwards while the Academic SSR ratio won't be met during the forecast period. We are of the view that this KPI can only be met if there are significant changes to the mix of the programmes being offered and / or to mode of delivery. This would likely disproportionately impact programmes with higher safety considerations, inherently requiring higher SSR levels.

Table below provides our summary of financial monitoring framework (FMF) assessment.

FMF Summary (Risk level)	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Profitability	High	High	High	High	Moderate	Moderate	Moderate	Moderate
Liquidity	Low	High	Low	Low	Low	Low	Low	Low
Debt Affordability	Low	Low	Low	Low	Low	Low	Low	Low

The profitability risk is forecast to reduce from high to moderate form FY27, driven by gradually improving operating performance of EIT over the forecast period.

Liquidity and Debt Affordability risk remains low. This is due to significant cash balances EIT holds at presence, and the working capital requirements set at three times monthly OPEX, which is conservative. EIT doesn't have any loans or borrowings and therefore, it has low debt affordability risk. Refer page opposite and Appendix 3 for details.

EIT Financial Monitoring Framework Score FY25F to FY29F

FMF Summary (Risk level)	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Profitability	0.6	0.7	1.4	1.2	2.0	2.0	2.0	3.0
Liquidity	3.5	0.5	4.0	4.0	3.5	4.0	4.0	4.0
Debt Affordability	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8

FMF Profitability Scores	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Operating Surplus/Deficit 5 yr rolling average (excl. abnormal items)	-	1.0	1.0	1.0	2.0	2.0	2.0	3.0
Operating Surplus/Deficit 5 yr rolling average (incl. abnormal items)	3.0	2.0	3.0	2.0	2.0	2.0	2.0	3.0
Core Earnings (5 year rolling average)	-	-	1.0	1.0	2.0	2.0	2.0	3.0
Weighted Average	**0.6**	**0.7**	**1.4**	**1.2**	**2.0**	**2.0**	**2.0**	**3.0**

FMF Liquidity Scores	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Liquid Funds ratio (5 year rolling average)	5.0	1.0	5.0	5.0	5.0	5.0	5.0	5.0
Net Cashflow From Operations (5 year rolling average)	2.0	-	3.0	3.0	2.0	3.0	3.0	3.0
Weighted Average	**3.5**	**0.5**	**4.0**	**4.0**	**3.5**	**4.0**	**4.0**	**4.0**

FMF Debt Affordability Scores	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Debt Affordability (5 year rolling average	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Interest Strain (5 year rolling average)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Debt Equity Ratio (5 year rolling average)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Weighted Average	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**

Te Pūkenga

Indicative balance sheet

Approved EIT

Balance Sheet 2025-2029

Balance sheet modelling shows that EIT should not have ongoing external funding requirements, if recapitalised properly, to complete the rebuild of the Taradale campus. However, this forecast is subject to medium to high risk, particularly as it relates to the total cost and timeline for the Taradale rebuild programme and operating performance.

FY25 Budget has been adjusted for: i) EIT's term deposits (non ring-fenced) held by Te Pūkenga ($12m) are excluded from the cash balance due to the uncertainty whether these funds will be made available to business divisions; and ii) expected material damage insurance proceeds (s 9(2)(b)(ii)). The cash proceeds from the insurance were initially included in the FY25 budget cash balance, however, not in the income statement. Accordingly, we have removed the balance from the FY25 budget cash position for consistency and the insurance (cash) income is now only reflected in FY25 forecast income statement and balance sheet for consistency.

FY25F to FY29F forecast reflects forecast operating performance and CAPEX requirements over the period, together with additional funding of s 9(2)(b)(ii) to bring the cash balance to 3 months of operating expenses, reported as equity (e.g. recapitalisation).

EIT Forecast Financial Position ($'00	FY24F	FY25B [1]	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Assets								
Cash and Cash Equivalents	19,848	(8,786)	19,279	20,274	24,902	30,736	36,469	42,521
Trade & Other Receivables	4,001	4,401	4,500	4,635	4,762	4,933	5,138	5,338
Other Financial Assets	592	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Current Assets	508	535	535	535	535	535	535	535
Total Current Assets	**24,950**	**(2,350)**	**25,814**	**26,944**	**31,699**	**37,705**	**43,643**	**49,894**
Property, Plant and Equipment	128,301	154,018	154,018	150,052	145,662	141,050	137,384	134,349
Assets Under Construction	-	-	-	-	-	-	-	-
Other Non-Current Assets	1,875	1,860	1,860	1,860	1,860	1,860	1,860	1,860
Total Non-Current Assets	**130,176**	**155,877**	**155,877**	**151,912**	**147,522**	**142,909**	**139,244**	**136,209**
Total Assets	**155,125**	**153,527**	**181,692**	**178,856**	**179,221**	**180,614**	**182,886**	**186,103**
Liabilities								
Trade & Other Payables	4,729	5,186	5,186	5,186	5,186	5,186	5,186	5,186
Employee Entitlements	6,690	7,006	7,006	7,006	7,006	7,006	7,006	7,006
Revenues in Advance	15,448	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Other Current Liabilities	-	-	-	-	-	-	-	-
Total Current Liabilities	**26,868**	**27,692**	**27,692**	**27,692**	**27,692**	**27,692**	**27,692**	**27,692**
Intercompany Debt	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-
Employee Entitlements	62	62	62	62	62	62	62	62
Other Non-current Liabilities	50	50	50	50	50	50	50	50
Total Non-Current Liabilities	**112**	**112**	**112**	**112**	**112**	**112**	**112**	**112**
Total Liabilities	**26,979**	**27,804**	**27,804**	**27,804**	**27,804**	**27,804**	**27,804**	**27,804**
Equity	**128,146**	**125,723**	**153,888**	**151,052**	**151,417**	**152,810**	**155,082**	**158,299**

Cost of the change / recapitalisation

The table below outlines the estimated cost of change for EIT. **The peak funding requirement is s 9(2)(b)(ii) in late 2025 or early 2026**, when there is a requirement to fund the Taradale campus rebuild expected to be finished by late 2025 or early 2026. While the peak requirement arises in 2025/2026, the position reduces to $10.8m in FY27 as a result of positive cash flows generated in 2026 and 2027.

Note that the figures are estimates only and the cost of change may differ materially, particularly as it relates to the total cost of the Taradale rebuild, the quantum of insurance payouts, redundancy costs and EIT's underlying operating performance.

EIT Cost of Change	FY24F	FY25F	FY26F	FY27F	Total
Critical Property needs		s 9(2)(b)(ii)	400	400	s 9(2)(b)(ii)
Critical IT Investment		2,800	2,800	2,800	8,400
Leased Property / Buy out / make good /		n.a.	n.a.	n.a.	-
Crown Loans		n.a.	n.a.	n.a.	-
Estimated Redundancy Costs		n.a.	3,135	487	3,622
Est. Teach out costs [2]		2,470	903	n.a.	3,372
Change Management / Support		n.a.	n.a.	n.a.	-
3 months OPEX - 2026		19,279			19,279
Total Funding Needs	-	s 9(2)(b)(ii)	**7,237**	**3,687**	s 9(2)(b)(ii)
Funded by:					
Ringfenced Reserves – 31 Dec 2024	14,673				14,673
2025 free cash flow funding – base case		5,829			5,829
2026 free cash flow funding – base case			8,232		8,232
2027 free cash flow funding – base case				8,315	8,315
Asset Divestment - 2025		n.a.			-
Asset Divestment - 2026			n.a.		-
Asset Divestment - 2027				n.a.	-
Committed Funding Streams [3]	n.a.	s 9(2)(b)(ii)	n.a.	n.a.	s 9(2)(b)(ii)
Total self-funding	**14,673**		**8,232**	**8,315**	
Total net capital required	**(14,673)**		**(994)**	**(4,628)**	
Cash balance (ex-ringfenced reserves) – 31 Dec 2024	5,176				5,176
Net capital requirements / (surplus)	**(19,848)**	s 9(2)(b)(ii)	**(994)**	**(4,628)**	s 9(2)(b)(ii)
Rolling balance	**19,848**				

1) FY25B reflects the budget submitted to Te Pūkenga by management, with the adjustments noted above.
2) Teach out reflects estimated cost for the direct teaching staff allocated to the programmes that are considered to be ceased over the period 2025-2026.
3) Committed Funding Stream comprises an estimated s 9(2)(b)(ii) of material damage insurance proceeds in 2025.

Te Pūkenga

Overview of key initiatives (Base Case)

Initiatives	Description	Cost of change	Potential impact p.a.	Confidence level	Timing / Milestones
Non-academic staffing costs	• Based on our high-level analysis, we have identified an opportunity to reduce EIT's non-academic headcount across the business division and it's back office functions. • The scale of the potential change comprises 47 FTE, with estimated potential savings of $3.6m p.a. The corresponding redundancy costs have been estimated to be $1.7m (noting that this value could decrease on the basis of change decisions made, and the impact of change on fixed term and casual staff with low or no redundancy requirements). • Due to complexity and legal implications, the potential change will likely be required to be supported by a robust consultation and People & Culture process. As a result, the full year savings are not expected until 2026. • Te Pūkenga should seek specialised independent advice on this matter before any formal process is initiated.	$1.7m	$3.6m	Medium	1Q2026 (est. timing of new structure in pace)
Programme rationalisation	• A total of 30 'red' programmes have been identified as significantly underperforming and collectively generating negative contribution of s 9(2)(b)(ii). • The Base Case assumes 75% of those programmes will be either ceased or actively managed to return to profitability. This represents an equivalent of an estimated 30 academic FTEs potentially impacted, noting that the 30 FTE figure represents 'part FTE' spread across a number of individual staff. We have costed this on the basis of a 1 FTE per role figure with an est. redundancy cost of $1.7m, but acknowledge that role design will determine the number of reductions required, and whether these impact fixed-term or casual staff not eligible for redundancy. • Most programmes identified don't have material teach out requirements. However, within those programmes, there are four Bachelor degree and other multi year programmes with estimated teach out of two years. This will impact the timeframe over which the potential financial benefits can be realised. • The programmes identified have been subject to a preliminary review, however, a formal review will commence early next year as management has advised that it cannot be realistically completed by the end of calendar year.	$1.9m	$0.4m	Low to Medium	2026-2027 due to teach out requirements (refer page 21 for details)
Hawke's Bay bookshop	• EIT has a plan to transform their Hawke's Bay bookshop operations, which currently generates a small loss. The bookstore operations are expected to be reduced to a pop up sales of textbooks at specific times rather than a regular bookstore service being provided, and retaining some supporting functions in place (stationary etc.).	n.a.	$32k	Medium	1Q2025
Hawke's Bay Health Centre service model	• EIT has a plan to transform Hawke's Bay Health Centre service model to align with the outsourced model used in Tairāwhiti where the service is contracted to Turanga Health to provide health services, with expected annual saving of $0.1m a year.	n.a.	$100k	Medium	1Q2025
Tairāwhiti café	• EIT has a plan to improve operations of the Tairāwhiti café, which has historically been generating a minor loss, through improving product offering and pricing. If this doesn't generate the expected outcomes, the café may close.	n.a.	$64k	Medium	1Q2025
Sponsorship	• Management proposes a reduction in its sponsorship expenses, from $68k in FY25 budget to $28k.	n.a.	$40k	Medium	1Q2025
RLC adjustments	• Management has completed a preliminary profitability review of its Regional Learning Centers (RLC) and identified that Ruatoria RLC is generating an estimated loss of $140k a year. Management has committed to either improve the performance of the RLC or cease its operations. Management has scheduled a comprehensive strategic review of all its RLCs commencing in early 2025. This will determine the preferred solution in respect of the RLC.	n.a.	$140k	Medium	1Q2026
Scholarship	• A $300k reduction in scholarship for 2026 against 2025 has been identified as a potential saving. A total of $450k of scholarship had already been committed for 2025, representing the value of already awarded scholarships.		$0.3m	Medium	1Q2026
Total initiatives (Base Case)			**$4.7m**		

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Overview of key opportunities and upsides (to Base Case)

Opportunities and upsides	Description	Cost of change	Potential impact p.a.	Confidence level	Timing / Milestones
Reintroduced car park charges	Management is considering re-introducing parking charges for all of 2025 in its Hawke's Bay campus, with an expected incremental income of $100k a year based on management estimates.	n.a.	$0.1m	Medium	1Q2025
Childcare fee increases	Management is considering increasing fees for the childcare service operating from its campus, with expected incremental income of $170k a year based on management estimates.	n.a.	$0.2m	Medium	1Q2025
New RSE contract	s 9(2)(b)(ii), s 9(2)(j)	n.a.	s 9(2)(b)(ii)	Medium	1Q2025
Cook Islands delivery rationalisation	Management has reviewed profitability of its Cook Island delivery. The delivery has been found profitable, however, a scope of potential savings have been identified across travel, employee time and other costs, with an estimated saving of s 9(2)(b)(ii) a year.	n.a.	s 9(2)(b)(ii)	Medium	2Q2025
Improved vacancy management	Management is looking at opportunities to generate savings from replacing vacancies at a reduced rate in 2025 and 2026. This opportunity is proposed to be assessed by management at the beginning of both 2025 and 2026.	n.a.	n.q.	Medium	2025-2026
Potential programme profitability improvements	Management proposes to undertake a review of 'yellow' programmes with low but positive contribution in 1Q2025 in order to improve their profitability. Management has estimated that an increase in average contribution margin from 29% to 35% could generate extra s 9(2)(b)(ii) of contribution a year from 2026 onwards. However, we couldn't independently validate the reasonableness of this estimate.	n.a.	n.q.	Low to Medium	2026
Total opportunities and upsides (to Base Case)			s 9(2)(b)(ii)		

Resources required: We are of the view that EIT management currently doesn't have the capabilities and capacity needed to execute the initiatives identified without increased execution risk. Support from the national office and / or management changes and additions will likely be required to mitigate some of the risk. Strong project controls and management, improved financial management and effective governance will play a critical role in successfully delivering the scope of change considered. Please refer page 44 and 45 for further details, and our capability assessment on page 29.

Tairāwhiti campus: In addition to the initiatives and opportunities above, we have also sought to estimate a potential impact of closure of all or part of the Tairāwhiti campus - refer page 22 for details.

2. Property

Te Pūkenga

Property: Overview

Summary

EIT predominantly provides teaching delivery from three domestic campuses - Taradale (Napier), Tairāwhiti (Gisborne) and Auckland. Additionally there are several smaller Regional Learning Centres and two offshore campuses, along with offshore online delivery. Outlined below is the key property information for each of the main campuses.

1 Taradale Campus, Gloucester Street, Napier

Owned | 42,212 sqm | 2,756 EFTS

EIT's largest campus. 90% of the grounds were flooded in February 2023 and many buildings were significantly impacted. Significant remediation work is underway with many buildings having re-opened or expecting to be re-opened over the next year. Post remediation the campus will have a slightly reduced footprint by c. 16%.

2 Tairāwhiti Campus, Palmerston Road, Gisborne

Owned | 11,146 sqm | 918 EFTS*

Largely consists of older building stock from the 1980s-90s in reasonable condition. Tairāwhiti spans this site and the Rural Studies Campus, though EFTS and FTEs are combined and unable to accurately be split.

3 Rural Studies, Stout Street, Gisborne

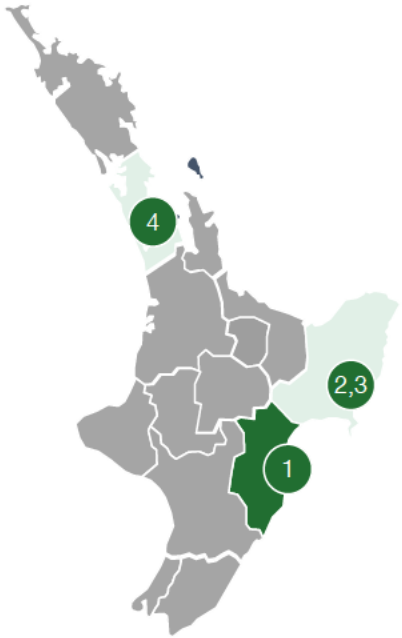
Owned | 3,000 sqm | 918 EFTS*

Purpose-built prefabs from the 1980s and large sheds providing primary industry teaching.

4 Auckland Campus, Queen Street, Auckland

Leased | 1,737 sqm | s 9(2)(b)(ii) **| Expiry July 2027 | 331 EFTS**

A leased site in the centre of Auckland focused on international student delivery.



Host head campus locations
Host satellite campuses

** Data granularity does not confirm how EFTS and FTEs are split across the multiple sites in Gisborne.*

Property: Activity description and cost of change

Taradale Campus

Approximately 90% of the Taradale campus ground floors were flooded during Cyclone Gabrielle in February 2023, with many key delivery sites severely impacted. The rebuild process is ongoing and is expected to be completed in late 2025 to early 2026.

s 9(2)(b)(ii)

As the rebuild further progresses, Management is expecting an exit and relocation to remediated campus buildings as soon as practicable, with costs expected to be covered through business interruption insurance.

s 9(2)(b)(ii)

Tairāwhiti Campus

No change to the property has been included in the Base Case.

However, excess capacity has been identified in the main Tairāwhiti campus, represented by the property located north-west of Cobden Street, with an estimated gross realisation value of s 9(2)(b)(ii) and annual operating cost savings of s 9(2)(b)(ii)

The disposal of any property will require Te Pūkenga's property disposal process be followed. This will include engaging a LINZ accredited agent to support in the disposal process in accordance with legislation (e.g. Right of First Refusal, offer back etc.). LINZ disposal costs may deduct up to 15% of gross revenue value and Crown retention as per the TEC's TEI Crown Asset Disposal guidelines may deduct up to 20% of gross revenue value. This will reduce the net income from the property sale for EIT.

Various capital improvements would also be needed in order to support consolidation, and subsequently the sale of all property located north-west of Cobden Street, including Blocks U, G and N (Te Whatu Kura). We have included an indicative timeline and map in the appendix - refer pages 51 - 52.

Further to this, we have identified opportunities to consolidate the campus further if required, with five high level options outlined below. We note that there are varying levels of impact on delivery from the five options and we provide further details on these on page 22.

	Scenario / Description	Property sale proceeds / GFA
1	Retain most of Tairāwhiti campus, with a disposal of the North-West section of campus. A potential closure of the computing school.	s 9(2)(b)(ii) 11,979 sqm
2	Retain most of Tairāwhiti campus, with a disposal of the North-West section and the rural studies campus. A potential closure of the Computing and Primary Industries schools.	s 9(2)(b)(ii) 9,573 sqm
3	Retain majority of the Tairāwhiti campus (incl. the Rural Studies campus). Closure of schools with negative margins, dispose of the North-West section and Middleton Block.	s 9(2)(b)(ii) 11,099 sqm
4	Closure of schools with fewer than 40 EFTS, keep central part of campus including administration and student hub, and Rural Studies campus.	s 9(2)(b)(ii) 10,357 sqm
5	Closure of Tairāwhiti campus (all schools), disposal both Tairāwhiti and Rural Studies campuses.	s 9(2)(b)(ii) 0 sqm

Ruatoria RLC

The Ruatoria rural learning centre comprises a 70sqm building leased from Ngati Porou Holding Company Ltd at a cost of c. s 9(2)(b)(ii) per year. The lease was entered into on 1/7/2015 and has a final expiry of 30/6/2025.

Once teach out requirements are confirmed, the exit of the lease can be aligned with the final closure date of the site. If the final closure date is after 30/6/2025, a transition to a rolling monthly lease should be negotiated. It is expected there are no make-good obligations nor any retention of non-fixed assets.

Property: Key next steps

	Taradale	Tairāwhiti	Regional Learning Centres
Next steps	Assess mid to long term prospects for the Tourism & Hospitality school (block P), and amend the rebuild plans if required. Complete remediation works to the Napier campus. Post-remediation, remove surplus, older prefab buildings (e.g. Blocks F and G), reducing ongoing capex and opex requirements. Identify any barriers or issues with existing temporary Napier leases, and if none are identified, arrange for exit and relocation to remediated campus buildings as soon as practicable. Understand future teaching demand and develop a high-level, long-term masterplan of the Main campus.	Assess the overall viability and utilisation of the campus and its sections (including the Rural Studies site) and determine the future strategy for the campus. A disposal of the North-West section of the main campus should be considered as a medium term option. Due to the typical time frames of the LINZ disposal process, there no immediate cash flow benefit of such disposal expected. If the disposal is pursued, the following steps might be involved: • Obtain a valuation of the land to be divested. • Secure Project Manager and Project Administrator during Q2 2025. • Commission a divestment and market strategy to determine highest and best use, target buyer/s and marketing strategies for best return. This will inform the expected return, key risks and strategies to support the LINZ accredited agent. • Secure FINCAP, Council and Secretary of Education confirmation of surplus status and approval to divest all property located North-West of Cobden Street. • 'Masterplan' campus utilisation of the remaining properties located South-East of Cobden Street to confirm how spaces will be utilised and that capacity will be sufficient. • Review viability of courses and optimise utilisation and timetabling.	Complete the strategic review of EIT's RLCs in 2025. Reconfirm the future for the Ruatoria RLC, which has already been identified as sub-economic. In respect to the Ruatoria RLC: • Confirm teach out requirements. • Confirm make-good requirements (none are expected) and align exit of lease with final closure date. • Do not enter a new long term lease for Ruatoria RLC.

3. Programmes

Te Pūkenga

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Locations

Overview

EIT delivers from three primary locations - Hawke's Bay (main campus), Tairāwhiti and Auckland (predominantly international student delivery). EIT's Hawke's Bay and Auckland locations represent the majority of EIT's delivery and also the majority of its contribution margin (CM).

EIT has a broad range of programme offerings across 16 schools. Business, Technology & Trades, Computing, and Nursing are the largest schools, collectively representing 60% of revenue and over half of total EFTS.

EIT has 40% of the market for tertiary education across the Hawke's Bay and Tairāwhiti and is the market leader in both regions, followed by Te Wānanga (14%) and smaller providers, holding <5% share each.

There are limited alternative delivery options (i.e no universities and limited private training establishments) available to students in the Hawke's Bay / Tairāwhiti area which provides EIT with scale to deliver profitably across a range of schools (i.e not with the focus on one school, as we have seen with other BDs).

Tairāwhiti

Across locations, Tairāwhiti has the lowest gross margin and net profit to revenue ratio, which impacts the profitability of the entire business division.

Based on our high-level modelling, Tairāwhiti campus' net loss has been estimated to be $4.0m based on management's FY25 budget. This includes a significant apportionment of overheads otherwise recognised under Hawke's Bay in management's FY25 budget. Once overlaid with the savings identified previously, the indicative loss for Tairāwhiti reduces to s 9(2)(b)(ii) in the FY25 indicative baseline (with s 9(2)(b)(ii) of savings allocated to Tairāwhiti of the total of s 9(2)(b)(ii) of savings identified across EIT). We note that this is a high level estimate, which should be used for illustrative purposes only.

We have outlined 5 options for a potential consolidation of the Tairāwhiti campus, each with different impacts on programme offerings, EFTS and campus footprint. Please refer page 22 for details.

EIT Location Performance

EIT Profitability by Campus ($'000)	Hawke's Bay	Tairāwhiti	Auckland	Offshore	Total
Revenue	53,351	14,647	11,553	5,285	84,836
Staffing Costs	(36,538)	(10,448)	(2,851)	(2,375)	(52,212)
Costs	(14,592)	(5,703)	(3,864)	(653)	(24,811)
Insurance	(763)	(205)	(2)	-	(970)
Software Costs	(2,865)	(672)	(145)	(83)	(3,765)
EBITDA	**(1,407)**	**(2,380)**	**4,691**	**2,174**	**3,078**
Depreciation & Amortisation	(5,981)	(1,604)	(16)	-	(7,601)
Net interest	1,100	-	-	-	1,100
Net Surplus / (Deficit)	**(6,289)**	**(3,983)**	**4,675**	**2,174**	**(3,424)**
KPIs					
Gross margin	43%	26%	89%	61%	47%
EBITDA margin	(3%)	(16%)	41%	41%	4%
Net Operating Surplus margin	(12%)	(27%)	40%	41%	(4%)
Domestic & International EFTS	2,976	1,121	396	42	4,535
Academic FTE	215.9	58.7	14.1	12.8	301.4
Academic SSR	14	19	28	3	15

1) Campus profitability presented above excludes s 9(2)(b)(ii) of unusual items relating to insurance recoveries. It includes assumptions to allocate material costs across the campuses to better reflect campus profitability. These include apportioning depreciation and insurance spend based on the value of buildings at each campus, allocating software / database spend based on FTEs at each campus site and apportioning staffing overheads based on weighted EFTS, with lower weight awarded to delivery requiring reduced level of support. Specifically, offshore delivery was awarded weight of 0.25 and Primary Industries programmes, which are largely delivered through contracts, weight of 0.5.
2) EFTS data presented above has been informed by the programme profitability analysis prepared, and EFTS at a campus level do not reconcile to total FY25 budget EFTS. 831 EFTS in China are excluded from the offshore campus EFTS presented above, as these are not part of standard EFTS reporting.

Te Pūkenga

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Schools

FY25 Budget - school profitability [1)]

EIT has three faculties with 16 individual schools operating across EIT's campuses, generating a combined margin of 47%. Half of the individual schools (8) generate a sub-optimal margin of below 40% and one generates a negative margin. Profitability of the schools varies at a campus level, with Tairāwhiti generally returning lower margins.

The table below outlines profitability for EIT as a business division. We also provide a view for the Tairāwhiti location, which is presented on slide 22. The information presented is based on programme profitability analysis presented on next page. There are significant limitations due to poor data quality, which may impact on the accuracy of the analysis.[1)]

	EIT School / Faculty performance ($'000)	Revenue $	Margin $	GM%	EFTS	FTE
	School of Business	s 9(2)(b)(ii)			464	26.7
1	School of Trades & Technology				655	49.6
	School of Computing				295	28.1
2	School of Primary Industries				428	20.4
	School of Vit and Wine Science				82	9.4
3	School of Tourism & Hospitality				85	10.6
4	English Language Centre				16	3.1
	Faculty of Commerce & Technology				**2,025**	**147.8**
	School of Nursing				462	30.3
	School of Health and Sport Science				511	40.8
	Te Uranga Waka				543	22.5
5	School of Education & Social Sciences				227	19.8
6	Ideaschool				165	19.5
	Centre for Veterinary Nursing				78	4.9
7	Toihoukura				52	6.8
	Faculty of Humanities & Health Science				**2,039**	**144.7**
8	Trades Academy				166	6.7
	Faculty of Trades Academy				**166**	**6.7**
	Regional Learning Centre				263	2.2
	Regional Learning Centre				**263**	**2.2**
					2	
	Grand Total				**4,492**	**301.4**

Comments

We provide our commentary on the schools with margins <40% below. To achieve financial viability, EIT will likely need to cease underperforming programmes. All programmes with negative contributions within these schools have been identified and considered under the programme profitability analysis included on the next page.

1. **School of Trades & Technology** - Covers a range of programmes with varied profitability, including six programmes with negative contribution s 9(2)(b)(ii). One programme has been identified by EIT management to be discontinued while the remainder are under review. Refer next page for details.
2. **School of Primary Industries -** EIT's largest school in Tairāwhiti, delivering programmes from EIT's rural studies site in Gisborne. The two largest programmes generating s 9(2)(b)(ii) of the school's income are delivered via a contract for services model, impacting the profitability at a programme level. Five programmes generate a negative contribution s 9(2)(b)(ii) and are currently being reviewed by EIT management. No decision has been made on these programmes to date.
3. **School of Tourism & Hospitality** - School performance has been impacted by the flood at the Taradale campus. Management is reviewing profitability of four programmes with negative contribution of s 9(2)(b)(ii). However, due to historical low contribution of the school, a consideration should be given to the scale and form of the rebuild programme for the respective building block being remediated.
4. **English Language Center** - Comprised of one programme only, generating a negative contribution of s 9(2)(b)(ii). We believe this programme and school should be closed unless the performance can be improved materially.
5. **School of Education & Social Science** - Includes two programmes with negative contribution s 9(2)(b)(ii) in Tairāwhiti, and a range of sub-optimal programmes, being reviewed by EIT's management.
6. **Ideaschool** - Includes a range of programmes across Arts, Design and Creative Practice. No programmes with a negative contribution have been identified, however, the overall school profitability is sub-optimal and should be reviewed.
7. **Toihoukura** - A small school focusing on Ngā Toi Māori art primarily delivered in Tairāwhiti. The negative contribution is driven by one programme, with a negative contribution of s 9(2)(b)(ii). The portfolio is under strategic review by management.
8. **Trades Academy** - Comprises two programmes, one which delivers a sub-optimal margin and is being reviewed by management.

1) School Profitability has been informed by a high-level programme profitability analysis and FY25 Budget information, and excludes allocation of corporate revenue and costs. Due to data quality issues, the numbers do not fully reconcile FY25 Budget.
2) EFTS presented in the above table excludes 831 EFTS based in China, as these are not part of standard EFTS reporting.

Approved

Programmes

Programmes MoP and portfolio [1)]

EIT undertakes a regular review of its course offerings and only limited savings opportunities have been identified at this stage. There are 25 standalone programmes and 5 other programmes (e.g. STAR or full cost recovery courses) with negative contribution margins, collectively generating a negative contribution of s 9(2)(b)(ii) in the FY25 budget. Management has completed a preliminary review and categorised the programmes as set out in the table below. Management is going to complete its review and determine the future for the programmes identified next year.

Status	Programmes	Location	EFTS	Revenue	F25 CM	FTE [2)]
Proposed to Cease Delivery	4	Hawke's Bay / Tairāwhiti	16	$0.2m	s 9(2)(b)(ii)	2.8
Continue	11		128	$1.8m		23.5
For Review - Standalone	10		80	$1.2m		18.4
For Review - Other	5		4	$0.1m		0.6
Total	30		229	$3.3m		45.3

The FY25 baseline forecast assumes 75% of the above programmes are ceased, resulting in removal of negative s 9(2)(b)(ii) negative contribution. Alternatively, the performance of selected programmes can potentially be improved with focused effort to make them profitable.

The potential saving of s 9(2)(b)(ii) comprises s 9(2)(b)(ii) of academic staffing costs (40 FTEs) and programme operating costs, and s 9(2)(b)(ii) of allocated non-academic staff costs (5 FTEs). In our list of initiatives (page 12 - 13), we have reported the academic (direct teaching) staffing costs and programme operating costs savings under the 'Programme rationalisation' category, and non-academic staffing costs savings under 'Non-academic staffing costs', alongside other non-academic staffing cost savings.

These are high level estimates only and further work will be needed to identify specific roles based on the programmes actually ceased. Staffing data quality has been poor with significant gaps, which will likely impact accuracy.

The table opposite provides details of income and costs allocated to the 30 programmes identified, including three margin levels. Unless stated otherwise, the contribution margin is presented on the basis where both direct academic and allocated non-academic costs are allocated (F25 CM). We have separately reported on the margin at the prescribed level, with only direct teaching costs allocated (CM1).

Programmes MoP and portfolio (continued)

The table below captures the dollar and FTE information for all 30 programmes identified and illustrates the impact where both 100% and 75% of programmes are ceased.

	Base Case		100%		75%		
Item	$	FTE	$	FTE	$	FTE	Comment
Revenue	**$3.3m**	**n.a.**			**$2.5m**	**n.a.**	
Direct staffing costs	$3.2m	40.3			$2.5m	30.2	Includes cost of direct teaching staff. This reflects academic FTE reductions; refer page 31.
Contrib. Margin 1	s 9(2)(b)(ii)						Refer appendix five for details.
Other indirect costs							Includes school, faculty and unallocated opex costs.
Contrib. Margin 2							Refer page 9 for base case potential savings.
Indirect staffing costs							Includes cost of school, faculty and campus administration staff. This is reflected within non-academic FTE reductions; refer page 31.
F25 Contribution Margin	s 9(2)(b)(ii)	**45.3**	s 9(2)(b)(ii)	**34.0**			**Reflects the total contribution margin after indirect staffing cost allocation**

Teach out and Phasing

The teach out requirements for the 30 programmes with negative contribution margin is presented below. The base case forecast assumes 75% of the above programmes are ceased with the following timing:

- Programmes (26) with teach out of 1 year or less ceased from Jan 2026 (i.e included in FY25 financials)
- Programmes (4) with teach out of 2 years ceased from Jan 2027 (i.e included in FY25 and FY26 financials)

Status	Programmes	Location	EFTS	Revenue	Direct CM	Total CM	FTE [2)]
No Teach Out	22	Hawke's Bay / Tairāwhiti	116	$1.6m	s 9(2)(b)(ii)		22.9
1 Year Teach Out	4		34	$0.5m			7.1
2 Year Teach Out	4		79	$1.2m			15.3
Total	30		229	$3.3m			45.3

This time frame allows for a robust change process to be completed before the first programmes are ceased in 2026. Refer page 36 for details.

1) This reflects a scenario where by 100% of programmes budgeted to generate a negative margin cease to be delivered. However, the indicative FY25 baseline reflects the impact of ceasing delivery of 75% of these programmes.

2) The FTE reductions considered in this report aim to create a financially viable organisation but do not necessarily represent a financially and strategically sustainable one. The change of this scale may result in significant redundancy costs, low morale and increased uncertainty, as well as capability loss within the BD. Work undertaken to support this report has not involved any form of employment relations legal advice or union engagement. Te Pūkenga has confirmed it is receiving separate legal advice and managing union engagement.

Tairāwhiti options

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EIT

Tairāwhiti Campus consolidation options

The Tairāwhiti campus is underperforming and its operations are essentially funded through EIT's international delivery. The campus generates suboptimal contribution margin and a net loss, impacting the profitability of the entire business division.

We have outlined 5 options for a potential consolidation of the Tairāwhiti campus, each with different impacts on programme offerings, EFTS and campus footprint. The level of potential savings under each scenario will need to be determined, to reflect a different operating model (e.g. contracting) for Primary Industries, representing over 40% of EFTS and requiring a lower level of support compared to the rest of EIT's operations. A lack of reliable data meant we were unable to provide an accurate estimate for each scenario as this stage.

Table below provides a summary of 5 options identified for the Tairāwhiti campus. **For the avoidance of doubt, we are not proposing to close the Tairāwhiti campus**, however, our high level modelling shows that further savings of up to $2.9m could be made through a consolidation. This provides an option to mitigate future losses if required.

	Scenario / Description Note: To retain (black), To dispose of (red in brackets)	No. of schools	No. of Programmes	No. of EFTS	Property sale proceeds / GFA
	Current state	**13**	**59**	**1,121**	**14,146 sqm**
1	Retain most of Tairāwhiti campus, with a disposal of the North-West section of campus. A potential closure of the computing school s 9(2)(b)(ii) .	12 (1)	58 (1)	1,107 (14)	s 9(2)(b)(ii) 11,979 sqm
2	Retain most of Tairāwhiti campus, with a disposal of the North-West section and the rural studies campus. A potential closure of the computing school and primary industries school.	11 (2)	48 (11)	776 (345)	s 9(2)(b)(ii) 9,573 sqm
3	Retain majority of the Tairāwhiti campus including the Rural Studies campus. Closure of schools with negative contribution margins, dispose of the North-West section of campus and Middleton Block.	9 (4)	49 (10)	1006 (115)	s 9(2)(b)(ii) 11,099 sqm
4	Closure of schools with fewer than 40 EFTS, keep central part of campus including administration and student hub, and Rural Studies campus.	7 (6)	43 (16)	968 (153)	s 9(2)(b)(ii) 10,357 sqm
5	Closure of Tairāwhiti campus (all schools), disposal both Tairāwhiti and Rural Studies campuses.	0 (13)	0 (59)	0 (1,121)	s 9(2)(b)(ii) 0 sqm

Tairāwhiti Campus consolidation options (continued)

The graph and table below provides an overview of the 5 options considered.

Tairāwhiti School Performance	$ Revenue	EFTS	CM %	Number of Programmes	No. of schools Retained (Y) / Ceased (N) by Option					
					Current	1	2	3	4	5
Te Uranga Waka	s 9(2)(b)(ii)	76	s 9(2)(b)(ii)	5	Y	Y	Y	Y	Y	N
Trades Academy		66		1	Y	Y	Y	Y	Y	N
Regional Learning Centre		231		1	Y	Y	Y	Y	Y	N
Nursing		58		2	Y	Y	Y	Y	Y	N
H&SS		68		7	Y	Y	Y	Y	Y	N
Ideaschool		13		2	Y	Y	Y	Y	N	N
Trades & Technology		139		17	Y	Y	Y	Y	Y	N
Primary Industries		331		10	Y	Y	N	Y	Y	N
Tourism & Hospitality		25		4	Y	Y	Y	Y	N	N
E&SS		36		5	Y	Y	Y	N	N	N
Toihoukura		40		3	Y	Y	Y	N	N	N
Business		25		1	Y	Y	Y	N	N	N
Computing		14		1	Y	N	N	N	N	N
Total		**1,121**		**59**	**13**	**12**	**11**	**9**	**7**	**-**

We note that the figures presented are estimates only. Our analysis has been limited by the quality and availability of the information.

Te Pūkenga

4. Operating Model

Te Pūkenga

Operating model considerations

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EIT can likely stand alone, but will need to make changes to its operating structure to support this

In Phases 2A and 2B, our primary focus has been on identifying and developing our understanding of the essential business capabilities that ITPs will need to function as viable, standalone entities in the future. The accompanying high-level thematic view (at right) of a prospective operating model for ITPs has served as a framework for our structural design work, detailed on the following pages.

EIT will be required to undertake strategic operating model assessment work to understand how its strategy will inform future operations and the shape of its model (i.e. steps 1 and 2 opposite). However, while broader strategic decisions for the future ITP sector are pending, our efforts have concentrated on core business capabilities at level three of the proposed model. These capabilities include critical functions such as finance, human resources, student support, teaching and learning, administration, and IT. Our structural design approach presumes that capacity equates to capability, with further discussion on internal capability to manage significant change / transformation at EIT elaborated on page 31. Where possible, we have minimised changes to the academic office (beyond those necessitated by potential programme closure). Further work may be required by EIT to refine which roles technically should sit within its back office, as opposed to being classified as academic delivery.

Our work has been influenced by elements of the delivery model, including EIT's staffing profile, property portfolio, and its mix of provision (level two). We have also considered critical functional enablers at level four of the model, such as infrastructure, workforce, and organisational design. Although we have not delved into the legislative framework of EIT we have identified financial arrangement changes necessary to achieve viability (level five).

On pages 26 - 28, we have stated how well the proposed high level structural design of EIT (included on pages 32 - 34) is likely to be able to deliver against each stated function. Where a function is excluded, we provide justification for its omission, or options for its delivery. We also note where functions are outsourced. The vast majority of omissions relate to potential strategic choices given a need to reduce FTE to support financial viability.

It is important to recognise that the structures presented represent **a potential mid-2025 future state model,** and that it will take some time to transition towards this. Discussions on potential phasing for change are included on page 36, but independent employment advice will need to be sought, along with deliver of considerable role mapping, union engagement, and design work. While EIT will not need to make major immediate change to transition towards viability, it will require an ongoing focus on cost management. Future effort will be essential to refine EIT's operating model and organisational structure, so that it can achieve not just financial viability, but financial sustainability. Adoption of changes from Phases 2A / 2B, whether partially or fully, will necessitate a level of shift in EIT's operations. With appropriate strategic leadership and support, we anticipate this is achievable for EIT, but note that any change may result in additional uncertainty and capability loss.

As noted, the proposed structural design in Section Five represents a minimum viable product that EIT would need to adjust, should economic and organisational conditions allow, if it proceeded with a similar design. It is presented as only one potential structure, and has been developed in relative isolation from EIT. We provide guidance on what a potential organisational change process could look like on page 36.

Strategy	1
Delivery model	2
Functional capabilities	3
Functional enablers	4
Legislative and corporate structure	5

Operating model considerations

The fundamental strategic role of, and differentiator for, each ITP, plus their role in the community.

Strategy

- Agenda
- Strategic foundation
- Differentiators and / or competitive advantage
- Community role
- Governance

1

The ways in which the ITP intends to deliver tertiary education (its 'offering').

Delivery model

- Target learner market
- Strategic partnerships
- Staffing profile
- Mix of provision
- Delivery mode
- International vs domestic role and delivery
- Footprint

2

The baseline functional capabilities required for a standalone ITP.

Functional capabilities

- Finance
- Procurement
- Legal
- Facilities (strategic and management)
- Student support
- Student administration inc. enrolments / registry
- Academic quality
- Curriculum / course design
- People & HR inc. payroll
- International education
- Strategy
- Equity / Māori and Pasifika support
- Library
- Print / Reprographic
- Administrative support
- Teaching and learning
- Research
- IT
- Faculty support
- Information and business analysis
- Community engagement
- Marketing and communications

3

The enabling factors that will support effective operations and delivery.

Functional enablers

- Technology
- Processes and policies
- Workforce
- Infrastructure (property and IT)
- Organisational structure
- Roles and accountabilities
- Information and data
- Governance

4

The legislative structure and arrangements that will allow an ITP to function.

Legislative and corporate structure

- Legal and regulatory structure/s
- Capital structure
- Cash, banking, tax and treasury structure

5

Functional capabilities assessment (1/3)

Function	Included elements	In structure?	Outsourced?	Notes
Finance	Includes strategic finance and accounts management functionality	✔		*Finance function of circa 10 FTE within EIT. We note that EIT's Budget included a new Director of Finance role, and this has been considered in the structure. Across the remainder of the team, EIT may wish to prioritise funding towards strategic financial management in line with strategic considerations outlined on page 31, reducing this headcount but increasing capability.*
Procurement*	Contract assessment, contract review	✔	✔	*It is anticipated that this is covered by the EIT finance team. However, EIT should consider whether it should seek outsourced strategic procurement advice.*
Legal*	Legal advice, legal review		✔	*Is not included in current or future structure. It is anticipated that advice will continue to be sought via outsourced services.*
Facilities (strategic and management)*	Facilities management, facilities operations, maintenance, security	✔	✔	*It is anticipated that this is covered by the EIT facilities team. However, given ongoing strategic property management requirements, it is recommended that EIT seeks to acquire outsourced capability in this area.*
Student support	Māori/Pasifika student support, student health, careers advice, student engagement, mentoring, learning support	✔		*Retained within structure with some reductions to support programme closures.*
Student administration	Enrolment administration functions, enrolment data management, enrolment advice	✔		*Retained within structure with some reductions to support programme closures.*
Academic quality	Includes quality assurance, academic data management	✔		*Retained within structure.*
Curriculum / course design*	Includes instructional design, course design	✔		*Retained within structure.*

** In Appendix Nine, we note a range of functions that may be able to be delivered through some sort of shared services functionality. This function is included on that list.*

Functional capabilities assessment (2/3)

Function	Included elements	In structure?	Outsourced?	Notes
People & HR inc. payroll*	Payroll, recruitment, employment relations, functional HR, health and safety	✔		*Retained within structure.*
International education	International education advisors, international education strategy and recruitment	✔		*Retained within structure, including Auckland based roles.*
Strategy	Strategic development, planning and reporting	✔		*There are a range of roles that are expected to have strategic components to them. However, as discussed on page 30, there may be some additional support required by the organisation for transition. The scope and scale of change will determine this need; it has therefore not been costed as this stage.*
Equity / Māori and Pasifika support	Student support tailored to Māori and Pasifika, Māori and Pasifika strategy	✔		*While specific Māori and Pasifika Advisor roles have not been isolated in the Student Success teams, there is the ability for any number of these to be focused on Māori and Pasifika.*
Library	Library staffing	✔		*We have reduced library staffing numbers.*
Print / Reprographic*		✔		*EIT has maintained this functionality, but should explore whether commercial operators would deliver greater efficiencies.*
Administrative support	Non-academic support roles	✔		*Have broadly been retained with some reductions in line with reduced back office FTE.*
Teaching and learning	All academic roles	✔		*Except to reduce overall numbers in accordance with potential programme closures, we have not reduced academic roles.*
Research	Research roles	✔		*Retained within structure, including new Research Director role.*

** In Appendix Nine, we note a range of functions that may be able to be delivered through some sort of shared services functionality. This function is included on that list.*

Functional capabilities assessment (3/3)

Function	Included elements	In structure?	Outsourced?	Notes
IT*	Helpdesk, technology function and support, technology maintenance	✔		*Retained within structure. We note that the EIT budget included several additional strategic IT roles to aid with technological transition, these have been added to the structure and administrative roles reduced to help balance FTE numbers.*
Faculty support	Academic (faculty) and non-academic support roles	✔		*We have reduced back office support roles in line with programme closures. Numbers could be reduced further by combining Programme Administration roles across multiple schools or areas. We acknowledge that our approach to this has been approximate due to a spread of faculty support across academic and non-academic offices.*
Information and business analysis	Planning, reporting, business analysis, KPI tracking, government reporting and monitoring, investment Plan development	✔		*It is anticipated that this functionality is split across the Finance team and across senior staffing roles.*
Community engagement	Engagement with employers to support job brokering, connections with schooling system, connection to iwi/hapu and Pasifika communities	✔		*The Director Business Relationships and Transitions will manage community and industry engagement. Retained in structure.*
Marketing and communications*	Marketing, international marketing, social media, communications (internal and external	✔	✔	*Retained within structure, noting this may also be outsourced.*
Governance**	Council, audit and risk committee and other boards	✔		*EIT will host its own Governance structure as a standalone ITP. Please see Appendix Seven for more details. We have included costing for this governance structure given it is pending legislative decision.*

** In Appendix Nine, we note a range of functions that may be able to be delivered through some sort of shared services functionality. This function is included on that list.*
*** Governance is technically within the strategic layer of the operating model, but there are core business functions that may be required to enable it.*

Business capabilities within EIT

Capability assessment in a readiness construct

Our Phase 1 report provided a brief change readiness assessment for EIT. This has been updated noting we have not witnessed any significant change from our original assessment (noting no in-depth analysis has been performed). We acknowledge the limited engagement with EIT during this review and that this assessment should serve as a foundation for further discussion and validation regarding readiness between Te Pūkenga and EIT. Appendix Three of our Phase 1 report sets out the descriptors used to evaluate BD acceptance of and preparedness for change, illustrating what PwC considers 'best-in-class' for an engaged and change-ready organisation. The rating provided offers a comprehensive overview of both acceptance and preparedness. Please note that this assessment does not take into consideration any readiness related to core systems; basic information on core systems were included in Phase 2A reports as provided by Te Pūkenga, and information on funding to achieve core system functionality has been incorporated into this report.

Summary of assessment

- EIT appears to currently have insufficient management capacity and capability to undertake the level of change considered in this report. We have endeavoured to retain most of the core structure of strategic roles at EIT, however, we note that they may still be some capability gaps that will need to be addressed. The current Finance Director / CFO is operating in an acting capacity, and is s 9(2)(a) Over the course of our engagement, it has been challenging given time constraints on the EIT side to obtain relevant information. We also note that ongoing budget revisions and analytical work have impacted on our ability to undertake detailed analysis; and an inability to match between key data sources (particularly budget and payroll data) has proven difficult in our attempts to analyse EIT's operations. This has broadly impacted on our earlier assessment of 'good readiness', and we now believe EIT is best to seek strategic support to facilitate its transformation. We note that EIT will likely require the support of a small transformation programme management office to support change (more information on page 45), however, this has not been costed, as operational decisions will determine the timeframe and extent of support needed.
- We maintain our earlier stance that the organisation will need to employ a strong, dedicated CEO who is able to focus the organisation on a return to viability. It will also be important for this person to be well connected (or able to bring a community focus) in the Hawke's Bay and Tairāwhiti, and to take a future-focused approach that is not dependent on continuing with operating as per the status quo.
- Prior to the impacts of COVID-19, EIT was operating with an annual surplus. While there have been a number of changes to the management team in that time, there is also an adequate level of continuity and institutional knowledge. However, we caution that there will need to be a significant level of knowledge transfer between any outgoing or fixed-term staff members and any new key management staff at EIT.
- The management team at EIT has a view that because it operated at an annual surplus prior to suffering the impacts of COVID-19 and Cyclone Gabrielle, and now that the impacts of both events are reducing; EFTS will therefore return to EIT, and the BD will return to viability. Our view is that there will need to be a very focused and proactive management team with the required capability to return EIT to surplus, and to viability. We recommend that EIT seek strategic advice to determine a future strategy that realistically assesses likely domestic and international EFTS growth; and seeks to identify further opportunities for transformation.

Overall rating

Limited readiness

Change will be needed at the management level (or additional support sought) to facilitate transformation, and to help EIT reposition its future ambitions with reference to actual projected growth against the domestic education sector.

5. People and Workforce

Te Pūkenga

Approved

Introduction to potential structure

Overview of changes considered

Management has budgeted 605 FTEs in their FY25 budget, across academic (301) and non-academic (304) staff. In order to achieve financial viability, and to reflect reduced academic delivery and overall campus footprint, EIT's staffing numbers should reduce to reflect the new operating environment and circumstances. We have identified potential FTE reductions across both academic and non-academic roles outlined below:

Function	Location	FTE	Est. Savings p.a	Est. Redundancy
Academic	Various	30[1)]	$2.5m (accounted for through the programme optimisation)	$1.9m
Non-academic	Various	47	$3.6m (accounted for as a standalone saving)	$1.7m
Total		**77**	**$6.1m**	**$3.6m**

profitability analysis, directly relating to programmes budgeted with negative contributions. The Base Case assumes that 75% of those programmes are ceased, representing 30 FTEs and a calculated annual savings of $2.5m on direct staffing costs. We have reflected this saving through a net contribution adjustment, capturing both lost revenue from the ceased programmes and the allocated costs.

Non-academic staff - We have taken a simplified approach to identifying which functions are essential for BD delivery, and have attempted to adapt the EIT non-academic staffing profile in accordance with the reduction in academic roles identified. Through this high-level approach, we have identified 47 FTEs, with an estimated annual remuneration savings of $3.6m (excluding redundancy costs). We have used an average salary of $76,200 to estimate potential remuneration savings for non-academic staff. Please see page 42 for assumptions.

The illustrative structure size is **529 FTE**, following the above potential FTE reductions identified [2)].

EIT's organisational structure - methodology and limitations

EIT personnel data has been challenging to work with. We have been unable to fully reconcile the payroll data available to us with the budgeted information for EIT. Despite creating an updated list of staff in September 2024, it appears that further changes may have occurred in planning for people going forward.

EIT's organisational structure - methodology and limitations (continued)

To achieve our indicative FTE numbers, we have focused on potential reductions to academic delivery, and then have apportioned non-academic reductions across remaining staff. Due to budget and payroll data challenges, our reductions have been driven by reductions in back-office services, as well as reducing the number of some support functions in accordance with lowered EFTS numbers. For example, our payroll data indicates ~28.5 FTE in Programme Administrator roles. We have retained ~17 FTE in the potential structure, and this is without taking into consideration any reductions in Programme Coordination. Further work will be required to identify additional efficiencies in faculty support roles. In addition, we have also removed support roles to accommodate 'strategic' roles included in the EIT budget.

There is not an exact correlation between teaching FTE and structural FTE (i.e. a role may contain 0.3 FTE teaching time and 0.2 FTE administrative duties, and therefore we cannot assume a 1:1 reduction in FTE); our structure has tried to take this into account. We also note that our remit has been to develop an independent view with a focus on financial viability, but as we note on page 4, not financial sustainability.

EIT does not appear to maintain a consistent approach for classifying its staff across academic and non-academic offices (i.e. certain very similar roles are found in both offices in data), we have provided a basic overall structure and broad numbers of roles per area; the actual split across academic and non-academic roles may vary. Further work will be required to understand if this is a plausible allocation of resource, and whether costings used are appropriate. For this reason, we have not run an additional faculty : academic staff ratio; we anticipate EIT will need to focus on this through design.

The proposed structural design will be required to be adjusted over time, should economic and organisational conditions allow, and on the basis of ongoing work on the strategic role of the future ITP sector. It has been assumed that the structure goes live in 2026, any earlier go-live may have an economic upside. We have costed a small number of additional FTE (10.2 FTE) which will be retained for teach out in 2026; these are shown on a separate box on the structure chart.

This work is presented as only one potential structure; noting that detailed organisational design work (including detailed job mapping and impact analysis) would be required before any decision on a future structure is determined. Information on a process to achieve this is noted on page 36. Please see page 42 for further assumptions on this structure, and risks identified.

1) This reflects the scenario presented in the indicative FY25 baseline, where 75% of programmes budgeted to generate a negative margin in FY25 cease to be delivered. It assumes that savings associated with academic staffing costs allocated to these programmes can be achieved following programme closures.
2) This reflects the potential 77 FTE reductions identified and illustrates the structure size following teach out of relevant programmes. It excludes any future FTE changes associated with EFTS growth included in the Base Case.

EIT potential management structure

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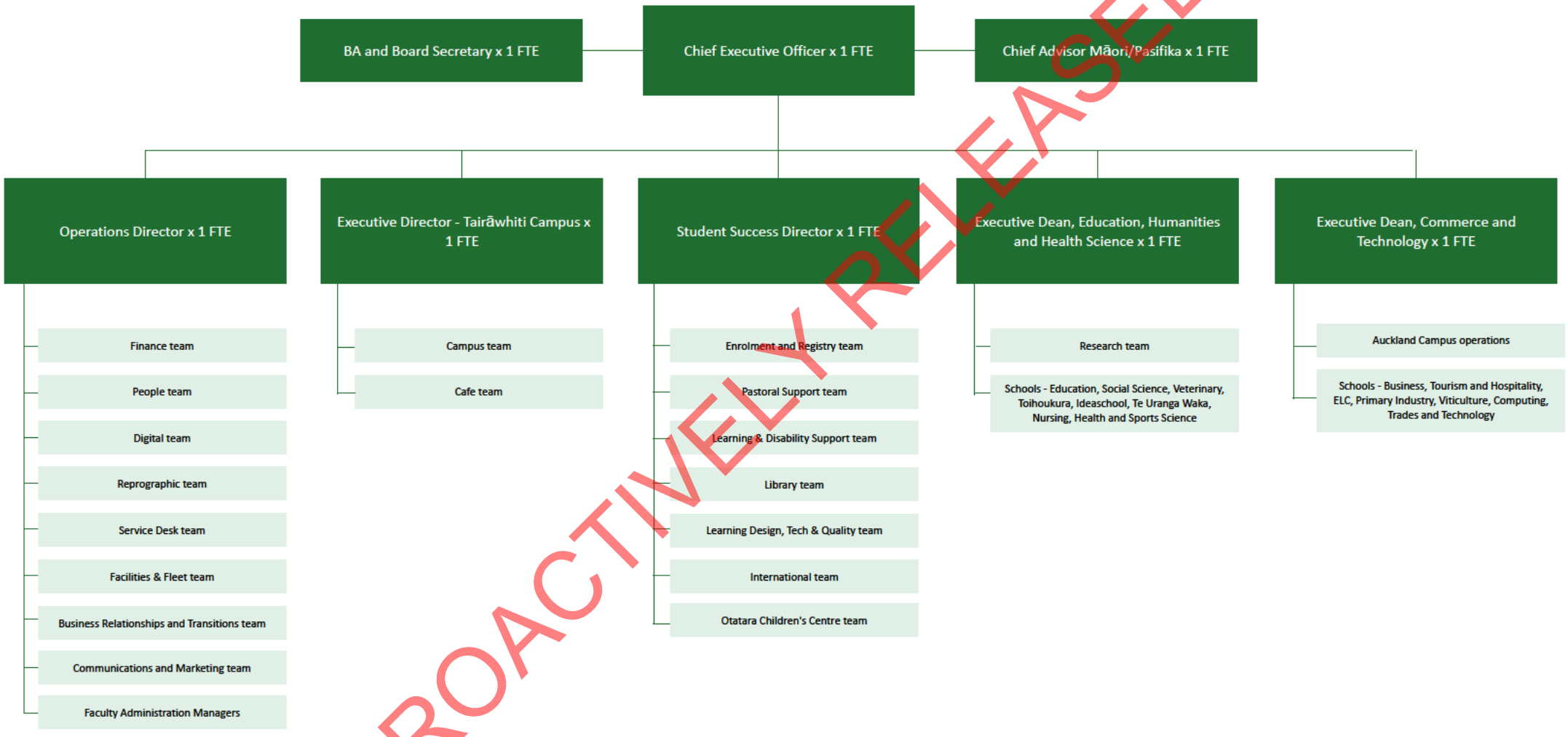

Te Pūkenga

EIT potential management structure

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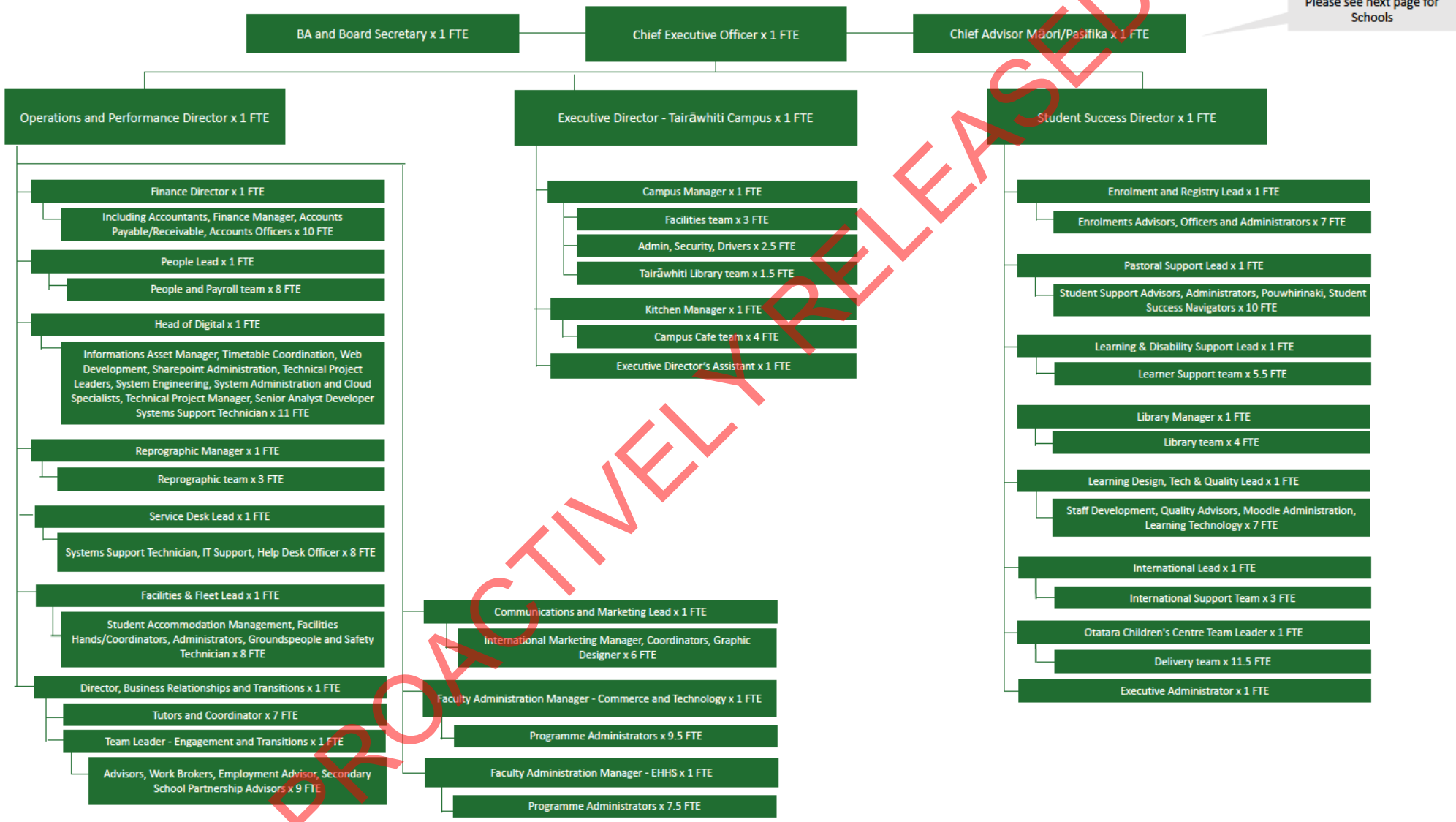

Te Pūkenga

EIT potential management structure

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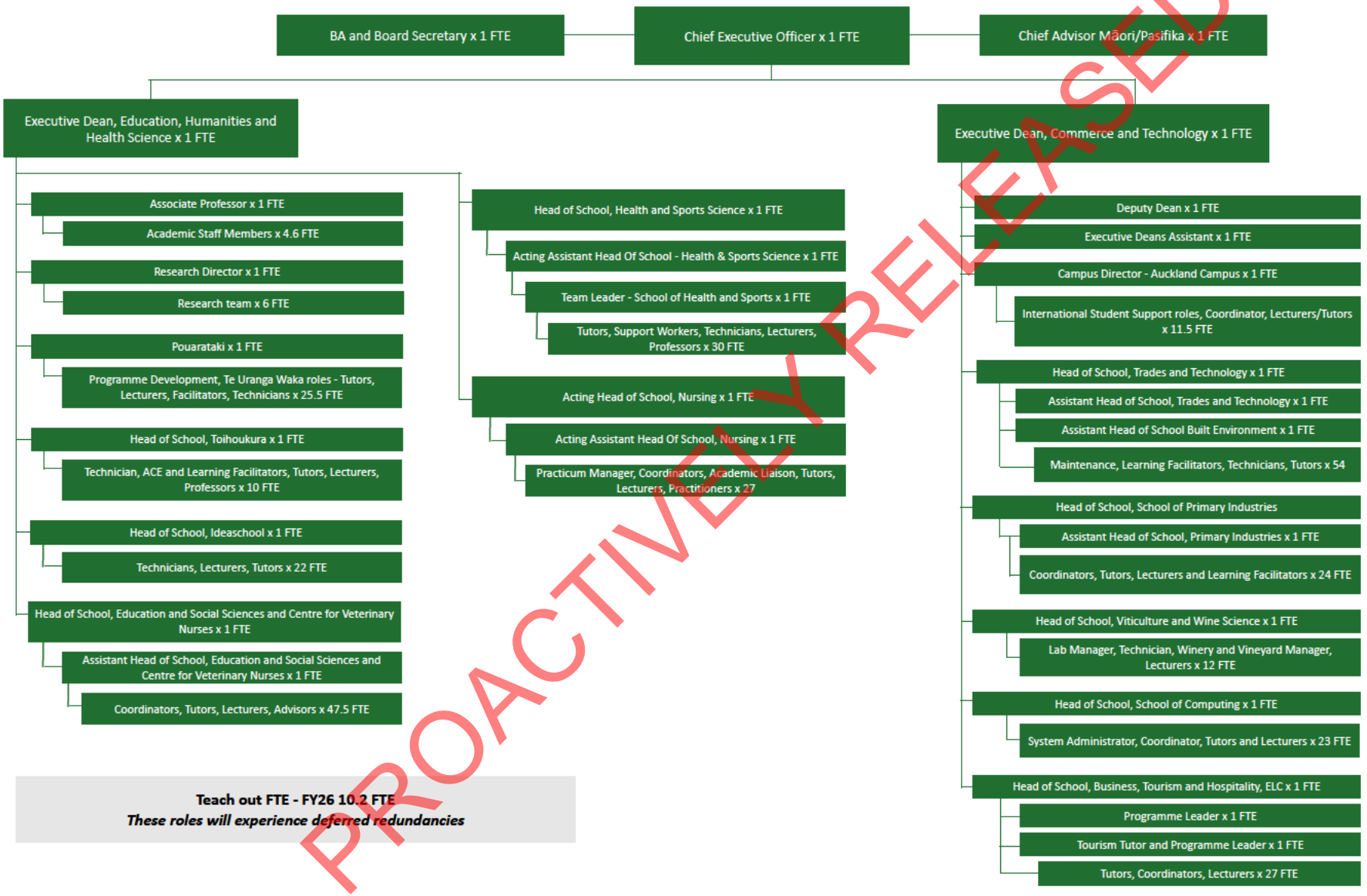


Teach out FTE - FY26 10.2 FTE

These roles will experience deferred redundancies

Te Pūkenga

Structure Costings

Approved

EIT

Cost of the potential new EIT structure

As noted on page 31, we have faced a series of challenges in costing EIT's future people structure. Any structure should be viewed as preliminary and indicative; we acknowledge that further work will be required by EIT to ascertain whether the reductions proposed across the academic and non-academic staffing profile can be achieved. We also note that EIT will likely have to undertake significant work to cleanse its payroll and / or establishment data to inform future design. The values at right are approximate only. We have used the value of reductions in programme related pay to assume the cost of academic staff reductions, and an average salary ($76,200) to identify potential reductions across non-academic staff.

Further work is required by EIT to undertake detailed assessment to support costing. This work must be undertaken prior to Te Pūkenga considering consultation, and will likely need to be undertaken alongside unions. This will considerably alter the cost of the new structure, because decisions will need to be made around *which* specific roles may grandparent into any new structure, and these may be at a higher salary level. There are contracted terms within the CEAs of both TIASA and TEU that require Te Pūkenga to pay an equalisation allowance for two years, or of an equivalent lump sum, where an individual is confirmed in a role at a salary level lower than their old role.

The savings information listed at right is based on total fixed remuneration, excluding Kiwisaver, allowances and leave. Information on the data used to calculate redundancies is available on page 42. We note that we have used a conservative approach to cost redundancy. This includes all FTE, including casual and fixed term staff who may not be eligible for redundancy. Operational decisions by EIT may reduce this value.

CEA terms state that reconfirmation into a new role can only occur if the position responsibilities are the same or very similar to those of a current position, and the salary range can be no less than the current position, which may result in higher than intended redundancy costs even if it a 'similar' position exists in any new structure. We have not had access to job descriptions during this process, nor have we sought to design new roles for any potential structure.

It is anticipated that the staffing profile described on the previous few pages will be realised by the middle of FY25. Any redundancies required for FY26, FY27 and FY28 teach out would be deferred redundancies, the value of the salaries are noted under under additional teach out costs on the previous page, but these redundancies would not be payable until the year teaching ceases. At right, we have estimated how the minimal level of FTE teach out movement may occur, acknowledging that changes will be broadly determined by programme closure sequencing.

Summary - EIT workforce costs	
Total FTE reduction compared to Budget	77 FTE
New structure back office size	**257**
New structure academic office size	**271**
Total new FTE size [1)]	**529**
Potential savings Academic	$3.6m
Potential savings Non-academic	$2.4m
Total remuneration savings	**$6m**
Total potential cost of change including 50% contingency*	$3.6m
Total teach out costs FY25**	$2.5m
Total teach out costs FY26**	$0.9m
Total teach out costs (cumulative)***	**$3.4m**

* The 50% contingency applied to 'cost of change' (i.e. redundancy payments) is included to help mitigate the impact of unassessed major change, as identified at left. Please see page 42 for more information on these costings.
** Costs reflect direct staffing costs in that year. Cost savings will be realised in the following year once teach out has concluded. Teach out costs reflect the scenario presented in the indicative FY25 baseline, where 75% of programmes budgeted to generated a negative margin in FY25 cease to be delivered.
*** The total value of savings across remuneration will not be realised until teach out has concluded.

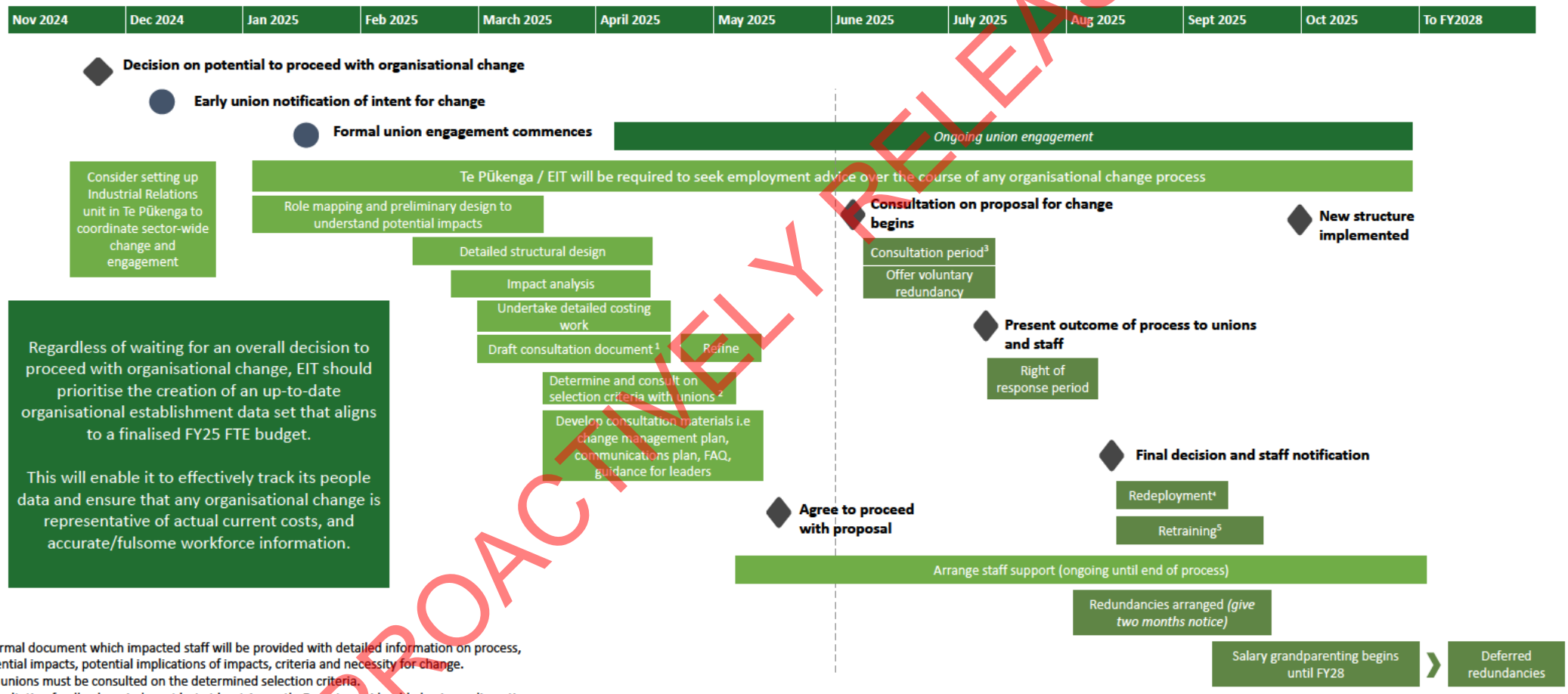
1) This reflects the potential 77 FTE reductions identified and illustrates the structure size following teach out of relevant programmes. It excludes any future FTE changes associated with EFTS growth included in the Base Case.

Potential pathway for organisational change

Approved

The timeline below presents a perspective on the minimum steps to deliver organisational change

Below, we have created a high level timeline showing the minimum steps required to deliver organisational change process. It is noted that any delays in the process outlined below might push out cost savings into future years. It is anticipated that EIT may run one organisational change process, but defer redundancies for teach out until later in 2026. It is expected that the savings from any process will not be realised until FY26; any earlier progress on implementation may have an upside.



Regardless of waiting for an overall decision to proceed with organisational change, EIT should prioritise the creation of an up-to-date organisational establishment data set that aligns to a finalised FY25 FTE budget.

This will enable it to effectively track its people data and ensure that any organisational change is representative of actual current costs, and accurate/fulsome workforce information.

1 A formal document which impacted staff will be provided with detailed information on process, potential impacts, potential implications of impacts, criteria and necessity for change.
2 The unions must be consulted on the determined selection criteria.
3 Consultation feedback period must last at least 1 month. Expect considerable business disruption over this time period.
4 Assumes no relocation allowances will be paid as we do not anticipate relocation.
5 Requirement to offer retraining or retraining expenses under the CEA.

KEY: Major milestone | Pre-consultation activities | Post-consultation activities | Union engagement

Te Pūkenga

6. Assumptions & Sensitivities

Te Pūkenga

Risks / assumptions - forecast

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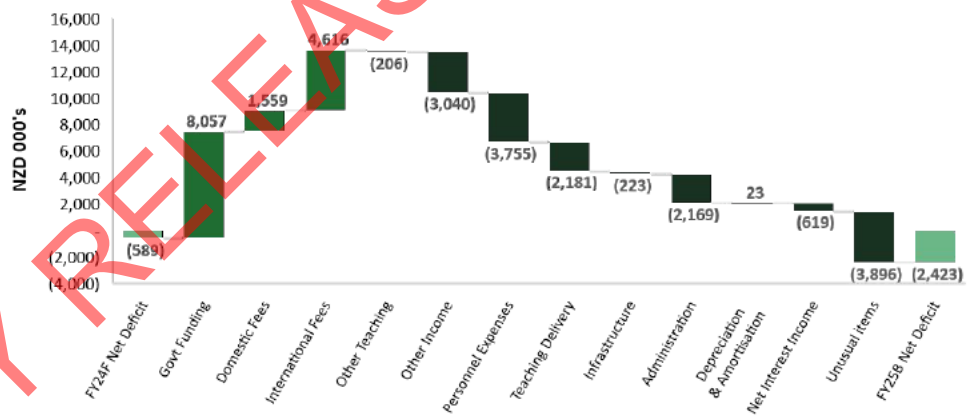
EIT

FY25 Budget - assumptions and risks

Revenue	
Government funding	Forecast using the allocation initially provided from Te Pūkenga, overlaid with changes arising from FY25 budget provided by EIT management.
Domestic Student Fees	The 6% Annual Maximum Fee Movement (AMFM) proposed by the Government could impact the number of enrolments, however, it is too early to tell. Management has budgeted EFTS growth of 368 students as EIT campuses continue to recover from the impacts of Cyclone Gabrielle.
International Student Fees	Increase in International student fees primarily driven by an increase of 85 EFTS (13%). While management has strong confidence in achieving this growth, we consider there is a material risk to this revenue as the accelerated growth from the year prior may not be repeatable, and there is a risk that student visas are not issued or delayed due to immigration setting changes. The increase is further underpinned by an average fee per student rising from c. $20,000 (FY24B) to c. $24,000 (FY25F). The FY24 reported average fees appear artificially low and we understand that management is investigating further.
Other Teaching Income	No material concerns.
Other Income	Drop in Other income primarily driven by a $1.5m decrease in research revenue as a result of ongoing campus changes.
Expenses	
Personnel Expenses	Increased expenditure is currently driven by additional roles required to operate as a stand-alone entity ($1.0m) and 4% wage inflation ($1.9m) with the remaining $0.8m driven by additional FTEs.
Teaching Delivery	The largest cost increases relate to an additional $1.8m in software costs passed from Te Pūkenga Head Office. $0.9m is attributable to the commission fees paid to source overseas students.
Infrastructure	Infrastructure costs are forecast to decrease primarily due to a $0.2m reduction in repairs and maintenance as a number of properties are currently being replaced and others mothballed, notably Block N and half of Block D on the Taradale campus.
Administration	Majority of increase is attributed to the costs of $1.8m passed down from Te Pūkenga Head Office.
CAPEX	Forecast assumes s 9(2)(b)(ii) CAPEX for the Taradale rebuild programme plus limited ongoing CAPEX spend. There is a risk that the rebuild programme will face cost overruns and / or further delays, and the funding shortfall will expand as a result. Refer page 46 for details.

Risks / issues identified



FY26 - FY30 - assumptions

Revenue	
EFTS	**Domestic EFTS:** 8% Growth in FY25. 2% per annum there after. **International EFTS:** 7.5% increase for 2026-27. 2% there after.
Revenue Assumptions	**Government funding:** Increasing by 2% per annum (in line with inflation) per EFT from FY26 onwards. **All other revenue (excl. Government funding):** Increasing with inflation (2%), no business interruption or material damage insurance proceeds after FY25.
Expenses	
Expenditure	**All expenditure:** Increasing with inflation, of 2% per annum.
Personnel Expenses	Salary growth of 2% per annum. FTE Growth is forecast at 2% per annum.
CAPEX	Forecast assumes ongoing CAPEX spend of $4.4m to $5.3m a year for essential works and equipment replacement only. This is well below depreciation levels of $8m - $9m a year and may result in deferred maintenance. Refer page 46 for details.

Te Pūkenga

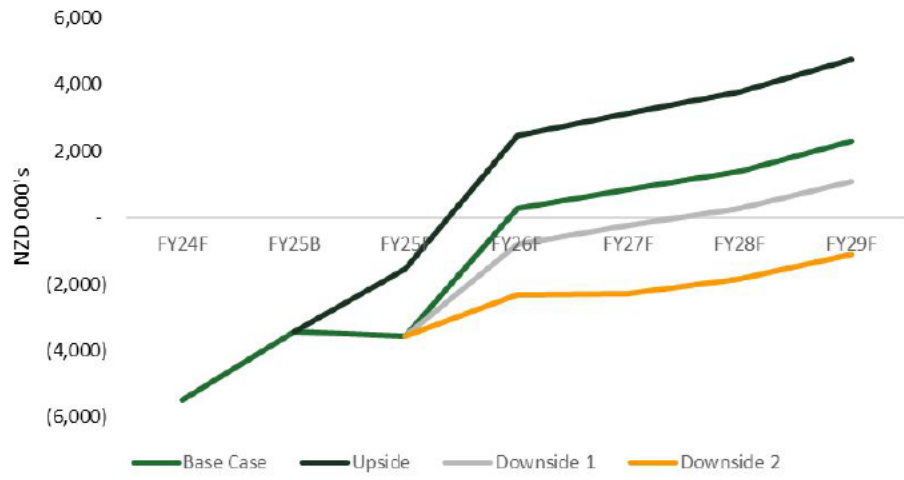
Sensitivity analysis

Sensitivity analysis

- The forecast is subject to a range of risks (and upsides) discussed in this report. We have already adjusted for some of the risks in our Base Case, particularly as it relates to the international income growth assumed by management. Our sensitivity analysis outlines additional potential standalone scenarios, underpinned by a different set of assumptions for EFTS growth rates and the level of savings achieved through the initiatives included in the Base Case.
- The three alternative scenarios considered are as follows:
  - **Upside Scenario** - this scenario assumes the growth in intentional income is aligned with management expectations (e.g. a $2m reduction in international income assumed in the Base Case relative to FY25 budget was removed).
  - **Downside Scenario 1** - this scenario assumes there is no growth in domestic EFTS from 2025 onwards.
  - **Downside Scenario 2** - this scenario assumes only 50% of staff cost savings assumed in the Base Case are actually achieved (either by choice not to pursue some of the savings or through implementation).
- The graphs on the right capture forecast EBITDA and Underlying surplus / deficit under each scenario relative to the Base Case for the period 2025-2029. The modelling has been completed on a high-level basis and has been limited by the quality of the information provided.
- We note that none of the scenarios captures all upsides or risks that may occur or arise. In particular, EIT management has identified a range of opportunities (outlined on page 13) that they are currently considering. These are not included in the Upside Scenario.
- Similarly, the downside scenario doesn't accommodate changes to policy settings, re-acceleration of inflation or any reduction in EFTS levels relative to FY25 budget, which may occur. These, alongside other risks, may have further negative impact on EIT performance over the forecast period and result in further shortfall in performance.
- There is a range of levers EIT can pull should any of the risks or downside scenarios materialise. These include the Management opportunities identified on page 13, along with a range of options considered for the Tairāwhiti campus, which is underperforming. Tairāwhiti campus options are outlined on page 22.

EBITDA sensitivity

Underlying Surplus / Deficit sensitivity



7. Risks and Assumptions

Te Pūkenga

Risks / assumptions

Approved

Assumptions and risks / issues identified

- This report has not taken into account the obligations of EIT in relation to Te Tiriti o Waitangi. Potential divestment in programmes (and property / locations) that support cultural uplift may have ramifications under Te Tiriti, and will need to be explored in detail with iwi, hapu and whānau.
- We have not completed any engagement with stakeholders (outside of EIT leadership) to understand community needs, and to test potential models, the appropriateness, and the suitability / alignment to community / regional needs.
- The Minister's recent consultation process has concluded, but we are not yet aware of its outcomes. Accordingly we are unable to factor the outcome into these recommendations, including whether future ITPs are able to undertake the arrangement of work-based learning and further details on the federated model (i.e assess the benefits to EIT).
- Workforce and structural organisational change risks are outlined on the next page.
- Our analysis has not taken into account any future competitive activity between BDs / ITPs, which may impact on organisational operating model decisions (including people, property and provision).

Property

- EIT is undertaking a major rebuild programme for its Taradale campus in Napier, flooded during Cyclone Gabrielle. There is a risk the actual cost will exceed the funds available through the insurance and the ring-fenced fund. Any material shortfall will likely need to be covered by Te Pūkenga and / or the Crown as EIT is not in a position to cover any such costs, if material.
- The Taradale campus is halfway through the rebuild process, which is expected to be substantially completed by late 2025 or early 2026. Any unexpected delays may result in extra costs being incurred (eg. temporarily leases needing to be extended etc) or loss in revenue, as EIT may struggle to attract students while the campus is being rebuild.

Delivery

- This report has not sought to triangulate the value of delivery to regions and communities. It is expected that the financial recommendations made in this document will now be considered in the context of regional need, to determine what an appropriate mix of provision may contain.
- We recognise that removing specific courses or qualifications could have adverse societal and educational impacts; each decision will need to consider wider impacts.
- There is likely a high degree of impact on the community from the proposed ceased delivery of programmes, including changes to foundation delivery.
- The courses or qualifications identified as non-profitable in this report have largely been proposed for further review by EIT management. We have not considered any opportunities created through a change to delivery mode.
- The key assumption in EIT's indicative baseline is that the rebuild process of the main Taradale campus will continue as expected and will be substantially completed by early 2026. No further disruptions to delivery have been accounted for.

Data quality - LOW to MEDIUM confidence

- **The overall data quality provided to us was low to medium. This introduces a material limitation to our ability to independently validate the accuracy of the information we relied on and impacted our confidence in the information presented and analysed.**
- In particular, the FY25 budget was prepared by management under significant time pressure and we have low to medium confidence in the budgeting process followed. While there has been an increased management focus on refining the FY25 budget recently, our confidence remains constrained. The FY25 budget process has still not been completed.
- Staffing information received did not reconcile with other sources of information including organisation charts and similar. This impaired our ability to independently review the information and provide clear conclusions with confidence.

Risks / assumptions

Approved

EIT

Assumptions - workforce and structural organisational change

- This work does not constitute employment advice; no assessment on its achievability within employment legislation or employment agreements is provided.
- The report identifies potential FTE reductions based solely on financial viability and has not been tested with the BD. We assume that decisions on FTE reductions are to be made by the commissioning parties, considering network-wide implications, staffing profile changes, and regional presence.
- Our analysis assumes the BD needs to operate as a standalone entity. FTE reductions are exploratory; they do not present any definitive recommendation for restructure or follow a standard, complete organisational design process. Potential reductions are categorised across academic and non-academic roles, noting that EIT does not appear to use a consistent classification system for these roles.
- A minimum level of operational delivery (capability and capacity) has been considered when identifying potential FTE reductions; for example, maintaining key operational functions to stand alone, such as finance and HR.
- Potential FTE reductions consider proposed programme closures and flow on faculty and back-office role impacts.
- Full role analysis was not conducted to understand how roles may map into a potential new structure. Our estimation of 47 non-academic FTE assumes a reasonable reduction in back office faculty support (sitting under non-academic roles) plus some reductions in services, such as student support.
- Analysis is based on July 2024 payroll data. Changes since then or current recruitment / vacancies are not considered, though we acknowledge the EIT budget included vacancies. We have incorporated some changes to our original payroll data due to discussion with EIT, but further work is required by Te Pūkenga and / or EIT to determine an approach.
- We have used average EIT back office and academic remuneration to identify potential redundancy costs (average tenure, salary, and annual leave liability). Potential training and relocation costs were not included in analysis. Individual redundancy costs may vary by role, tenure, contract terms, and annual leave balance.
- The classification of 'major change' under New Zealand Employment Law, which may increase redundancy costs, was not considered, given we did not undertake a full impact analysis. As noted above, this analysis does not constitute employment advice. A 50% contingency has been added for unassessed impacts (i.e 'major change').
- Grandparenting existing staff may reduce immediate redundancy costs but maintain future redundancy liabilities. CEA obligations on grandparenting were not identified.
- A standard redundancy approach using CEA clauses was applied for all FTE reductions.

Risks / issues identified

- We used a pragmatic approach to identify potential remuneration and redundancy costings, but this work is preliminary, indicative, and subject to change.
- Potential FTE reductions could result in additional uncertainty, leading to potential staffing level decline and capability loss within the BD.
- The FTE reductions contained in this report aim to create a financially viable organisation but do not necessarily represent a financially and strategically sustainable one. The strategic role and future intention of ITPs may impact the viability and sustainability of the presented FTE level.
- The EIT payroll data set received from Te Pūkenga is incomplete, which may cause inaccuracies in our analysis, such as skewed average salary calculations. Thus, the analysis should be viewed as representative only, acknowledging this risk. In addition to this, there is a disconnect between calculated workforce figures and those presented by EIT in its budget, which may cause figures to be under or over-inflated in terms of savings and costs.
- Current fixed-term and casual staff without an FTE value in the existing workforce were calculated using the average theoretical academic salary and average FTE. The figures used for these individuals may be significantly different.
- Our non-academic costings use average salary information ($76,200) to estimate savings that can be achieved, and academic costings are based on the value of programme data reductions apportioned to 75%.
- Standard CEA clauses may not reflect IEA clauses, and we did not have access to IEA clauses. Our approach of using CEA clauses may impact on potential redundancy costs.
- Double / triple hatting (i.e. people working across multiple roles) is common within BDs. As our analysis focused on roles, not people, multiple role holdings were not considered, possibly overestimating savings and underestimating redundancy costs. This is a simplistic, representative approach that may not account for the complexities of academic delivery and roles.
- We have calculated redundancy costs as at the middle of a calendar year for the purpose of simplicity. The actual date of any change will impact on overall costs. Redundancy has been calculated on a per FTE basis, not a headcount basis, assuming 1 FTE per position. Academic redundancy uses a salary of $81,084 and non-academic redundancy a salary of $69,039, acknowledging we anticipate greater change amongst non-management roles in the back office.
- It is expected that redundancy calculations may change based on actual headcount.
- Potential significant costs (including tax) related to redundancy payments (and / or any other type of payment payable to staff) have not been fully explored.

8. Financial management and controls

Te Pūkenga

Financial management

Approved

Financial management and controls recommended

Proposed changes to EIT's operations are not immaterial. Once clear decisions have been made about which financial opportunities need to be implemented, it is important to empower EIT to deliver these by ensuring the right processes are in place to track and monitor progress, and that clear roles, responsibilities and accountabilities are defined at EIT and Te Pūkenga. A brief introduction to financial management practices and controls that will need to be implemented at EIT are summarised below, noting that capabilities in programme delivery and change management are also considered important to achieve the financial outcomes desired.

Reporting and monitoring going forward

The following financial practices are required to support improved monitoring of financial performance at EIT. These behaviours should be embedded at all levels of the organisation with all budget holders accountable and actively monitoring.

Budgeting and forecasting

- **Scenario planning:** incorporate budget scenarios to account for various financial outcomes and uncertainties including downside student forecasts (international and domestic).
- **Reassess cost allocations:** consider how costs are allocated to academic / non-academic or campus locations to better understand the cost drivers and manage expenditure more effectively.

Strategic Workforce Planning

- **Workforce budgeting:** integrate workforce planning into the financial budgeting process, aligning staff levels with financial constraints and strategic goals.
- **Workforce establishment data set management:** create and confirm establishment data set and introduce planning controls to account for any change in FTE.

Reporting

- **Financial reporting**: ensure that appropriate visibility of financial performance is provided to management to enable decision making and ongoing performance monitoring (e.g. by campus and school).
- **KPI monitoring:** ensure regular monitoring of KPIs against budget to ensure that any deterioration can be quickly identified and responded to.

Programme profitability management

- **Regular review:** of the financial performance of programmes to improvement initiatives to be identified and implemented early, or enable rationalisation where required.

Reporting and monitoring change initiatives

We have also outlined key activities below that EIT will have to deliver to ensure that the benefits of the financial improvement initiatives implemented are achieved. We note that for EIT, further strategic capabilities may be required, as outlined on page 29. We acknowledge that EIT has budgeted for a Director of Finance and we have maintained financial capacity to support delivery of strengthened financial reporting and controls.

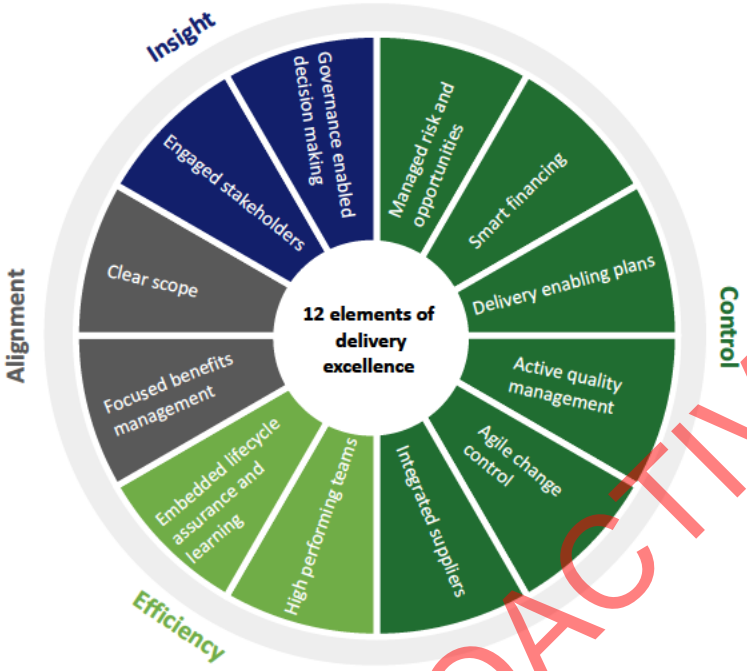
Focus area	Detailed activities
Alignment on financial improvement plan	• Determine and agree financial improvement initiatives to be implemented. • Agree Financial KPIs for ongoing monitoring.
Define Roles, Responsibilities & Accountabilities	• Future CEO to be sought with a capability to sponsor and drive change, Executive will be held accountable for delivery and experienced in transformative change. • Identify a change owner within EIT Executive who can oversee the overall programme, and can support identifying the key owners of each initiative. • Define the role of Te Pūkenga and what it is responsible or accountable for, or needs to be consulted or informed about (RACI approach).
Planning and sequencing	• Develop and agree detailed plans including dependencies of initiatives and key milestones. • Understand any requirements or resources outside of EIT's control. • Understand internal capacity or constraints on initiative delivery (including workforce changes, once confirmed) and reflect this into sequencing of activities over FY25 / 26.
Budgeting and forecasting	• Agree initiative budgets and overall baseline financial improvement budget. • Communicate to budget owners. • Incorporate regular forecasting to reflect changes into underlying assumptions. • Incorporate regular meetings and reviews to ensure progress is aligned with expectations, and revision / control processes for where deviation occurs.
Reporting	• Establish a mechanism for tracking and monitoring financials (actuals against baseline budget). • Create financial reporting outputs to provide stakeholders with information required to enable decision making. • Establish programme reporting including initiative status, risks and issues and financial performance. • Agree reporting cadence.
Review FInancial Controls	• Establish clear delegations for workforce change and approval processes to manage FTE and establishment. • Develop or enhance change controls to ensure oversight and clarity over changes to budgets or operations. • Apply clear and comprehensive financial risk management approach across organisation.

Transformation programme management

Approved

EIT will be required to undertake a series of transformations; we note that additional capability may be required to support this

The scale and scope of decisions about EIT's future will determine the support needed for implementation; we have therefore not costed support at present or included in the financial forecast. However, we recommend a Transformation Programme Management Office (TPMO) to coordinate and drive any major change within EIT. This page details the nature of a TPMO, and how it supports transformation. The 12 elements of transformation delivery excellence, based on leading Portfolio, Programme, and Project Management methodologies and detailed at left below, outline the key components for successful transformation programmes. Applying these elements should yield the listed benefits. On the right, we present the TPMO structure, which should include at least four roles: Programme Director, Programme Manager, Transformation Lead, and Programme Coordinator, with brief role profiles provided for consideration.



Insight - Effective reporting that tracks strategic change initiatives with tailored communication to stakeholders.
Control - Controlled implementation to agreed timelines, resource level and cost.
Efficiency - Identifying and eliminating overlap; exploiting synergies for efficiency and savings.
Alignment - Connecting execution with strategic direction and ensure ongoing alignment.

Governance + Programme Leadership

Programme Strategy, Oversight & Governance

This component aligns objectives with organisational goals, monitors progress and performance and establishes policies, procedures and roles for effective control and decision making.

Programme Management

The purpose of programme management is to coordinate and oversee multiple related projects to achieve strategic objectives and deliver significant benefits. It ensures that resources are efficiently utilised,and the various projects within the programme are aligned and integrated to maximise overall value.

Programme Controls & Assurance

This component ensures that a programme is delivered efficiently, on time, and within budget by implementing structured processes for monitoring, reporting, and compliance.

Transformation Expertise

This component enhances the capability to manage and execute transformation initiatives effectively, over and above business as usual activity, mitigating risk associated with major change and ensuring the likelihood of transformation success through collaborative effort.

Programme Director

This role provides strategic leadership, oversight, and coordination, ensuring that all change projects and initiatives align with the overall change programme's objectives, are executed efficiently, and deliver the intended benefits.

Programme Manager

This role oversees the planning, execution, and delivery of one or multiple interrelated projects (including transformation delivery) ensuring they align with the programme's objectives and strategic goals, while managing resources, risks, and stakeholder communication.

Transformation Lead

This role provides executive-level guidance and oversight, ensuring the successful implementation of strategic change initiatives, aligning the programme with overarching ITP objectives, and driving EIT's fundamental transformation needs. It has a key role in interacting with change governance.

Appendices

Te Pūkenga

Appendix One - Scope of Services (1/2)

Approved

Scope	Process

Scope	This Report has been prepared in accordance with our Consultancy Services Order (CSO) dated 17 July 2024, pursuant to variation dated 30 August 2024 , and covers the scope detailed under **Phase 2b** of the CSO and variation.
	
	Scope Phase 2b
	
	Under Phase 2b we've been asked to provide a report which includes a Financial Improvement Plan or Merger Plan and Operating Model for each institution included in the scope. The report should include:
	
	Operating model:
	• Outcome of key regional stakeholder engagement
	• Programmes proposed to be delivered and the proposed modes, locations
	• The support and overhead services required to facilitate this delivery
	• Any key changes envisaged to property and capital assets, including sale, repurposing to deliver the proposed mix of provision and services
	• Any key changes in delivery to the region either by retrenchment or mode change (e.g. face to face to blended, online in conjunction with Open Polytechnic)
	• Any key considerations and proposed options for digital assets and services initially through engagement with Te Pūkenga Digital Leadership
	• An overview of key initiatives that need to be undertaken which underpin the operating model, including scale, timing and resources required
	• Any identified opportunities for shared services or arrangements between institutions that provide a financially viable and improved service
	• People/staffing changes and requirements to deliver proposed programmes/mix of provision and other services identified
	• Any other critical areas related to the institution (e.g. if it owns and runs a childcare facility on site)
	• Identified risks/assumptions in the proposed Operating Model, including implications on regions and industries of changes to programmes/mix of provision/services
	
	Financial Plan:
	• Financial forecasting for each year through to 2030, including:
	  o Indicative Profit and Loss
	  o Indicative Balance Sheet
	  o Key financial initiatives and forecast scale and timing of impact
	  o Sensitivity analyses
	• An overview of key initiatives that need to be undertaken which underpin the financial forecasts, including scale, timing and resources required
	• An overview of key risks, assumptions and caveats to the implementation of the Financial Improvement Plan

Appendix One - Scope of Services (2/2)

Approved

Scope	Process
Scope	Consequently, Te Pūkenga has instructed us through its Minutes of Consultants dated 31 October 2024 to focus on the following: • Current state analysis • Financial improvement initiatives – an overview of key initiatives that need to be undertaken which underpin the financial forecasts, including scale, timing and resources required • Key modelling assumptions underpinning the financial forecasts (EFTS demand, pricing assumptions, etc) • Financial forecasting for each year through to 2029, including a full set of financial statements (including cash flows) • Assessment against the Financial Monitoring Framework • Sensitivity analyses to the base case • Performance metrics – what are the KPIs to measure the success of the Financial Improvement Plan • How financial management practices will be implemented to ensure the benefits are delivered. • An overview of key risks, assumptions and caveats to the implementation of the Financial Improvement Plan. • Commentary about how robust financial management and controls will be implemented. It is our understanding that the above key points are the focus of the scope of the Phase 2b report and supersede the scope outlined in the CSO.

Appendix Two - Cash Flow and CAPEX

Cash flow statement

The table below provides an indirect cash flow statement for the period 2025-2029.

EIT Cash Flow Statement ($'000)	FY24F	FY25B	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Operating Cash Flow								
EBITDA		3,076	2,952	8,208	9,134	9,784	10,465	11,180
NWC change		(496)	(594)	(95)	(127)	(171)	(205)	(199)
Interest		1,102	1,102	416	508	622	773	971
Operating Cash Flow		3,683	3,459	8,529	9,515	10,235	11,033	11,952
Investing Cash Flow								
CAPEX		(33,317)	s 9(2)(b)(ii)	(4,400)	(4,400)	(4,400)	(5,300)	(5,900)
Investing Cash Flow		(33,317)		(4,400)	(4,400)	(4,400)	(5,300)	(5,900)
Financing Cash Flow / Unusual Items								
Insurance		1,000	s 9(2)(b)(ii)					
Redundancy costs				(3,135)	(487)			
Recapitalisation			s 9(2)(b)(ii)					
Other adjustments		1,000		(3,135)	(487)	-	-	-
Total Cash Flow		(28,634)	(569)	994	4,628	5,835	5,733	6,052
Opening Cash Balance		19,848	19,848	19,279	20,274	24,902	30,736	36,469
Closing Cash Balance	19,848	(8,786)	19,279	20,274	24,902	30,736	36,469	42,521

CAPEX

The table below provides an estimated CAPEX for the period 2025-2029 based on capital plan provided by EIT management.

CAPEX	2025	2026	2027	2028	2029
Taradale rebuild programme	s 9(2)(b)(ii)	-	-	-	-
IT	$2.8m	$2.8m	$2.8m	$2.8m	$3.6m
Vehicles	$0.2m	$0.3m	$0.3m	$0.3m	$0.4m
Library	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Equipment, Furniture	$0.8m	$0.8m	$0.8m	$0.8m	$0.8m
Minor Capital Works	-	$0.4m	$0.4m	$0.4m	$0.4m
Subtotal	s 9(2)(b)(ii)	**$4.4m**	**$4.4m**	**$4.4m**	**$5.3m**

The CAPEX includes essential spend only. Due to the significant scale of the Taradale campus rebuild, management expects limited building CAPEX in 2026-2029. However, there is a risk that if the CAPEX is sustained at those reduced levels, which are well below annual depreciation, it may lead to deferred maintenance over time.

CAPEX (continued)

IT spend is the second largest CAPEX category in the capital plan. EIT has a significant 'technical debt' with some critical IT instructure coming due for replacement and / or out of support that requires funding to reduce risk of failure. The table below outlines the estimate from Te Pūkenga's digital leads for 2025 to 2029.

Equipment	Risk Level	Cost ($)	Description
Computers	Red	$4.4m	Student and staff desktop / laptop / iMacs due for replacement as part of replacement cycle.
Network	Red	$1.8m	Core / Edge switches due for replacement (generally seated), Firewall due for replacement in 2025.
DR infrastructure	Red	$0.9m	EIT's DR infrastructure at Massey out of support and requires replacement.
Other red	Red	$0.4m	Servers and SAN replacement, UPS replacement, course specific hardware.
Audio Visual Equipment	Amber	$1.3m	Replacement of aging AV equipment, including blended and collaborative teaching spaces.
Monitors, Docking stations and TV's	Amber	$0.9m	Replace staff monitors and docking stations across EIT, current out of warranty and due to be replaced.
Network	Amber	$0.2m	Access Point for Gisborne campus.
Other amber	Amber	$0.4m	Library system replacement, iPad replacement, common area phones replacement, specialist printers and scanners replacement.
Total		$10.5m	

Included in the cost of change table (page 8) are estimates provided directly by EIT. Management explained that these are improved estimates, which includes some additional essential IT spend that hasn't been fully reflected in Te Pūkenga's estimates.

In addition to the IT investment requirements, EIT management has estimated ongoing capital requirements of between $1.1m to $1.3m p.a., relating to periodic equipment and vehicles replacement, library and other assets over the period.

Working Capital

In the Base Case, we assumed an equivalent of 3 months of average operating expenses in 2026 is retained by EIT as cash reserves to sustain operations. This is aligned with the instruction provided by Te Pūkenga. In our view, 2 months of average operating expenses might be sufficient to sustain the operations given the nature of the entity.

Approved

Appendix Three - FMF Reporting

TEC is mandated to monitor tertiary education institutions (TEIs), including Te Pūkenga, to assess risks to their operations or long-term viability.

Financial risk is evaluated through a FMF alongside other financial analyses.

The FMF provides a consistent methodology for assessing TEIs' financial performance. It includes formulaic calculations for profitability, liquidity, and debt affordability, yielding low, medium, or high-risk ratings.

It does so through the following high level approach:

Step 1: Calculate performance measures across eight measures

Of these eight measures, three relate to profitability, two to liquidity, and three to debt affordability.

Ratios are calculated as a weighted average over five years (2 historical, the current year, 2 forecast). The current year is weighted the highest.

Step 2: Convert measures to scores and apply metric weightings

Weighted averages are scored 0 to 5 based on sector data.

Scoring Criteria: Below 2: High risk, 2 to 3: Medium risk. Above 3: Low risk

Step 3: Calculate final dimension Scores

Within each dimension (profitability, liquidity, debt affordability) each measure is assigned a weighting to place additional emphasis on more important measures. The final score for each dimension is the sum of each measures score, and gives a value between zero and five.

Dimension Scoring: Below 2: High risk, 2 to 3: Medium risk, Above 3: Low risk

Tables showing scoring and metric weightings are detailed at right.

Profitability Scoring

Measure	Definition / Calculation	Scoring table performance bands					
		0	1.0	2.0	3.0	4.0	5.0
Operating surplus/deficit before trust and abnormal items	Operating surplus/deficit before net trust and abnormal items to total income less net trust income	< -4%	-4% to 0%	0% to 2%	2% to 4%	4% to 6%	6% +
Operating surplus/deficit after trust and abnormal items	Operating surplus/deficit after trust and abnormal items to total income	< -4%	-4% to 0%	0% to 2%	2% to 4%	4% to 6%	6% +
Core earnings	EBITDA to total income	< 4%	4% to 9%	9% to 11%	11% to 13%	13% to 15%	15% +

Liquidity Scoring

Measure	Definition / Calculation	Scoring table performance bands					
		0	1.0	2.0	3.0	4.0	5.0
Liquid funds ratio	Liquid assets and undrawn borrowings less short-term overdrafts to cash outflows (payments) from operations	< 5%	5% to 10%	10% to 15%	15% to 20%	20% to 25%	25% +
Net cash flow from operations	Cash inflows (receipts) from operations to cash outflows (payments) from operations	< 104%	104% to 108%	108% to 111%	111% to 113%	113% to 115%	115% +

Debt Affordability Scoring

Measure	Definition / Calculation	Scoring table performance bands					
		0	1.0	2.0	3.0	4.0	5.0
Relative debt level	Total debt to EBITDA	>4.0	3.0 to 4.0	2.0 to 3.0	1.5 to 2.0	0 to 1.5	0
Interest strain	Interest paid to revenue	> 3%	3% to 2.25%	2.25% to 1.5%	1.5% to 0.75%	0.75% to 0%	< 0%
Debt–equity ratio	Total debt to total debt plus equity	25% +	15% to 25%	7.5% to 15%	0% to 7.5%	0%	0% and 12% + Core Earnings

Metric Weightings

Dimensions					
Profitability		Liquidity		Debt Affordability	
Measure	Weighting	Measure	Weighting	Measure	Weighting
Operating surplus/deficit before trust and abnormal items	30%	Liquid funds ratio	50%	Relative debt level	50%
Operating surplus/deficit after trust and abnormal items	20%	Net cash flow from operations	50%	Interest strain	25%
Core earnings	50%			Debt–equity ratio	25%

Appendix Four - Tairāwhiti property scenario

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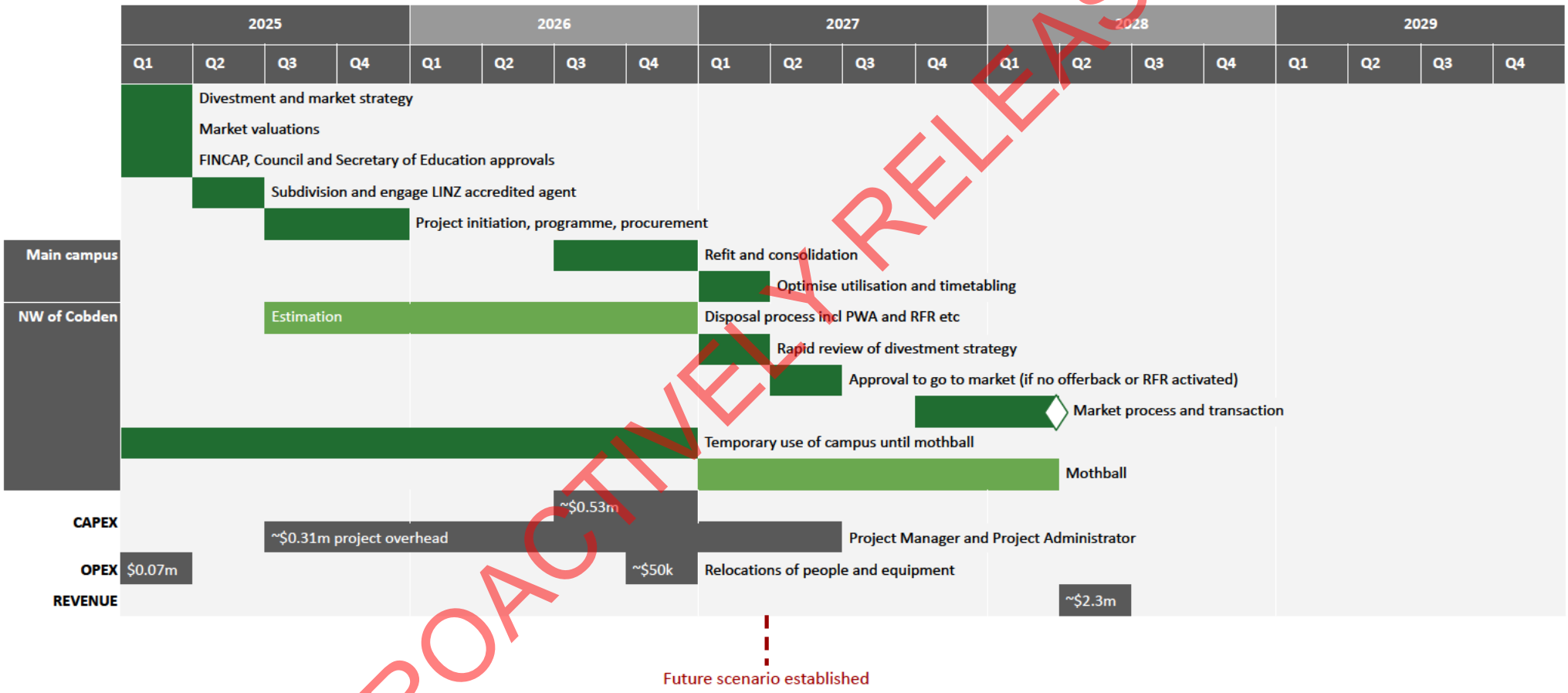
Tairāwhiti North-West section disposal

We have outlined below timeline of a potential disposal of the Northwest section of the Tairāwhiti campus. **We note that this is not a part of the Base Case.**



Te Pūkenga

Appendix Four - Tairāwhiti property scenario

Approved

Tairāwhiti North-West section disposal

We have outlined below details of a potential disposal of the North-west section of the Tairāwhiti campus. **We note that this is not a part of the Base Case.**

If EIT chooses to dispose of this property, it would likely consolidate the campus into blocks to the South-east of Cobden Street (the main campus) and divest all property to the North-west of Cobden St.

Improvement works would be completed across retained blocks. Notably, M Block will require capital investment as part of these works.

Teaching spaces will include Blocks T, W, M, D, C, B and A. Ancillary spaces will primarily be the Hub (Block S) and library / resource centre (Block L). Administration space will primarily be located in Blocks L, K and F.

The sale of all property located North-west of Cobden Street will remove Blocks U, G and N (Te Whatu Kura) from the campus.

The Rural Studies Campus would continue to operate as is.

Key

- Mothball or Divest
- Temporary or other use
- Retain
- New

Te Pūkenga

Appendix Five - Delivery

Approved

EIT

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
English Language Centre	Hawke's Bay	NZ3667	New Zealand Certificate in English Language (Applied) (Level 3)	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Business	Hawke's Bay	NZ2455	New Zealand Certificate in Business (Accounting Support Services) (Level 4)								
School of Business	Hawke's Bay	HBFCR	Full Cost Recovery Programmes								
School of Business	Tairāwhiti	HB3826	Bachelor of Business Studies								
School of Computing	Tairāwhiti	HB4057	Bachelor of Computing Systems (with majors in Systems Development Support								
School of Education & Social Sciences	Tairāwhiti	NZ2860	New Zealand Certificate in Study and Employment Pathways (Level 4)								
School of Education & Social Sciences	Tairāwhiti	HB4091	Bachelor of Teaching (Primary)								
School of Health and Sport Science	Hawke's Bay	NZ2570	New Zealand Certificate in Outdoor Experiences (Level 3)								
School of Health and Sport Science	Hawke's Bay	NZ2862	New Zealand Certificate in Foundation Skills (Level 2)								
School of Health and Sport Science	Hawke's Bay	NZ2741	New Zealand Diploma in Remedial Massage (Level 6)								
School of Health and Sport Science	Hawke's Bay		New Zealand Certificate in Outdoor and Adventure Education (Multi-skilled) (Lev								
School of Nursing	Hawke's Bay	HBFCR	Full Cost Recovery Programmes								
School of Primary Industries	Tairāwhiti	NZ2218	New Zealand Certificate in Primary Industry Skills (Level 2)								
School of Primary Industries	Tairāwhiti	NZ2346	Te Hiringa o te Taiao (Kaupae 4)								
School of Primary Industries	Hawke's Bay	NZ2215	New Zealand Certificate in Primary Industry Operational Skills (Level 3)								
School of Primary Industries	Hawke's Bay	NZ2346	Te Hiringa o te Taiao (Kaupae 4)								
School of Primary Industries	Hawke's Bay	NZ2666	New Zealand Diploma in Horticulture Production (Level 5)								
School of Tourism & Hospitality	Hawke's Bay	HBFCR	Full Cost Recovery Programmes								
School of Tourism & Hospitality	Hawke's Bay	NZ2206	New Zealand Diploma in Tourism and Travel (Level 5)								
School of Tourism & Hospitality	Hawke's Bay	NZ2104	New Zealand Certificate in Food and Beverage Service (Level 3)								
School of Tourism & Hospitality	Hawke's Bay	NZ2102	New Zealand Diploma in Cookery (Advanced) (Level 5)								
School of Trades & Technology	Hawke's Bay	NZ2660	New Zealand Certificate in Plumbing Gasfitting and Drainlaying (Level 3)								
School of Trades & Technology	Tairāwhiti	HBTS03	Training Scheme Programme 03								
School of Trades & Technology	Hawke's Bay	STAR	STAR								
School of Trades & Technology	Tairāwhiti		New Zealand Certificate in Automotive Engineering (Level 3) TC Managed Apprer								
School of Trades & Technology	Tairāwhiti	STAR	STAR								
School of Trades & Technology	Hawke's Bay	NZ2416	New Zealand Diploma in Architectural Technology (Level 6)								
Te Uranga Waka	Hawke's Bay	MC5017	Te Reo Ohooho (Level 5) (Micro-credential)								
Te Uranga Waka	Hawke's Bay	HB3828	Bachelor of Arts (Maori)								
Toihoukura	Tairāwhiti	NZ2790	New Zealand Certificate in Nga Toi (Level 4)								
Total											

s 9(2)(b)(ii)

The information is presented in the prescribed format, with only direct costs at a programme level allocated. Similarly, FTE information reflects direct teaching only, and excludes faculty and academic admin staff. The financial information presented is informed by the programme profitability data, which as noted, has suffered from poor data quality impacting its accuracy and completeness.

Appendix Five - Delivery *continued*

Approved

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
Business Relationship Unit	Hawke's Bay	TRAC	Hawke's Bay Schools Trades Academy	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
Business Relationship Unit	Tairāwhiti	TRAC	Hawke's Bay Schools Trades Academy								
Centre for Veterinary Nursing	Hawke's Bay	NZ2487	New Zealand Certificate in Animal Care (Level 3)								
Centre for Veterinary Nursing	Hawke's Bay	HB4063	Bachelor of Veterinary Nursing								
Centre for Veterinary Nursing	Hawke's Bay	NZ2491	New Zealand Diploma in Veterinary Nursing (Level 6)								
Centre for Veterinary Nursing	Hawke's Bay										
ideaschool	Hawke's Bay	NZ2637	New Zealand Diploma in Arts and Design (Level 6)								
ideaschool	Hawke's Bay	NZ2637	New Zealand Diploma in Arts and Design (Level 6)								
ideaschool	Hawke's Bay	STAR	STAR								
ideaschool	Hawke's Bay	NZ2637	New Zealand Diploma in Arts and Design (Level 6)								
ideaschool	Hawke's Bay	NZ2636	New Zealand Diploma in Arts and Design (Level 5)								
ideaschool	Hawke's Bay	NZ2627	New Zealand Certificate in Arts and Design (Level 4)								
ideaschool	Hawke's Bay	NZ2626	New Zealand Certificate in Arts and Design (Level 3)								
ideaschool	Hawke's Bay	HB3836	Bachelor of Creative Practice								
ideaschool	Hawke's Bay	HB4044	Te Hono ki Toi (Poutiri-â-rangi)/Bachelor of Professional Creative Practice (Hono								
ideaschool	Hawke's Bay	G9999	Community Education Short Courses								
ideaschool	Hawke's Bay	HB3836	Bachelor of Creative Practice								
ideaschool	Hawke's Bay	HB3836	Bachelor of Creative Practice								
ideaschool	Hawke's Bay	HB3836	Bachelor of Creative Practice								
ideaschool	Tairāwhiti	NZ2627	New Zealand Certificate in Arts and Design (Level 4)								
ideaschool	Tairāwhiti	NZ2626	New Zealand Certificate in Arts and Design (Level 3)								
ideaschool	ZYU China	HB3836	Bachelor of Creative Practice								
School of Business	Auckland	HB4083	Master of Logistics and Supply Chain Management (240)								
School of Business	Auckland	HB4084	Master of Logistics and Supply Chain Management (180)								
School of Business	Auckland	HB4085	Postgraduate Diploma in Logistics and Supply Chain Management								
School of Business	Auckland	HB4077	Master of Digital Business (180)								
School of Business	Auckland	HB4076	Master of Digital Business (240)								
School of Business	Auckland	HB4082	Master of Applied Management (240)								

s 9(2)(b)(ii)

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The EFTS information presented include EFTS within EIT's offshore delivery programmes in China, which are excluded from standard EFTS reporting.

Appendix Five - Delivery *continued*

Approved

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Business	Auckland	HB4037	Master of Applied Management (180)	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Business	Auckland	HB4078	Postgraduate Diploma in Digital Business								
School of Business	Auckland	HB4036	Postgraduate Diploma in Applied Management								
School of Business	Hawke's Bay	HB4086	Postgraduate Certificate in Logistics and Supply Chain Management								
School of Business	Hawke's Bay	HB4085	Postgraduate Diploma in Logistics and Supply Chain Management								
School of Business	Hawke's Bay	HB4084	Master of Logistics and Supply Chain Management (180)								
School of Business	Hawke's Bay	HB4041	Postgraduate Certificate in Applied Management								
School of Business	Hawke's Bay	HB4083	Master of Logistics and Supply Chain Management (240)								
School of Business	Hawke's Bay	NZ2453	New Zealand Certificate in Business (Introduction to Team Leadership) (Level 3)								
School of Business	Hawke's Bay	NZ2456	New Zealand Certificate in Business (First Line Management) (Level 4)								
School of Business	Hawke's Bay	HB4082	Master of Applied Management (240)								
School of Business	Hawke's Bay	HB4078	Postgraduate Diploma in Digital Business								
School of Business	Hawke's Bay	HB4037	Master of Applied Management (180)								
School of Business	Hawke's Bay	HB4077	Master of Digital Business (180)								
School of Business	Hawke's Bay	HB4076	Master of Digital Business (240)								
School of Business	Hawke's Bay	HB4036	Postgraduate Diploma in Applied Management								
School of Business	Hawke's Bay	HB3974	EIT Graduate Diploma in Business								
School of Business	Hawke's Bay	HB3826	Bachelor of Business Studies								
School of Business	Hawke's Bay	TP4775	Bachelor of Accounting								
School of Business	Hawke's Bay	NZ2459	New Zealand Diploma in Business (Level 5)								
School of Business	Online offshore	HB4041	Postgraduate Certificate in Applied Management								
School of Business	Online offshore	HB4079	Postgraduate Certificate in Digital Business								
School of Business	Online offshore	HB4086	Postgraduate Certificate in Logistics and Supply Chain Management								
School of Business	Online offshore	HB4082	Master of Applied Management (240)								
School of Business	Online offshore	HB4083	Master of Logistics and Supply Chain Management (240)								
School of Business	Online offshore	HB4037	Master of Applied Management (180)								
School of Computing	Auckland	HB4035	Master of Information Technology (180)								
School of Computing	Auckland	HB4080	Master of Information Technology (240)								

s 9(2)(b)(ii)

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Appendix Five - Delivery *continued*

Approved

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Computing	Auckland	HB4026	Postgraduate Diploma in Information Technology	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Computing	Hawke's Bay	HBTS03	Training Scheme Programme 03								
School of Computing	Hawke's Bay	NZ2452	New Zealand Certificate in Business (Administration and Technology) (Level 3)								
School of Computing	Hawke's Bay	HB4035	Master of Information Technology (180)								
School of Computing	Hawke's Bay	HB4026	Postgraduate Diploma in Information Technology								
School of Computing	Hawke's Bay	NZ2452	New Zealand Certificate in Business (Administration and Technology) (Level 3)								
School of Computing	Hawke's Bay	HBCPI	Certificate of Personal Interest : Hawke's Bay Campus : Jan : Dec : 2025								
School of Computing	Hawke's Bay	HBTS02	Training Scheme Programme 02								
School of Computing	Hawke's Bay	HB4058	Graduate Diploma in Information Technology								
School of Computing	Hawke's Bay	HB4057	Bachelor of Computing Systems (with majors in Systems Development Support :								
School of Computing	Hawke's Bay	NZ2591	New Zealand Certificate in Computing (User Fundamentals) (Level 2)								
School of Computing	Hawke's Bay	NZ2594	New Zealand Certificate in Information Technology Essentials (Level 4)								
School of Computing	Hawke's Bay	NZ2592	New Zealand Certificate in Computing (Intermediate User) (Level 3)								
School of Computing	Online offshore	HB4081	Postgraduate Certificate in Information Technology								
School of Computing	ZYU China	HB4057	Bachelor of Computing Systems (with majors in Systems Development Support :								
School of Education & Social Sciences	Hawke's Bay	NZ2863	New Zealand Certificate in Study and Employment Pathways (Level 3)								
School of Education & Social Sciences	Hawke's Bay	HB4091	Bachelor of Teaching (Primary)								
School of Education & Social Sciences	Hawke's Bay	HB4042	Bachelor of Social Work								
School of Education & Social Sciences	Hawke's Bay	HB4049	Te Tohu Paerua mo Te Aka Whakaaroaro/ Master of Professional Practice								
School of Education & Social Sciences	Hawke's Bay	HB4097	Bachelor of Teaching (Early Childhood Education)								
School of Education & Social Sciences	Hawke's Bay	NZ2860	New Zealand Certificate in Study and Employment Pathways (Level 4)								
School of Education & Social Sciences	Tairāwhiti	NZ2851	New Zealand Diploma in Early Childhood Education & Care Level 5								
School of Education & Social Sciences	Tairāwhiti	NZ2863	New Zealand Certificate in Study and Employment Pathways (Level 3)								
School of Education & Social Sciences	Tairāwhiti	HB4042	Bachelor of Social Work								
School of Health and Sport Science	Auckland	HB3849	Postgraduate Diploma in Health Science								
School of Health and Sport Science	Auckland	HB4033	Master of Health Science								
School of Health and Sport Science	Hawke's Bay	HB4033	Master of Health Science								
School of Health and Sport Science	Hawke's Bay	NZ3228	New Zealand Certificate in Sport Coaching (Level 3)								

s 9(2)(b)(ii)

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The EFTS information presented include EFTS within EIT's offshore delivery programmes in China, which are excluded from standard EFTS reporting.

Appendix Five - Delivery *continued*

Approved

EIT

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Health and Sport Science	Hawke's Bay	NZ3563	New Zealand Certificate in Exercise (Level 4)	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Health and Sport Science	Hawke's Bay	NZ2992	New Zealand Certificate in Health and Wellbeing (Social and Community Service								
School of Health and Sport Science	Hawke's Bay	HBTS02	Training Scheme Programme 02								
School of Health and Sport Science	Hawke's Bay	NZ4108	New Zealand Certificate in Health and Wellbeing (Advanced Care and Support) (L								
School of Health and Sport Science	Hawke's Bay	NZ3563	New Zealand Certificate in Exercise (Level 4)								
School of Health and Sport Science	Hawke's Bay	NZ3244	New Zealand Diploma in Health and Wellbeing (Practice/Applied Practice) (Level								
School of Health and Sport Science	Hawke's Bay	NZ3444	New Zealand Certificate in Beauty Therapy (Level 4)								
School of Health and Sport Science	Hawke's Bay	NZ3625	New Zealand Certificate in Sport Recreation and Exercise (Level 3)								
School of Health and Sport Science	Hawke's Bay	HB4060	Bachelor of Sport and Exercise Science								
School of Health and Sport Science	Hawke's Bay	NZ2115	New Zealand Certificate in Commercial Barbering (Level 4)								
School of Health and Sport Science	Hawke's Bay	NZ2853	New Zealand Certificate in Skills for Living for Supported Learners (Level 1)								
School of Health and Sport Science	Hawke's Bay	NZ2470	New Zealand Certificate in Health and Wellbeing (Level 3)								
School of Health and Sport Science	Hawke's Bay	NZ2218	New Zealand Certificate in Primary Industry Skills (Level 2)								
School of Health and Sport Science	Hawke's Bay	NZ3442	New Zealand Certificate in Skin Care and Cosmetics (Level 3)								
School of Health and Sport Science	Hawke's Bay	NZ2740	New Zealand Diploma in Wellness and Relaxation Massage (Level 5)								
School of Health and Sport Science	Hawke's Bay	NZ3445	New Zealand Diploma in Beauty Therapy (Level 5)								
School of Health and Sport Science	Hawke's Bay	NZ2411	New Zealand Certificate in Hairdressing (Level 3)								
School of Health and Sport Science	Online offshore	HB3963	Postgraduate Certificate in Health Science								
School of Health and Sport Science	Online offshore	HB3849	Postgraduate Diploma in Health Science								
School of Health and Sport Science	Online offshore	HB4033	Master of Health Science								
School of Health and Sport Science	Tairāwhiti	NZ3563	New Zealand Certificate in Exercise (Level 4)								
School of Health and Sport Science	Tairāwhiti	NZ4108	New Zealand Certificate in Health and Wellbeing (Advanced Care and Support) (L								
School of Health and Sport Science	Tairāwhiti	NZ3625	New Zealand Certificate in Sport Recreation and Exercise (Level 3)								
School of Health and Sport Science	Tairāwhiti	NZ2992	New Zealand Certificate in Health and Wellbeing (Social and Community Service								
School of Health and Sport Science	Tairāwhiti	NZ2470	New Zealand Certificate in Health and Wellbeing (Level 3)								
School of Health and Sport Science	Tairāwhiti	NZ2570	New Zealand Certificate in Outdoor Experiences (Level 3)								
School of Health and Sport Science	Tairāwhiti	NZ2862	New Zealand Certificate in Foundation Skills (Level 2)								
School of Nursing	Hawke's Bay	HB3963	Postgraduate Certificate in Health Science								

s 9(2)(b)(ii)

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The EFTS information presented include EFTS within EIT's offshore delivery programmes in China, which are excluded from standard EFTS reporting.

Appendix Five - Delivery *continued*

Approved

EIT

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Nursing	Hawke's Bay	NZ2860	New Zealand Certificate in Study and Employment Pathways (Level 4)	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Nursing	Hawke's Bay	HB3812	Bachelor of Nursing								
School of Nursing	Hawke's Bay	HB4064	Registered Nurse Competence (Level 7) Training Scheme								
School of Nursing	Hawke's Bay	HB4054	Master of Nursing Science								
School of Nursing	Hawke's Bay	HB3963	Postgraduate Certificate in Health Science								
School of Nursing	Hawke's Bay	HB3849	Postgraduate Diploma in Health Science								
School of Nursing	Tairāwhiti	NZ2860	New Zealand Certificate in Study and Employment Pathways (Level 4)								
School of Nursing	Tairāwhiti	HB3812	Bachelor of Nursing								
School of Primary Industries	Hawke's Bay	NZ2678	New Zealand Certificate in Horticulture (Level 3)								
School of Primary Industries	Hawke's Bay	NZ2218	New Zealand Certificate in Primary Industry Skills (Level 2)								
School of Primary Industries	Hawke's Bay	NZ2964	New Zealand Diploma in Environmental Management (Level 5)								
School of Primary Industries	Tairāwhiti	NZ2215	New Zealand Certificate in Primary Industry Operational Skills (Level 3)								
School of Primary Industries	Tairāwhiti	NZ2220	New Zealand Certificate in Agriculture (Farming Systems) (Level 3)								
School of Primary Industries	Tairāwhiti	NZ2348	Mahinga Kai - Te Hoata (Kaupae 3)								
School of Primary Industries	Tairāwhiti	NZ2215	New Zealand Certificate in Primary Industry Operational Skills (Level 3)								
School of Primary Industries	Tairāwhiti	NZ2218	New Zealand Certificate in Primary Industry Skills (Level 2)								
School of Primary Industries	Tairāwhiti	NZ2212	New Zealand Certificate in Agriculture (Level 4)								
School of Primary Industries	Tairāwhiti	NZ2678	New Zealand Certificate in Horticulture (Level 3)								
School of Primary Industries	Tairāwhiti	ITO	Primary ITO Tairawhiti								
School of Tourism & Hospitality	Hawke's Bay	NZ1842	New Zealand Certificate in Baking (Generalist) (Level 4)								
School of Tourism & Hospitality	Hawke's Bay	NZ2100	New Zealand Certificate in Cookery (Level 3)								
School of Tourism & Hospitality	Hawke's Bay	NZ2199	New Zealand Certificate in Tourism (Level 3)								
School of Tourism & Hospitality	Hawke's Bay	NZ2101	New Zealand Certificate in Cookery (Level 4)								
School of Tourism & Hospitality	Hawke's Bay	NZ2202	New Zealand Certificate in Tourism (Level 4)								
School of Tourism & Hospitality	Hawke's Bay	STAR	STAR								
School of Tourism & Hospitality	Tairāwhiti	STAR	STAR								
School of Tourism & Hospitality	Tairāwhiti	NZ2101	New Zealand Certificate in Cookery (Level 4)								
School of Tourism & Hospitality	Tairāwhiti	NZ2100	New Zealand Certificate in Cookery (Level 3)								

s 9(2)(b)(ii)

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The EFTS information presented include EFTS within EIT's offshore delivery programmes in China, which are excluded from standard EFTS reporting.

Appendix Five - Delivery *continued*

Approved

EIT

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Tourism & Hospitality	Tairāwhiti	NZ2104	New Zealand Certificate in Food and Beverage Service (Level 3)	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Trades & Technology	Hawke's Bay	ITO	Primary ITO Tairawhiti								
School of Trades & Technology	Hawke's Bay	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3)								
School of Trades & Technology	Hawke's Bay	NZ3844	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 2								
School of Trades & Technology	Hawke's Bay	NZ2522	New Zealand Certificate in Infrastructure Works (Level 2)								
School of Trades & Technology	Hawke's Bay	SF5000	Electrical Apprentices								
School of Trades & Technology	Hawke's Bay	NZ3915	New Zealand Certificate in Electric Vehicle Automotive Engineering (Level 5)								
School of Trades & Technology	Hawke's Bay		New Zealand Certificate in Automotive Engineering (Level 3) HB Managed Appre								
School of Trades & Technology	Hawke's Bay		New Zealand Certificate in Automotive Engineering (Level 3) HB Managed Appre								
School of Trades & Technology	Hawke's Bay	NZ3118	New Zealand Certificate in Heavy Automotive Engineering (Level 4)								
School of Trades & Technology	Hawke's Bay	NZ3460	New Zealand Certificate in Automotive Electrical Engineering (Level 4)								
School of Trades & Technology	Hawke's Bay	NZ3450	New Zealand Certificate in Light Automotive Engineering (Level 4)								
School of Trades & Technology	Hawke's Bay	T&TFCR	Electrical stage 1 , 2, 3 Part 1								
School of Trades & Technology	Hawke's Bay	NZ3845	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 3								
School of Trades & Technology	Hawke's Bay	NZ3856	New Zealand Certificate in Infrastructure Works (Level 3)								
School of Trades & Technology	Hawke's Bay	NZ2862	New Zealand Certificate in Foundation Skills (Level 2)								
School of Trades & Technology	Hawke's Bay	NZ2738	New Zealand Certificate in Carpentry (Level 4)								
School of Trades & Technology	Hawke's Bay		Cook Island delivery								
School of Trades & Technology	Hawke's Bay	NZ2387	New Zealand Certificate in Electrical Engineering Theory (Level 3)								
School of Trades & Technology	Hawke's Bay	NZ3844	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 2								
School of Trades & Technology	Hawke's Bay	NZ2863	New Zealand Certificate in Study and Employment Pathways (Level 3)								
School of Trades & Technology	Hawke's Bay	NZ3845	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 3								
School of Trades & Technology	Hawke's Bay	NZ2834	New Zealand Certificate in Construction Trade Skills (Level 3)								
School of Trades & Technology	Hawke's Bay	HBTS03	Training Scheme Programme 03								
School of Trades & Technology	Hawke's Bay	NZ2862	New Zealand Certificate in Foundation Skills (Level 2)								
School of Trades & Technology	Hawke's Bay	NZ2715	New Zealand Certificate in Mechanical Engineering (Level 3)								
School of Trades & Technology	Hawke's Bay	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ3450	New Zealand Certificate in Light Automotive Engineering (Level 4)								

s 9(2)(b)(ii)

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Appendix Five - Delivery *continued*

Approved

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Trades & Technology	Tairāwhiti	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3)	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Trades & Technology	Tairāwhiti	NZ3856	New Zealand Certificate in Infrastructure Works (Level 3)								
School of Trades & Technology	Tairāwhiti		New Zealand Certificate in Automotive Engineering (Level 3) TC Managed Apprer								
School of Trades & Technology	Tairāwhiti		New Zealand Certificate in Automotive Engineering (Level 3) TC Managed Apprer								
School of Trades & Technology	Tairāwhiti	NZ3460	New Zealand Certificate in Automotive Electrical Engineering (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3118	New Zealand Certificate in Heavy Automotive Engineering (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ2738	New Zealand Certificate in Carpentry (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3845	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 3								
School of Trades & Technology	Tairāwhiti	NZ3844	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 2								
School of Trades & Technology	Tairāwhiti	NZ2863	New Zealand Certificate in Study and Employment Pathways (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ2834	New Zealand Certificate in Construction Trade Skills (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ2715	New Zealand Certificate in Mechanical Engineering (Level 3)								
School of Vit and Wine Science	Hawke's Bay	HB4096	Graduate Diploma in Wine Science								
School of Vit and Wine Science	Hawke's Bay	HB4095	Graduate Diploma in Viticulture Science								
School of Vit and Wine Science	Hawke's Bay	HB3835	Bachelor of Wine Science								
School of Vit and Wine Science	Hawke's Bay	HB4090	Postgraduate Certificate in Wine Business and Innovation								
School of Vit and Wine Science	Hawke's Bay	HB4089	Postgraduate Diploma in Wine Business and Innovation								
School of Vit and Wine Science	Hawke's Bay	HB3975	Graduate Diploma in Oenology								
School of Vit and Wine Science	Hawke's Bay	HB3976	Graduate Diploma in Viticulture								
School of Vit and Wine Science	Hawke's Bay	NZ2676	New Zealand Certificate in Horticulture Production (Level 4)								
School of Vit and Wine Science	Hawke's Bay	HB4071	Bachelor of Viticulture and Wine Science								
School of Vit and Wine Science	Hawke's Bay	HB4088	Master of Wine Business and Innovation (180)								
School of Vit and Wine Science	Hawke's Bay	NZ2722	New Zealand Certificate in Cellar Operations (Level 3)								
School of Vit and Wine Science	QLUT China	HB4052	Bachelor of Brewing Engineering (Wine)								
Tairawhiti Campus	Tairāwhiti		Regional Learning Centre Placeholder EFTS - Level 3-7								
Te Uranga Waka	Hawke's Bay	NZ3048	Te Pokairua Reo (Rumaki) (Te Kaupae 5)								
Te Uranga Waka	Hawke's Bay	NZ3051	New Zealand Certificate in Te Reo me Nga Tikanga (Level 4)								
Te Uranga Waka	Hawke's Bay	HB3858	Bachelor of Arts Honours (Maori)								

s 9(2)(b)(ii)

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The EFTS information presented include EFTS within EIT's offshore delivery programmes in China, which are excluded from standard EFTS reporting.

Appendix Five - Delivery *continued*

Approved

List of programmes s 9(2)(b)(ii), s 9(2)(ba)(ii)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
Te Uranga Waka	Hawke's Bay	HBTS02	Training Scheme Programme 02	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
Te Uranga Waka	Hawke's Bay	HBTS03	Training Scheme Programme 03								
Te Uranga Waka	Hawke's Bay	NZ3039	Te Pokaitahi Tikanga (Waka Rongoa Te Ara Nunumi Matauranga Maori Maori De								
Te Uranga Waka	Hawke's Bay	NZ3044	Te Pokaitahi Reo (Rumaki Reo Rua) (Te Kaupae 2)								
Te Uranga Waka	Hawke's Bay	NZ3045	Te Pokaitahi Reo (Rumaki Reo Rua) (Te Kaupae 3)								
Te Uranga Waka	Tairāwhiti	NZ3048	Te Pokairua Reo (Rumaki) (Te Kaupae 5)								
Te Uranga Waka	Tairāwhiti	NZ3051	New Zealand Certificate in Te Reo me Nga Tikanga (Level 4)								
Te Uranga Waka	Tairāwhiti	NZ3039	Te Pokaitahi Tikanga (Waka Rongoa Te Ara Nunumi Matauranga Maori Maori De								
Te Uranga Waka	Tairāwhiti	NZ3044	Te Pokaitahi Reo (Rumaki Reo Rua) (Te Kaupae 2)								
Te Uranga Waka	Tairāwhiti	NZ3045	Te Pokaitahi Reo (Rumaki Reo Rua) (Te Kaupae 3)								
Toihoukura	Hawke's Bay	HB4044	Te Hono ki Toi (Poutiri-ā-rangi)/Bachelor of Professional Creative Practice (Hono								
Toihoukura	Hawke's Bay	NZ2790	New Zealand Certificate in Nga Toi (Level 4)								
Toihoukura	Tairāwhiti	NZ2791	New Zealand Diploma in Nga Toi (Level 5)								
Toihoukura	Tairāwhiti	TA4947	Te Toi O Nga Rangi/Bachelor of Maori Visual Arts								
Total											

s 9(2)(b)(ii)

The information is presented in the prescribed format, with only direct costs at a programme level allocated. Similarly, FTE information reflects direct teaching only, and excludes faculty and academic admin staff. The financial information presented is informed by the programme profitability data, which as noted, has suffered from poor data quality impacting its accuracy and completeness.

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Appendix Six - Tairāwhiti Campus

Approved

List of Tairāwhiti programmes (1 of 2)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
Business Relationship Unit	Tairāwhiti	TRAC	Hawke's Bay Schools Trades Academy	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
ideaschool	Tairāwhiti	NZ2627	New Zealand Certificate in Arts and Design (Level 4)								
ideaschool	Tairāwhiti	NZ2626	New Zealand Certificate in Arts and Design (Level 3)								
School of Business	Tairāwhiti	HB3826	Bachelor of Business Studies								
School of Computing	Tairāwhiti	HB4057	Bachelor of Computing Systems (with majors in Systems Development Support an								
School of Education & Social Sciences	Tairāwhiti	NZ2851	New Zealand Diploma in Early Childhood Education & Care Level 5								
School of Education & Social Sciences	Tairāwhiti	NZ2863	New Zealand Certificate in Study and Employment Pathways (Level 3)								
School of Education & Social Sciences	Tairāwhiti	HB4042	Bachelor of Social Work								
School of Education & Social Sciences	Tairāwhiti	HB4091	Bachelor of Teaching (Primary)								
School of Education & Social Sciences	Tairāwhiti	NZ2860	New Zealand Certificate in Study and Employment Pathways (Level 4)								
School of Health and Sport Science	Tairāwhiti	NZ3563	New Zealand Certificate in Exercise (Level 4)								
School of Health and Sport Science	Tairāwhiti	NZ4108	New Zealand Certificate in Health and Wellbeing (Advanced Care and Support) (Le								
School of Health and Sport Science	Tairāwhiti	NZ3625	New Zealand Certificate in Sport Recreation and Exercise (Level 3)								
School of Health and Sport Science	Tairāwhiti	NZ2992	New Zealand Certificate in Health and Wellbeing (Social and Community Services)								
School of Health and Sport Science	Tairāwhiti	NZ2470	New Zealand Certificate in Health and Wellbeing (Level 3)								
School of Health and Sport Science	Tairāwhiti	NZ2570	New Zealand Certificate in Outdoor Experiences (Level 3)								
School of Health and Sport Science	Tairāwhiti	NZ2862	New Zealand Certificate in Foundation Skills (Level 2)								
School of Nursing	Tairāwhiti	NZ2860	New Zealand Certificate in Study and Employment Pathways (Level 4)								
School of Nursing	Tairāwhiti	HB3812	Bachelor of Nursing								
School of Primary Industries	Tairāwhiti	NZ2215	New Zealand Certificate in Primary Industry Operational Skills (Level 3)								
School of Primary Industries	Tairāwhiti	NZ2220	New Zealand Certificate in Agriculture (Farming Systems) (Level 3)								
School of Primary Industries	Tairāwhiti	NZ2348	Mahinga Kai - Te Hoata (Kaupae 3)								
School of Primary Industries	Tairāwhiti	NZ2215	New Zealand Certificate in Primary Industry Operational Skills (Level 3)								
School of Primary Industries	Tairāwhiti	NZ2218	New Zealand Certificate in Primary Industry Skills (Level 2)								
School of Primary Industries	Tairāwhiti	NZ2212	New Zealand Certificate in Agriculture (Level 4)								
School of Primary Industries	Tairāwhiti	NZ2678	New Zealand Certificate in Horticulture (Level 3)								
School of Primary Industries	Tairāwhiti	ITO	Primary ITO Tairawhiti								
School of Primary Industries	Tairāwhiti	NZ2218	New Zealand Certificate in Primary Industry Skills (Level 2)								
School of Primary Industries	Tairāwhiti	NZ2346	Te Hiringa o te Taiao (Kaupae 4)								

The list of **'Tairāwhiti Programmes'** presented in this section comprises programmes where the primary location of delivery is Tairāwhiti.

The information is presented in the prescribed format, with only direct costs at a programme level allocated. Similarly, FTE information reflects direct teaching only, and excludes faculty and academic admin staff.

s 9(2)(b)(ii)

The financial information presented is informed by the programme profitability data, which as noted, has suffered from poor data quality impacting its accuracy and completeness.

Appendix Six - Tairāwhiti Campus *continued*

Approved

List of Tairāwhiti programmes (2 of 2)

Department	Location	Programme	Course	EFTS	Revenue	FTE	Payroll	Other Costs	Total Costs	Contribution $	Contribution %
School of Tourism & Hospitality	Tairāwhiti	STAR	STAR	s 9(2)(b)(ii), s 9(2)(ba)(ii)							
School of Tourism & Hospitality	Tairāwhiti	NZ2101	New Zealand Certificate in Cookery (Level 4)								
School of Tourism & Hospitality	Tairāwhiti	NZ2100	New Zealand Certificate in Cookery (Level 3)								
School of Tourism & Hospitality	Tairāwhiti	NZ2104	New Zealand Certificate in Food and Beverage Service (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ3450	New Zealand Certificate in Light Automotive Engineering (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ3856	New Zealand Certificate in Infrastructure Works (Level 3)								
School of Trades & Technology	Tairāwhiti		New Zealand Certificate in Automotive Engineering (Level 3) TC Managed Apprenti								
School of Trades & Technology	Tairāwhiti		New Zealand Certificate in Automotive Engineering (Level 3) TC Managed Apprenti								
School of Trades & Technology	Tairāwhiti	NZ3460	New Zealand Certificate in Automotive Electrical Engineering (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3118	New Zealand Certificate in Heavy Automotive Engineering (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ2738	New Zealand Certificate in Carpentry (Level 4)								
School of Trades & Technology	Tairāwhiti	NZ3845	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ3844	New Zealand Certificate in Building Construction and Allied Trades Skills (Level 2)								
School of Trades & Technology	Tairāwhiti	NZ2863	New Zealand Certificate in Study and Employment Pathways (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ2834	New Zealand Certificate in Construction Trade Skills (Level 3)								
School of Trades & Technology	Tairāwhiti	NZ2715	New Zealand Certificate in Mechanical Engineering (Level 3)								
School of Trades & Technology	Tairāwhiti	HBTS03	Training Scheme Programme 03								
School of Trades & Technology	Tairāwhiti	NZ3097	New Zealand Certificate in Automotive Engineering (Level 3) TC Managed Apprenti								
School of Trades & Technology	Tairāwhiti	STAR	STAR								
Tairawhiti Campus	Tairāwhiti		Regional Learning Centre Placeholder EFTS - Level 3-7								
Te Uranga Waka	Tairāwhiti	NZ3048	Te Pokairua Reo (Rumaki) (Te Kaupae 5)								
Te Uranga Waka	Tairāwhiti	NZ3051	New Zealand Certificate in Te Reo me Nga Tikanga (Level 4)								
Te Uranga Waka	Tairāwhiti	NZ3039	Te Pokaitahi Tikanga (Waka Rongoa Te Ara Nunumi Matauranga Maori Maori Deve								
Te Uranga Waka	Tairāwhiti	NZ3044	Te Pokaitahi Reo (Rumaki Reo Rua) (Te Kaupae 2)								
Te Uranga Waka	Tairāwhiti	NZ3045	Te Pokaitahi Reo (Rumaki Reo Rua) (Te Kaupae 3)								
Toihoukura	Tairāwhiti	NZ2791	New Zealand Diploma in Nga Toi (Level 5)								
Toihoukura	Tairāwhiti	TA4947	Te Toi O Nga Rangi/Bachelor of Maori Visual Arts								
Toihoukura	Tairāwhiti	NZ2790	New Zealand Certificate in Nga Toi (Level 4)								
Total											

The list of **'Tairāwhiti Programmes'** presented in this section comprises programmes where the primary location of delivery is Tairāwhiti.

The information is presented in the prescribed format, with only direct costs at a programme level allocated. Similarly, FTE information reflects direct teaching only, and excludes faculty and academic admin staff.

s 9(2)(b)(ii)

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Appendix Seven - Governance considerations

Potential requirement to form an ITP Council

Currently, Section 320 of the Education and Training Act 2020 Act requires Te Pūkenga to have a Council of at least eight, but no more than 12, members, including the following:

- 1 member who is a member of, and elected by, its staff committee; and
- 1 member who is a member of, and elected by, its students' committee; and
- 1 member who is a member of, and elected by, its Māori advisory committee; and
- the rest of the members must be appointed by the Minister.

Individual BDs do not have a Council requirement legislated, but likely run other functions (such as Audit and Risk Committee and Academic Boards) within their operational baselines (i.e. not incurring additional Council fees).

When independent ITPs existed prior to the existence of Te Pūkenga, Education (Polytechnics) Amendment Act 2009 set their requirements for governance. While this will be dependent on the legislated requirements for future ITPs, we have assumed that similar (if not more stringent) governance requirements will be applied to any future ITPs.

Below, we have noted the key governance structures that ITPs may be expected to host. The potential cost of these structures in accordance with Cabinet Office circular CO (22) 2, which outlines the Revised Fees Framework for members appointed to bodies in which the Crown has an interest, including Tertiary Education Institutions (which TEIs would become as independent entities once removed from Te Pūkenga) is $181,174. We have assumed that ITPs would utilise Level 4 fees under the aforementioned framework, resulting in maximum annual fees of a maximum of $40,117 for a Chair, and $20,251 for Council members. There would be a requirement for appointments to be submitted to the Cabinet Appointments and Honours Committee. We have not costed the value of this into our work; given it is pending legislative confirmation.

An ITP Council must consist of:

- Four members appointed by the Minister
- Four members appointed by the Council in accordance with statutes.

The council of a designated ITP should appoint members who possess relevant knowledge, skills, or experience and are able to fulfill their duties effectively. It is also desirable for the council to include Māori members and reflect the ethnic and socio-economic diversity of the community it serves. Terms are four years.

A Chairperson and Deputy-chairperson must be appointed.

As stated above, this is the minimum requirement, and other governance arrangements may be sought or arranged by ITPs, resulting in further cost.

It is also noted that previous legislation allowed for the combining of ITP Councils under certain circumstances.

Appendix Eight - Mode of delivery

Further decisions on EIT's property portfolio and reach across Gisborne/Hawkes Bay may impact its mode of delivery

This document has assumed that Tairāwhiti will continue to operate in the near future, and that Gisborne and Auckland campuses will also be retained alongside the main EIT campus. However, as EIT works to ensure future sustainability, it will need to consider whether its number of satellite campuses remains viable.

Across the BD's that PwC has analysed, we acknowledge that mode of delivery will be broadly determined by:

- Future property decisions and the 'phasing out' of any current property holdings;
- Whether course material is owned in-house, by 'the network' as an aggregate, by the Open Polytechnic of New Zealand, or by some other BD within the Te Pūkenga organisation.

For EIT, a reduction of approximately 20% in property space will also predicate changes to how it delivers training. This will either require different hours of operations (which may be limited due to CEAs held by EIT staff members) or a transition to some blended or online learning, in addition to what is being delivered now.

Our understanding is that some curriculum and course material used by EIT is owned by EIT, but may have also been acquired as part of its partnership in the TANZ network and the use of the TANZ E-Learning campus. It is unclear whether this approach will be reinvigorated in another form with the dissolution of Te Pūkenga, or whether those ITPs who have been part of the grouping will seek to once again align and share resources. We note that EIT has historic actual spend in FY21 - 23 for TANZ eCampus delivery but no budgeted spend in FY25. It is unclear whether in future whether costs will be incurred in relation to this area.

In the absence of confirmation of how intellectual property owned by other BDs or the network will be treated in the case of separation, we have not investigated potential mode of delivery changes for EIT. We would also note that this would require a detailed understanding of the EIT learner demographic and proposed learner cohorts, to understand whether other modes of learning - particularly fully online or blended learning - are likely to achieve successful learner outcomes. However, given the relative success of the TANZ model historically, additional online or blended learning delivery is likely to be possible.

Therefore, provided EIT has sufficient technology capability to deliver remotely, distance or blended learning may be considered in future to help provide additional delivery across New Zealand (within the bounds of Government-approved EFTS allocations, or without restriction to international learners).

We also acknowledge the increased competition that will likely result from the separation of BDs. It is anticipated that any agreement (or unspoken agreement) currently in existence to focus delivery, primarily, within the region of operation, will cease to exist. While some organisations have continued with out of region delivery in pockets or due to a focus on distance learning (such as the Southern Institute of Technology), it is likely that a number of newly-separated ITPs may choose to ramp up distance delivery in programmes that are profitable, but may not actually benefit the communities which the ITPs exist to serve. Across current BDs, courses like business, creative technologies, information technology and Māori language/business are often focus areas for distance or blended learning. Noting that this document proposes a decline in delivery in some of these areas already, it is possible that increased competition within these areas may increase the future likelihood of ITPs to offer fees-free or scholarship education, with an intention that the ITP will still gain government funding for EFTS despite missing out on student fees. It is not yet known what cost efficiencies can be achieved for distance delivery over traditional learning, and the impact this may have on ongoing organisational profitability.

It is recommended that, once decisions are made about how curriculum and learning material currently in existence will be treated in future, and information on the TANZ grouping is collated, EIT undertake analysis to understand if mode of delivery changes are required (or desirable) to support its ongoing viability and delivery.

Appendix Nine - Shared Services

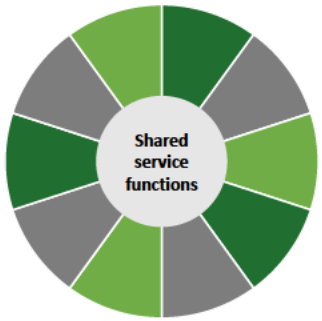
There are a range of functionalities that could potentially be offered through a shared service arrangement

In undertaking our analysis across BDs, we have identified a range of services which could be offered through some sort of shared service functionality. While we understand there is limited desire to retain any sort of centralised function through Te Pūkenga, the need for the following services intermittently across the network may mean there is value in retaining a shared services function obtained on a user-pays basis, along with an annual contribution towards overheads. Alternatively, in the absence of a shared service functionality, common contracting terms with commercial suppliers could be sought in an attempt to gain the most commercially viable cost for services, or one ITP could 'contract' our services. Below, we outline these three potential models for service access. We acknowledge that a challenge faced by any shared services model will be the competitiveness required by ITPs to deliver in a challenging operational environment; which may move any consideration of shared service towards a joint commercial contracting approach (rather than a 'collaborate' model).

More centralised control (in the system) — **Balanced** — **More commercial reliance (outside of the system)**

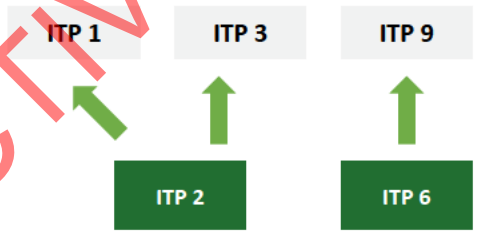
Centralised organisation (Model One)

All ITPs that will benefit from a shared function or functions pay into that function, and / or pay a fee for access or service. This may be more appropriate for services accessed irregularly and unevenly.



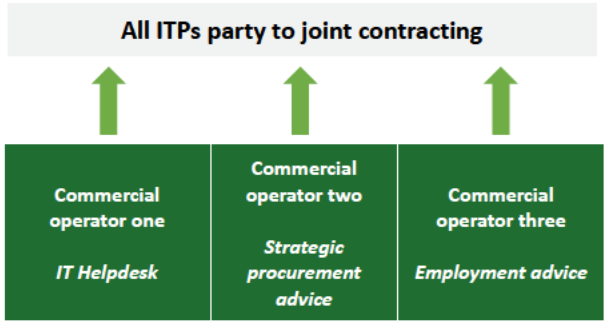
ITP contracts services out (Model Two)

All ITPs that will benefit from a function or functions at another ITP pay that ITP for access or service.



Joint commercial contracting (Model Three)

All ITPs that will benefit from a function or functions seek to commercial contract for the function/s through joint contracting arrangements, seeking economies of scale through the contracting environment.



Appendix Nine - Shared Services *continued*

Functionalities that could be shared services

The shared services presented below could incorporate one or more of the models identified on the page previous. For example, curriculum design could be centralised, with IT services provided through a commercial contracting environment with the aim of achieving a strong price point via economies of scale. We have noted which functions we believe may best be delivered using the three models on the page previous. Our assessment is broadly informed by the likelihood whether a shared service functionality could support a number of organisations at once (i.e. frequency and access), whether capability may exist currently within the network to outsource, based on our limited engagement with current BDs (model two), or whether a commercial operator may be best placed to deliver a function (model three). For example, if EIT can achieve cost efficiencies via their reprographic function and have excess capacity, it could outsource this service to other ITPS.

Employment advice

Description: *provision of employment advice related to employment relations, industrial disputes, employer rights and responsibilities*

Model One	Model Two	Model Three
✔	✔	✔

Strategic procurement

Description: *provision of services related to strategic procurement specific to the IT sector, including large scale IT and systems*

Model One	Model Two	Model Three
		✔

IT Helpdesk

Description: *provision of day-to-day technology and IT support to staff*

Model One	Model Two	Model Three
	✔	✔

Print and reprographic

Description: *provision of printing and education related graphic design services*

Model One	Model Two	Model Three
	✔	✔

Change management and organisational transformation

Description: *delivery of change management and major transformational change activities to support the ITP sector to transform*

Model One	Model Two	Model Three
		✔

Strategic property management including facilities

Description: *provision of strategic property management and acquisition decisions, particularly those related to major investment, divestment and/or improvements*

Model One	Model Two	Model Three
		✔

Legal services

Description: *provision of generalised legal advice to support day to day operations at future ITPs*

Model One	Model Two	Model Three
		✔

Curriculum design and course development

Description: *provision of educational development, curriculum design and course development services to support future ITPs*

Model One	Model Two	Model Three
✔	✔	

Marketing and communications including international

Description: *provision of services to support internal and external communications, marketing social media and design related to communications and marketing*

Model One	Model Two	Model Three
✔		✔

Payroll

Description: *provision of people payroll services*

Model One	Model Two	Model Three
		✔

Insurance

Description: *seeking optimum contracted terms for insurance arrangements for ITPs*

Model One	Model Two	Model Three
		✔

The variety of systems for finance, HR, education delivery and student management across the Te Pūkenga network may impede on 'closer working arrangements' utilising those systems. Therefore, our recommendations on potential model options (outlined on the previous page) take this into account where technology may be a 'blocker' to closer operations, noting progress has been achieved in standardising some finance systems across the network.

Appendix Ten - Employment Agreements

Approved

EIT

EIT's Employment Agreements have specific requirements related to organisational change

We have not had access to Individual Employment Agreement (IEA) clauses through this work; all of our assumptions are therefore based on the Collective Employment Agreement (CEA) requirements we have been able to access, acknowledging these may be more or less generous then IEA clauses. The following does not constitute employment advice, but is based on our interpretation of the TIASA and TEU CEAs, noting several clauses that must be adhered to during potential organisational change processes. These clauses are summarised below, excluding most provisions related to redundancy payouts and notice periods, a brief summary of which can be found appended to our Phase 1 Report:

- Te Pūkenga must notify both unions (TEU/TIASA) of any significant structural changes early and must consult with the unions regarding these changes.
- Te Pūkenga will provide the union with an opportunity to be involved in any review directly affecting its members.
- Te Pūkenga must consult with the unions regarding the selection criteria for redundancy (TEU CEA clause only).
- Te Pūkenga should prioritise managing redundancies through attrition before applying selection criteria.
- Re-location should be considered across the national network as an alternative to minimise redundancies where possible. If staff are required to relocate, they are eligible for a relocation allowance.
- The consultation period must last at least one month (28 days under the TEU CEA and one month under the TIASA CEA).
- Te Pūkenga should initially seek voluntary redundancies before applying selection criteria (TEU CEA clause only).
- If staff are redeployed to a lower-paying role, they must receive an additional allowance for the following two years (grandparented clause).

To meet its requirements under Employment Legislation and its contracted employment terms, this means that EIT will need to incorporate the following high level activities into its timeline for any change:

- Development of a consultation document which clearly describes the review's purpose, timeline, potential impacts, and engagement plan
- Early engagement and communication of the change process with the unions
- Early development and consultation on selection criteria with the unions
- A consultation period with staff that lasts at least one month
- A voluntary redundancy process during the consultation period
- Consideration of the grandparented period for additional allowances for lower salaries

On page 36 of this document, we provide a high level overview of the work we believe may be required to deliver the 'people' portion of organisational change. Due to the nature of the potential change across the Te Pūkenga network, relocating staff and managing redundancy through attrition are unlikely to be plausible options. Therefore, these options have not been included in the proposed timeline. Instead, a robust conversation will need to be held with unions to discuss why these options have not been considered in full or will not be wholly effective in achieving the review's outcomes.