



# Te Pūkenga

15 August 2025

## Te Pūkenga - Proactive release of Regional ITP Viability reports

### Purpose

This document provides background to the following proactively released Regional ITP<sup>1</sup> 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](https://www.beehive.govt.nz/disestablishment-of-te-pukenga-begins)

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.tepukenga.ac.nz/assets/Publications/Letter-of-expectations-Dec-2023/Letter-to-Te-Pukenga-clarifying-aspects-of-Letter-of-Expectations.pdf](https://www.tepukenga.ac.nz/assets/Publications/Letter-of-expectations-Dec-2023/Letter-to-Te-Pukenga-clarifying-aspects-of-Letter-of-Expectations.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](https://www.tepukenga.ac.nz/assets/Publications/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](https://www.tepukenga.ac.nz/assets/Publications/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.

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<sup>1</sup> 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 were 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

**Nelson-Marlborough Institute of Technology**

22 November 2024

*APPROVED*





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## Report Restrictions

This report is not produced for general circulation outside of the Tertiary Education Commission and Minister’s Office. The Financial Improvement Plan is issued pursuant to the terms and conditions set out in our Consultancy Services Order (dated 17 July 2024) and has been prepared solely for the purposes stated herein and within the terms of the CSO. This report should not be relied upon for any other purpose. This report is strictly confidential and (save to the extent required by applicable law and/or regulation) must not be released to any third party without our express written consent which is at Volte’s sole discretion.

Volte has not independently verified the accuracy of all information provided during the course of the review. Accordingly, Volte expresses no opinion on the reliability, accuracy, or completeness of the information provided and upon which Volte has relied.

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. The statements and opinions expressed in this report are based on information available as at the date of the report.

# Background and Scope of Volte Engagement

## Background

On 5 December 2023 Te Pūkenga Council (“the Council”) received a letter of expectations from the Minister for Tertiary Education and Skills (“the Minister”) which confirmed the intention to disestablish Te Pūkenga and re-establish regional Institutes of Technology and Polytechnics (“ITPs”).

On 20 May 2024, the Minister sent a follow up letter to the Council stating that “it is important that Te Pūkenga takes whatever actions it considers necessary to improve the financial performance of the network as a whole, through ensuring each of the individual business divisions can become financially sustainable.”

In June 2024, TEC directed Te Pūkenga to obtain specialist help under section 332 of the Education and Training Act 2020. This specialist help, working in partnership with Te Pūkenga staff, is focused on considering what is required to support a pathway to viability for Te Pūkenga regional business divisions to support a sustainable operating model for Te Pūkenga network. Four phases of work are envisaged, these are:

1. Discovery and Information Gathering - Initial Findings Report
2. Financial Improvement Plan – this report
3. Implementation Plan Development
4. Implementation

## Scope of Volte Engagement

Over May and June 2024, Te Pūkenga undertook financial forecasting and modelling with the Tertiary Education Commission (TEC) to inform advice to the Minister about re-establishing existing Regional Business Divisions (the former ITP business divisions) as possible standalone viable and sustainable entities by 2026.

The financial forecasts showed that only two ITPs, Ara and OPNZ, were expected to be operating as viable entities by 2026 (with changes to the current funding system). NMIT was identified as having a pathway to viability.

As a result, Volte was asked to develop a Financial Improvement Plan for NMIT. Te Pūkenga has engaged Volte to work alongside NMIT leadership in developing this plan.

# Executive Summary

## Plan to achieve viability by 2026

The TEC and Te Pūkenga ITP Viability Programme (“Programme Governance”) have requested that each division develop financial viability plans that prioritise achieving a 2% net surplus and sight an 11% EBITDA to revenue margin as the target financial benchmark.

This Financial Improvement Plan provides the framework for NMIT to achieve financial viability by the beginning of FY26. It is structured into three sections; this structure is set to allow time for savings to be realised from the initial cost saving initiatives before further cost saving initiatives are introduced. The sections are summarised in the table below.

Sections	Description
1. Priority Initiatives (including long-term strategic planning)	Section one focuses on the high priority cost-out initiatives to be implemented across FY25. Likewise, there are several key strategies required to support the longer-term planning for NMIT.
2. Further Cost Saving Initiatives for NMIT should savings not be found by FY26	Should sufficient savings not be found by FY26 a range of further cost out initiatives could be introduced. A framework for these is included.
3. Financial performance systems and objectives	Section three identifies the high-level approach to budget management and financial controls, risk management plan, contingency planning, governance, monitoring and reporting arrangements and key review dates for programmes and operating functions.

## Basis for a Financial Improvement Plan

The Financial Improvement Plan represents a transitional view of NMIT as a division of Te Pūkenga and is expected to be updated and refined as financial projections are updated and the outcome from expected financial improvement initiatives updated. The key objectives of the Financial Improvement Plan are to:

- Enable the wider strategic and specific objectives of Te Pūkenga to be achieved, including those outlined in the Letter of Expectation from the Minister of Tertiary Education and Skills (20<sup>th</sup> May 2024).
- Act as a guiding financial plan to transition NMIT from a currently unprofitable division of Te Pūkenga, with moderate financial risk, to a lower risk standalone entity, and thereby restore financial viability and sustainability.
- Establish financial KPIs and programme targets associated with improving the financial performance of the division and assign senior management to be responsible for these.
- Develop a timeline as to when NMIT will aim to achieve the target financial objectives.
- Define how the strategic and financial plans will be measured, managed, reviewed, and reiterated. Noting that these financial plans capture a current point in time and regular review and update of these plans needs to coincide with changes to NMIT’s shifting horizons.

# Executive Summary (cont.)

## Target Financial Metrics (Including Immediate Cost-Out Initiatives)

The TEC and Programme Governance have requested that all divisions develop a Financial Improvement Plan based on a 0% domestic growth scenario with moderate international growth. NMIT has been asked to include Aeronautical Delivery in Nelson (Level 3) and Enrolled Nursing (Level 5). Under this scenario, NMIT is not forecast to meet the required Net Surplus and EBITDA targets (2% and 11% respectively) by FY26. These financial targets should be seen as an initial step towards viability, with a focus on improving financial performance towards a sustainable surplus. NMIT should ensure that, despite a growth mindset, costs are controlled within a steady state to guard against changes in international settings, domestic demographics, and unemployment rates.

NMIT Profit & Loss - \$m	FY24	FY25	FY26	FY27	FY28	FY29
Revenue	\$40.2	\$41.3	\$44.1	\$45.3	\$46.1	\$46.6
Personnel Expenditure	(\$29.3)	(\$28.5)	(\$27.1)	(\$27.6)	(\$28.1)	(\$28.7)
Other Expenditure	(\$13.1)	(\$13.7)	(\$13.6)	(\$13.9)	(\$14.2)	(\$14.5)
Operating Expenditure	(\$42.4)	(\$42.2)	(\$40.7)	(\$41.5)	(\$42.3)	(\$43.2)
EBITDA	(\$2.2)	(\$0.9)	\$3.4	\$3.8	\$3.7	\$3.5
Net Surplus	(\$6.2)	(\$3.9)	\$0.2	\$0.8	\$0.7	\$0.6
Cash & Cash Equivalents	\$23.2	\$17.2	\$23.3	\$24.7	\$24.7	\$25.4
Capital Expenditure	\$2.9	\$5.4	\$6.1	\$6.0	\$4.5	\$3.5
2% Net Surplus Level	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9
Additional Savings Required	\$7.0	\$4.7	\$0.6	\$0.1	\$0.1	\$0.3

NMIT Key Metrics	FY24	FY25	FY26	FY27	FY28	FY29
Net Operating Surplus Margin	-15%	-9%	1%	2%	2%	1%
EBITDA Margin	-6%	-2%	8%	8%	8%	7%
Personnel to Revenue Ratio	73%	69%	61%	61%	61%	61%
Academic SSR	11.5	13.1	13.6	13.9	14.0	14.0
Allied (Non-Academic) to Academic Staff Ratio	0.9	0.9	0.8	0.8	0.8	0.8
Domestic Students (EFTS)	2,104	2,047	2,055	2,063	2,063	2,063
International Students (EFTS)	242	266	292	322	338	345
Total Students (EFTS)	2,346	2,313	2,347	2,385	2,401	2,408
Academic FTE	204	177	172	172	172	172
Non-Academic FTE	179	156	141	141	141	141
Total FTE	383	333	313	313	313	312
Total Programmes delivered	126	115	115	115	115	115
Programmes discontinued	0	11	0	0	0	0

# Executive Summary (cont.)

## People / Staffing

In late 2024, a change proposal was launched targeting \$2.0 million in savings from back office and support roles in FY25. The change has now been confirmed, achieving \$1.3 million in savings for FY25 and detailed workforce review has identified an additional \$0.9 million for implementation by FY26, exceeding the planned target by \$0.2 million. As such, target cost savings of \$2.2m have been assumed for back-office FTE reductions.

An academic functions review has been completed, with a change process scheduled for FY25. The review aims to achieve \$1.1 million in ongoing cost savings. To date, \$0.7 million has been saved through voluntary redundancies before the formal change process. An additional \$0.4 million in savings is planned for FY25, with NMIT targeting a total saving of \$1.1 million in academic roles.

Workforce benchmarking analysis indicates that NMIT's teaching delivery function is over-invested, suggesting that the planned reductions in 2025 are feasible without compromising teaching quality.

## Programmes MoP and Portfolio

NMIT plans to exit the following programmes:

- Sport and Recreation (Level 6 and Degree) – as it is a low margin programme and NMIT is not financially positioned to develop new facilities to support the long-term programme delivery.
- Hospitality, Cookery and Food and Beverage – as this programme currently runs a net loss, and the space it occupies can be used to accommodate the student café.
- Hairdressing (Level 5) – as this programme is budgeted to run with a negative contribution. However, enrolments for 2025 look positive.
- English Language - language programmes make slight losses when overlaying administrative expenditure. Move to PTE/contract for service provision to provide simplification for NMIT.
- Construction Trade Skills (Joinery Level 3) – as this programme is low margin and does not support the cost associated with relocation to the Richmond Campus. Voluntary redundancy has also been taken by key staff to date.
- Advanced Deckhand – as this small programme runs at a negative contribution.

NMIT is focusing on reviewing academic workloads and non-teaching allocations. Further changes are being identified in technician requirements and delivery models for key programmes. Continuous scrutiny and management of programme profitability are essential to achieve targeted academic workforce reductions beyond these programme changes.



# Executive Summary (cont.)

## International Strategy

NMIT is still grappling with the impact of Covid-19 on its international learner numbers, having had a 47% drop in international learners from 2019 to 2023. Over this period the International Development team halved, resulting in NMIT reducing its focus on diversifying international nationalities among its learner body.

Under basecase forecasts, NMIT assumes a 10% annual growth in international learners from 2025 to 2027. This strategy is likely dependent upon:

- The ability to create/get approval for more Masters degrees (e.g. IT/Accounting) and reposition the existing Bachelor of Aquaculture and Marine Conservation by changing its name/branding.
- Focusing on South Asia (primarily India) as the primary growth area over the short term, leveraging an in-region staff member and contracting an in-India recruiter to rebuild NMIT’s brand and networks.
- Diversifying the learner base through the long term through a broader programme and nationality mix.
- China will be a difficult market to recover, with fundamental geopolitical shifts requiring in country delivery models. NMIT has some relationships in place with existing institutions for partnering, but there are wider costs incurred with this model, so would require careful selection of market segments. NMIT has begun rebuilding relationships and undertaking active recruitment with the NZ-based Chinese student recruitment agents.
- South-East Asia recovery (Thailand, Vietnam, Philippines) will likely occur over the medium term and require further investment in time and effort in reconnecting with agents and re-establishing the brand/reputation.

Early enrolment indicators for FY25 are promising and are likely to surpass the targeted 10% base case outlined in the Financial Improvement Plan. This positive trend would benefit NMIT by providing the flexibility needed to implement key aspects of their international strategy, aiming for higher growth in international EFTS numbers.

Learner numbers

Citizenship	2023		2019	
	Learners	EFTS	Learners	EFTS
India	111	95.29	380	195.63
Sri Lanka	45	26.13	57	32.61
China	38	22.8	224	127.88
Indonesia	26	10.24	0	0
Japan	28	5.43	48	18.84
Philippines	22	5	35	15.17
Korea, (South)	20	4.27	0	0
UK	13	3.74	0	0
Viet Nam	5	3.5	17	10.94
Germany	3	1.02	0	0
Thailand	3	2.04	9	6.62
Total	410	219.59	770	407.69

Forecast assumptions

	FY24	FY25	FY26	FY27	FY28	FY29
Base case	Actual	10%	10%	10%	5%	2%
Upside	-	15%	15%	15%	10%	10%
Downside	-	5%	5%	5%	5%	5%

# Executive Summary (cont.)

## Property Overview

NMIT has property assets in Nelson, Richmond and Marlborough. Analysis of NMIT's property assets reveals several potential opportunities for delivery optimisation.

**Nelson:** NMIT's main campus is located on the periphery of the central business district in Nelson City and includes retail shops and a childcare facility. The campus consists of 28 land titles, all owned by Te Pūkenga, with a total area of 41,552 sqm and total building floor area of 24,518 sqm.

**Richmond:** The Richmond campus offers carpentry, conservation, horticulture and maritime firefighting training. The campus consists of one land title, owned by Te Pūkenga, with a land area of 45,301 sqm. The campus directly adjoins to the south with the Nelson Harness Racing Club and Nelson A&P Showgrounds, with residential and mixed business zoning to the west. The campus has a total floor area of 2,412 sqm across 14 variously sized buildings.

**Marlborough campus:** The campus consists of one land title, owned by Te Pūkenga, with a land area of 53,735m<sup>2</sup>. It is residential to the east, south and west of the campus with a vineyard situated to the north. The campus has historically offered viticulture, winemaking, aquaculture, business, hospitality and primary industries. NMIT also own and occupy a 1,436 sqm building on the Woodbourne RNZAF site at the Marlborough Airport which is used for its Aeronautical Engineering programme.

## Property Optimisation

At the Richmond Campus, there is an opportunity for NMIT to subdivide approximately 50% of the total land package, which could yield an estimated \$2.5m without impacting current operations, divesting itself of unused bare land.

Similarly, at the Marlborough Campus, a subdivision opportunity of about 6,240 sqm out of the total 53,735 sqm (approx. 12%) has been suggested, potentially generating \$0.3m without operational impact due to its status as bare land.

For the Nelson Campus, a more comprehensive approach is recommended, subject to the s 9(2)(b)(ii). A capital asset management plan is to be developed that focuses on targeting \$0.4m of property savings (\$0.2m of operating savings, and \$0.2m of depreciation savings) and capital investment plan savings of \$4.25m. The exit of B and H block, alongside subsequent mothball and demolition of N block, are all under planning to achieve the above savings as part of the priority saving initiative.

## Digital Investment

Investment in hardware across audio/visual, end-user devices and infrastructure has been included in the financial forecast. Planned investment reflects identified strategic opportunities to minimise operating costs by setting up standard stations, removing all staff desktops and replacing with standard laptops that allows staff to work from any location.

# Executive Summary (cont.)

## Key Objectives / Priority Initiatives

- 1. Back-office rationalisation:** An initial FTE reduction was undertaken but further savings are required to reach the target of \$2.0m in annual savings. A further \$0.9m of savings needs to be found for implementation by FY26 to reach the revised target of \$2.2m.
- 2. Academic FTE reduction:** Planned review of academic functions in FY25 with targeted savings of \$0.4m, to reach targeted annual savings of \$1.1m. The \$0.4m is additional to the \$0.7m of savings found in FY24.
- 3. Programme rationalisation:** Assessment of the programmes that provide either a negative or marginal contribution.
- 4. Rationalise Nelson Property:** rationalisation of the current campus footprint.
- 5. Leaner management structure:** NMIT should move to a learner management structure resulting in a saving of approximately \$330k per annum.
- 6.** s 9(2)(b)(ii), s 9(2)(ba)(ii)
- 7. Rationalise learner support services:** Limit learner support services to those core to ITP operational activities. The learning support function currently has in budget roles for s 9(2)(a), s 9(2)(b)(ii), s 9(2)(ba)(ii)
- 8. Student services levy increase:** Raise the student services levy from \$246 per annum to circa \$400 per annum per EFTS (inclusive of GST). The existing levy is currently one of the lowest across the Te Pūkenga network.

## Long-Term Financial Planning

To support its strategic goals, NMIT will need to develop a robust long-term financial plan that is both flexible and adaptable to changing economic and educational landscapes. This financial planning will draw on the key subsets of plans as outlined in section one that need to be developed and updated to ensure that NMIT can priorities its resources.

## Further Consideration / Conclusion

### Risk Management

The plan identifies key risks and mitigation strategies, including:

- Disruptions to operations: Mitigated by detailed plans to maintain essential functions.
- Stakeholder resistance: Mitigated by open communication and stakeholder engagement.
- Financial uncertainties: Mitigated by robust financial models and regular updates.
- Quality of educational programmes: Mitigated by strong quality assurance mechanisms.

### Governance and Reporting

The Financial Improvement Plan is to be governed by a Governance Board, as appointed by Te Pūkenga, until Advisory Boards are in place. The incoming NMIT Chief Executive will have overall responsibility for the implementation and management of the Financial Improvement Plan with the Rohe 3 Executive Director taking responsibility until the Chief Executive is appointed.



# Section One: Priority Initiatives

PROACTIVELY RELEASED

# Priority saving initiatives for NMIT

Section One:  
Priority Initiatives

Section Two:  
Further Cost Saving Initiatives

Section Three:  
Approved  
Financial Performance Systems  
& Objectives

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	Area	Type	Description	Approx. Savings/Opportunity
1	Back-office rationalisation	FTE reduction	An initial FTE reduction was undertaken but further savings are required to reach the target annual savings. A further \$0.9m of savings needs to be found for implementation by FY26 to reach target savings of \$2.2m.	\$2.2m per annum
2	Academic FTE reduction	FTE reduction	A review of academic functions in FY25 aims to save \$1.0 million. So far, \$0.7 million has been saved, with an additional \$0.4 million identified for FY26, exceeding the target by \$0.1 million.	\$1.1m per annum
3	Leaner management structure	FTE reduction	NMIT can reduce its management costs and undertake a leaner structure	\$0.3m per annum
4	Rationalise learner support services	FTE reduction	The learning support function currently has in budget roles for s 9(2)(a), s 9(2)(b)(ii), s 9(2)(ba)(ii) which could be provided by other organisations.	\$0.1m per annum
5	Rationalise Nelson Property: B Block H Block N Block	Campus rationalisation	<ul style="list-style-type: none"> <li>B Block - exit and sell historical building and adjacent land. Relocating sport from B-Block would require \$3.0m in capital expenditure under the Capital Intentions Plan, as such alternative approach suggested.</li> <li>H Block - Exit and sell. Located adjacent to main campus block.</li> <li>N Block - Consolidate learning space to library, move café to Rata room s 9(2)(b)(ii), s 9(2)(ba)(ii) Demolish in 2026 (42% NBS). Remove \$1.25m learner hub from Capital Plan.</li> </ul>	Targeting \$0.4m of annual property savings (\$0.2m of operating savings, and \$0.2m of depreciation savings). Capex savings of \$4.25m.
6	Sale of surplus land at 309 Hardy Street	Campus rationalisation	Sell surplus buildings and adjacent property – 309 Hardy street included at land value as high priority for sale.	One-off \$0.7m from capital sale
7	Subdivision of Richmond site	Campus rationalisation	Sub-divide site and consolidate activities on remaining space.	One-off \$2.5m from capital sale
8	Subdivision of Marlborough site	Campus rationalisation	Subdivide site and negotiate with JV partners to consolidate.	One-off \$0.3m from capital sale
9	s 9(2)(b)(ii), s 9(2)(ba)(ii), s 9(2)(j)			
10	Exit of Sport L6 & Degree	Programme exit	Sport and Recreation courses are located in B Block building and a leased premise at s 9(2)(b)(ii) for \$15k per annum. Current financial performance is below required contribution target and does not support the development of a new space as B Block is not fit for long-term purpose and can be sold. KPI assume the more profitable Level 5 delivery to be retained with lost contribution in L6 and Degree.	\$0.05m per annum in lost contribution, target to maintain CM if Level 5 and 6 if can increase numbers and reduce space.
11	Exit of hospitality	Programme exit	Hospitality courses incur a significant level of administrative expenditure that make them collectively loss making along with the rata restaurant that runs at a \$60k loss per annum.	\$0.2m per annum saving (include admin and Rata room exit).

# Priority saving initiatives for NMIT

Section One:  
Priority Initiatives

Section Two:  
Further Cost Saving Initiatives

Section Three:  
Approved  
Financial Performance Systems  
& Objectives

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	Area	Type	Description	Approx. Savings/Opportunity
12	Review L4 Hairdressing	Programme exit	Initial review indicated negative CM of \$0.08m. Updated enrolments information confirms CM should be positive. Continue offering for FY25, with review based on internal CM % benchmark and alternative asset.	\$0.08m Contribution improvement over FY25 budget.
13	Exit of NZ Cert Construction Trade Skills (Joinery) L3 Nelson	Programme exit	Voluntary redundancy taken by key staff. Too expensive to relocate, shifting EFTS in construction delivery.	(\$0.5m) impact with lost contribution, however pathway into construction delivery likely sees any contribution loss minimised.
14	Exit Advanced Deckhand	Programme exit	Low EFTS programme with unprofitable delivery (1.2 EFTS planned FY25).	\$0.1m improvement in contribution margin.
15	Exit of English language	Programme exit	English language programmes make slight losses when including administrative expenditure. There is an opportunity to move the provision to a PTE.	(\$0.0m) – minimal change. Offered at NMIT through PTE / contract for service.
16	s 9(2)(b)(ii), s 9(2)(ba)(ii)	Operations exit	s 9(2)(b)(ii), s 9(2)(ba)(ii), s 9(2)(j)	\$0.2m per annum improvement.
17	Student services levy increase	Levy increase	Raise the student services levy from \$246 to circa \$400 (inclusive of GST). The existing levy is currently one of the lowest across the network. This levy offsets the learner support and services costs and reduces a need to decrease the resourcing level of these activities.	\$0.3m increased revenue.
Longer term initiatives				
	International growth strategy	Strategic planning	Strategy outlining NMIT’s operations into foreign markets, including market selection, entry strategies, and risk management to achieve international growth and diversify revenue streams.	-
	Domestic growth strategy	Strategic planning	Strategy outlining NMIT’s plans to increase their market share and revenue domestically. Including identifying new market opportunities, enhancing product offerings, improving customer engagement, and optimising operational efficiency to drive growth locally.	-
	Property strategy	Strategic planning	Campus master plan defining the approach for managing and optimising NMIT’s real estate assets. This includes decisions on property acquisition, development, maintenance, and divestment.	-
	Digital strategy	Strategic planning	Strategy outlining the plan for leveraging digital technologies to enhance business operations, customer engagement, and revenue growth.	-

# Workstreams

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Workstream	Initiative	Description of actions	Timeframe	Level of change – staff	Level of change – learner	Likelihood of not achieving	Impact if not achieved	Regional Impact	Overall risk rating	Additional resourcing requirement (outside BAU)
Personnel	1 Further back-office rationalisation	<ul style="list-style-type: none"> <li>Outline positions for subsequent change proposal, conduct a risk assessment, and confirm number of roles to be included.</li> <li>Develop change proposal and change management plan including impact to services, risks and mitigations, approach, timeframes and resourcing required for approval.</li> </ul>	Plan for implementation completed by Q2 2025	Medium	Medium	Medium	High	NA	High ⚠️	Internally led with support from Te Pūkenga HR
	2 Academic FTE reduction	<ul style="list-style-type: none"> <li>Develop stakeholder engagement plan including stakeholder mapping analysis to identify engagement needs and internal communications team on communication channels.</li> <li>Confirm programme profitability and workforce benchmarking to determine areas of FTE reduction.</li> <li>Develop change proposal and change management plan including impact to services, risks and mitigations, approach, timeframes and resourcing required for approval.</li> </ul>	Plan for implementation completed by Q2 2025	Medium	Medium	Medium	High	NA	High ⚠️	Internally led with support from Te Pūkenga HR
	3 Leaner management structure	<ul style="list-style-type: none"> <li>Undertake an impact assessment to understand the effects on service delivery with a reduced management structure.</li> <li>Develop change proposal and change management plan including impact to services, risks and mitigations, approach, timeframes and resourcing required for approval.</li> </ul>	Plan for implementation completed by Q3 2025, savings from Q1 2026	High	Low	Medium	Medium	NA	Medium	Internally led with support from Te Pūkenga HR
	4 Rationalise learner support services	<ul style="list-style-type: none"> <li>Undertake an impact assessment to understand the effects on service delivery with the <span style="background-color: #cccccc;">[REDACTED]</span></li> <li>Develop change proposal and change management plan including impact to services, risks and mitigations, approach, timeframes and resourcing required.</li> </ul>	Plan for implementation completed by Q2 2025, savings from Q1 2026	Low	Low	Low	Low	NA	Low	Internally led with support from Te Pūkenga HR

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Workstream	Initiative	Description of actions	Timeframe	Level of change – staff	Level of change – learner	Likelihood of not achieving	Impact if not achieved	Regional Impact	Overall risk rating	Additional resourcing requirement (outside BAU)
Property	5 Nelson Property Optimisation: B Block H Block N Block	<ul style="list-style-type: none"> <li>Perform a thorough impact assessment to understand the effects of exiting the buildings on operations, learners, and staff. This assessment should include financial, operational, and logistical implications.</li> <li>Determine locations for consolidating activities and evaluate the capacity and infrastructure of these locations and develop relocation plan.</li> <li>Develop a communication plan to inform all stakeholders, including learners, staff, and the wider community, about the decision to exit. Note that the communications plan should be timed with decisions from the Minister regarding NMIT – and communicate that there is a robust financial improvement plan that involves the right sizing of NMIT assets.</li> <li>Assess the condition and market value assessment of the land and buildings. Prepare the assets for sale by addressing any necessary repairs, obtaining valuations, and engaging real estate agents.</li> <li>With regards to H-Block consider options to improve financial performance by sub-letting space until finalizing planning and costs associated with building exit.</li> </ul>	Plan for implementation completed by Q2 2025, some initial targeted savings from Q3 2026.	Medium	Medium	Medium	High	Low	High ⚠️	Internally led with support from Te Pūkenga Property Team aligned to current disposal steps.
	6 Sale of 309 Hardy Street	<ul style="list-style-type: none"> <li>As per above, align with the communications plan regarding asset disposal plan and financial improvement plan.</li> <li>Assess the condition and market value of the land and buildings. Prepare the assets for sale by addressing any necessary repairs, obtaining valuations, and engaging real estate agents.</li> </ul>	Plan for implementation completed by Q2 2025, savings from Q3 2026.	Low	Low	Low	Low	Low	Low	As per 5 above.

# Workstreams

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Workstream	Initiative	Description of actions	Timeframe	Level of change – staff	Level of change – learner	Likelihood of not achieving	Impact if not achieved	Regional Impact	Overall risk rating	Additional resourcing requirement (outside BAU)
7	Subdivision of Richmond Campus	<ul style="list-style-type: none"> <li>Master plan, consider cost benefit of consolidating delivery into smaller footprint.</li> <li>Engage a planner to develop subdivision strategy – that would allow for further footprint rationalisation and options for further footprint consolidation.</li> <li>Prepare the assets for sale by addressing any necessary repairs, obtaining valuations, and engaging real estate agents.</li> </ul>	Plan for implementation completed by Q2 2025, sale in 2027	Low	Low	Low	Medium	Low	Low	<p>External planning advice.</p> <p>Internally led with support from Te Pūkenga Property Team.</p>
8	Subdivision of Marlborough Campus	<ul style="list-style-type: none"> <li>Engage a planner to develop subdivision strategies – that would allow for further footprint rationalisation and options for footprint consolidation.</li> <li>Assess the condition and market value of the land and buildings.</li> <li>Renegotiate campus arrangements with s 9(2)(b)(ii) following understanding of sub-division cost benefit and analysis to inform NMITs negotiation position.</li> </ul>	<p>Plan for required feasibility actions completed by Q2 2025</p> <p>Campus decision by Q4 2025. Any sale occurring in 2027</p>	Low	Low	Low	Low	Low	Low	As per 7 above.
9		<p>s 9(2)(b)(ii), s 9(2)(ba)(ii), s 9(2)(j)</p> <ul style="list-style-type: none"> <li></li> <li></li> </ul>	Plan for implementation completed by Q3 2025, savings from Q1 2026	Medium	High	Low	Low	Low	Medium	Nil



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Workstream	Initiative	Description of actions	Timeframe	Level of change – staff	Level of change – learner	Likelihood of not achieving	Impact if not achieved	Regional Impact	Overall risk rating	Additional resourcing requirement (outside BAU)
Programmes	10	Review Sport L5 Exit L6 and bachelor <ul style="list-style-type: none"> <li>Confirm programme profitability analysis undertaken and perform an impact assessment to understand the effects of exiting the programme on its learners and staff.</li> <li>Develop stakeholder engagement plan including stakeholder mapping analysis to identify engagement needs and internal communications team on communication channels.</li> <li>Create an explicit exit strategy that outlines the approach to transitioning out of the programme. This should include whether the programme will be taught out and ability to maintain L5 Sport Programme and leased property use requirements.</li> <li>Develop change proposal and change management plan including impact to services, risks and mitigations, approach, timeframes and resourcing required for approval by Governance.</li> </ul>	Plan for consolidating delivery space completed by Q1 2025, exit L6 assumed in Q1 2026	Low	Medium	Low	Medium	Low	Medium	Nil
	11	Exit of hospitality <ul style="list-style-type: none"> <li>As above with focus on maintaining profitability in other service delivery programme.</li> <li>Move to consolidate Rata room mid FY25 and reduce admin to improve to positive CM – target \$50k improvement in FY25.</li> <li>Exit strategy determined Q3 2025 – based on revised short-term property plan.</li> </ul>	Implementation plan Q1 2025 to improve CM and remove Rata room  Q3 2025 decision of exit, savings from Q1 2026	Medium	High	Medium	High	Low	Medium	Nil
	12	Review L4 hairdressing <ul style="list-style-type: none"> <li>Continue for FY25 based on current enrolment numbers. Review FY26 delivery with decision Q2 2025.</li> </ul>	Review Q2 2025	Low	Low	Low	Low	Low	Medium	Nil
	13	Exit of Joinery <ul style="list-style-type: none"> <li>Transition students to construction – develop exit as per above.</li> <li>Sell surplus equipment.</li> </ul>	Implementation plan Q4 2024	Low	High	Low	Medium	Low	Medium	Nil
	14	Exit advanced deckhand <ul style="list-style-type: none"> <li>As above. Note the Advance deckhand has 1.2 EFTS.</li> </ul>	Implementation plan Q4 2024	Low	High	Low	Low	Low	Low	Nil

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Workstream	Initiative	Description of actions	Timeframe	Level of change – staff	Level of change - learner	Likelihood of not achieving	Impact if not achieved	Regional Impact	Overall risk rating	Additional resourcing requirement (outside BAU)
Operations exit	15	Exit of English language <ul style="list-style-type: none"><li>Undertake investigation into an outsourcing partner, ensuring they have the capacity and infrastructure to cater to the existing and potential future demand.</li><li>Create an explicit exit strategy that outlines the approach to transitioning out of the programme. This should include whether the programme will be taught out. Develop change proposal and change management plan.</li></ul>	Implementation plan Q2 2025	Low	High	Medium	High	Low	Medium	Nil
	16	<div>§ 9(2)(b)(ii), § 9(2)(ba)(ii)</div> <ul style="list-style-type: none"><li>Perform a thorough impact assessment to understand the effects of § 9(2)(b)(ii), § 9(2)(ba)(ii) on the local community and NMIT operations.</li><li>§ 9(2)(b)(ii), § 9(2)(ba)(ii), § 9(2)(j)</li><li>Develop stakeholder engagement plan including stakeholder mapping analysis to identify engagement needs and internal communications team on communication channels.</li><li>Run an open RFP (leveraging process at § 9(2)(b)(i), § 9(2)(ba)(ii) across three sites.</li><li>Create a detailed transition plan that outlines the steps for § 9(2)(b)(i), § 9(2)(ba)(i), including developing a change proposal and change management plan.</li></ul>	Plan for implementation completed by Q1 2025, savings from Q1 2026	Low	Medium	Medium	Medium	Low	Medium	Nil
	17	Student services levy increase <ul style="list-style-type: none"><li>Perform benchmarking on other ITP providers. Set fee for FY25 and engage with student body to confirm allocation and services covered by the levy.</li><li>Engage with SANITI regarding the proposed change and cost of service provision.</li></ul>	Plan for implementation completed by Q3 2025 ready for 2026 academic year	Medium	Medium	Medium	Medium	Low	Medium	Nil



# Key performance indicators

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The Financial Improvement Plan is bolstered by a set of Key Performance Indicators (KPIs) designed to measure the overall success and progress of the plan and its initiatives. These plan-level KPIs are crucial for assessing the collective impact of all workstreams and ensuring alignment with the overarching financial goals. Continued measurement and assessment of these KPI's after the initial timeframe is recommended to ensure progress and forecast savings are achieved.

Savings/Additional Revenue per Quarter (Q4 FY24 – Q4 FY26)														
	Initiative	Responsible	Measure	Overall Risk Rating	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025 Total	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2026 Total
1	Back-office rationalisation	Tumu Whenua   Executive Director	Cost Reduction	High ⚠️	\$0.3	\$0.3	\$0.3	\$0.3	\$1.3	\$0.5	\$0.5	\$0.5	\$0.5	\$2.2
2	Academic FTE reduction	Director Academic and Teaching	Cost Reduction	High ⚠️	\$0.2	\$0.2	\$0.2	\$0.2	\$0.7	\$0.3	\$0.3	\$0.3	\$0.3	\$1.1
3	Leaner management structure	Tumu Whenua   Executive Director	Cost Reduction	Medium	-	-	-	-	-	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3
4	Rationalise learner support services after funding expirt in FY25	Director Māori and Learner Services	Cost Reduction	Low	-	-	-	-	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
5/6	Property Rationalisation Nelson - opex reduction	Regional Property Manager	Cost Reduction	High ⚠️	-	-	\$0.05	\$0.05	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.4
5/6	Property Rationalisation Nelson - capital sales (B Block, H Block and 309 Hardy Street)	Regional Property Manager	Capital Sale	High ⚠️	-	-	-	-	-	-	-	\$3.9	\$3.9	\$7.8
7	Subdivision of Richmond Campus - FY27 capital sale of \$2.5m	Regional Property Manager	Capital Sale	Low	-	-	-	-	-	-	-	-	-	-
8	Subdivision of Marlborough Campus - FY27 capital sale of \$0.3m	Regional Property Manager	Capital Sale	Low	-	-	-	-	-	-	-	-	-	-

# Key performance indicators (cont.)

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	Initiative	Responsible	Measure	Overall Risk Rating	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025 Total	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2026 Total
9	s 9(2)(b)(ii), s 9(2)(ba)(ii), s 9(2)(j)	Directors Academic & Teaching and Director Demand Management	Contribution	Medium	-	-	-	-	-	s 9(2)(b)(ii)				
10	Exit of Sport L5 & L6	Director Academic and Teaching	Contribution	Medium	-	-	-	-	-	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.08)
11	Exit of hospitality	Director Academic and Teaching	Contribution	Medium	-	-	\$0.02	\$0.02	\$0.05	\$0.04	\$0.04	\$0.04	\$0.04	\$0.16
12	Review L5 hairdressing	Director Academic and Teaching	Contribution	Low	\$0.02	\$0.02	\$0.02	\$0.02	\$0.08	\$0.02	\$0.02	\$0.02	\$0.02	\$0.08
13	Exit of construction joinery in Nelson and move learners to construction Richmond	Director Academic and Teaching	Contribution	Medium	\$0.01	\$0.01	\$0.01	\$0.01	\$0.04	\$0.01	\$0.01	\$0.01	\$0.01	\$0.04
14	Exit Advanced Deckhand	Director Academic and Teaching	Contribution	Low	-	-	-	-	-	-	-	-	-	-
15	Exit of English language	Director Academic and Teaching	Contribution	Low	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02
16	s 9(2)(b)(ii), s 9(2)(ba)(ii)	Director Digital, Finance & Facilities	Cost Reduction	Medium	-	-	-	-	-	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3
17	Student services levy increase	Director Māori and Learner Services	Cost Reduction	Medium	-	-	-	-	-	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3
<b>Total</b>									<b>\$2.2</b>					<b>\$12.8</b>
18	Aeronautical delivery Nelson (L3)	Director Academic and Teaching	Contribution	Medium	\$0.1	\$0.1	\$0.1	\$0.1	\$0.6	\$0.2	\$0.2	\$0.2	\$0.2	\$0.6
19	Enrolled Nursing	Director Academic and Teaching	Contribution	Medium	\$0.01	\$0.01	\$0.01	\$0.01	\$0.04	\$0.05	\$0.05	\$0.05	\$0.05	\$0.18
20	International Student Revenue Growth	Director Demand Management	Revenue Increase	Medium	\$0.1	\$0.1	\$0.1	\$0.1	\$0.4	\$0.27	\$0.27	\$0.27	\$0.27	\$1.10

# Key performance indicators

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To ensure the sustained success and growth of NMIT, a set of longer-term KPIs have been set through to FY29.

These KPIs are designed to measure progress toward achieving strategic objectives and long-term goals. NMIT's associated performance with these KPI's is included in the table to the right.

The KPI's assumes successful implementation of the financial improvement plan initiatives, 0% domestic growth, and achieving international growth to 292 EFTS by FY26.

The detailed forecast financial statements are outlined from page 21.

NMIT Profit & Loss - \$m	FY24	FY25	FY26	FY27	FY28	FY29
<b>Revenue</b>	<b>\$40.2</b>	<b>\$41.3</b>	<b>\$44.1</b>	<b>\$45.3</b>	<b>\$46.1</b>	<b>\$46.6</b>
Personnel	(\$29.3)	(\$28.5)	(\$27.1)	(\$27.6)	(\$28.1)	(\$28.7)
Other Expenditure	(\$13.1)	(\$13.7)	(\$13.6)	(\$13.9)	(\$14.2)	(\$14.5)
<b>Operating Expenditure</b>	<b>(\$42.4)</b>	<b>(\$42.2)</b>	<b>(\$40.7)</b>	<b>(\$41.5)</b>	<b>(\$42.3)</b>	<b>(\$43.2)</b>
<b>EBITDA</b>	<b>(\$2.2)</b>	<b>(\$0.9)</b>	<b>\$3.4</b>	<b>\$3.8</b>	<b>\$3.7</b>	<b>\$3.5</b>
<b>Net Surplus</b>	<b>(\$6.2)</b>	<b>(\$3.9)</b>	<b>\$0.2</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.6</b>
Cash & Cash Equivalents	\$23.2	\$17.2	\$23.3	\$24.7	\$24.7	\$25.4
Capital Expenditure	\$2.9	\$5.4	\$6.1	\$6.0	\$4.5	\$3.5
2% Net Surplus Level	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9
Additional Savings Required	\$7.0	\$4.7	\$0.6	\$0.1	\$0.1	\$0.3

NMIT	FY24	FY25	FY26	FY27	FY28	FY29
Net Operating Surplus Margin	-15%	-9%	1%	2%	2%	1%
EBITDA Margin	-6%	-2%	8%	8%	8%	7%
Personnel to Revenue Ratio	73%	69%	61%	61%	61%	61%
Academic SSR	11.5	13.1	13.6	13.9	14.0	14.0
Allied (Non-Academic) to Academic Staff Ratio	0.9	0.9	0.8	0.8	0.8	0.8
Domestic Students (EFTS)	2,104	2,047	2,055	2,063	2,063	2,063
International Students (EFTS)	242	266	292	322	338	345
<b>Total Students (EFTS)</b>	<b>2,346</b>	<b>2,313</b>	<b>2,347</b>	<b>2,385</b>	<b>2,401</b>	<b>2,408</b>
Academic FTE	204	177	172	172	172	172
Non-Academic FTE	179	156	141	141	141	141
<b>Total FTE</b>	<b>383</b>	<b>333</b>	<b>313</b>	<b>313</b>	<b>313</b>	<b>312</b>
Total Programmes delivered	126	115	115	115	115	115
Programmes discontinued	0	11	0	0	0	0

# Forecast financials - Profit & Loss

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	FY24	FY25	FY26	FY27	FY28	FY29
<b>Revenue</b>						
Government Funding	\$21.3	\$23.3	\$25.1	\$25.2	\$25.2	\$25.2
Tuition Fees - Domestic Students	\$7.1	\$7.8	\$8.0	\$8.1	\$8.3	\$8.4
Tuition Fees - International Students	\$5.2	\$5.7	\$6.3	\$7.1	\$7.6	\$7.9
Trading Income	\$1.1	\$1.1	\$1.2	\$1.2	\$1.2	\$1.3
Other Income	\$5.3	\$3.4	\$3.5	\$3.6	\$3.7	\$3.7
<b>Total Revenue</b>	<b>\$40.2</b>	<b>\$41.3</b>	<b>\$44.1</b>	<b>\$45.3</b>	<b>\$46.1</b>	<b>\$46.6</b>
<b>Operating Expenses</b>						
Wages and Salaries	\$29.3	\$28.5	\$27.1	\$27.6	\$28.1	\$28.7
Teaching Delivery	\$6.9	\$6.0	\$6.2	\$6.3	\$6.5	\$6.6
Infrastructure	\$2.9	\$2.7	\$2.4	\$2.4	\$2.5	\$2.5
Administration	\$3.3	\$4.8	\$5.0	\$5.1	\$5.2	\$5.3
<b>Total Operating Expenses</b>	<b>\$42.4</b>	<b>\$42.2</b>	<b>\$40.7</b>	<b>\$41.5</b>	<b>\$42.3</b>	<b>\$43.2</b>
<b>EBITDA</b>	<b>(\$2.2)</b>	<b>(\$0.9)</b>	<b>\$3.4</b>	<b>\$3.8</b>	<b>\$3.7</b>	<b>\$3.5</b>
Depreciation and Amortisation	\$4.6	\$4.0	\$3.8	\$3.8	\$3.7	\$3.6
<b>EBIT</b>	<b>(\$6.8)</b>	<b>(\$4.9)</b>	<b>(\$0.4)</b>	<b>\$0.0</b>	<b>(\$0.0)</b>	<b>(\$0.1)</b>
Net Interest Income	\$0.6	\$0.9	\$0.6	\$0.7	\$0.7	\$0.7
<b>Net Surplus Before Unusual Items</b>	<b>(\$6.2)</b>	<b>(\$3.9)</b>	<b>\$0.2</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.6</b>
<b>Unusual Items</b>						
Gain / Loss on disposal of PPE	-	-	(\$6.2)	-	-	-
Other Unusual or Non-Recurring items	(\$0.0)	-	-	-	-	-
One-off Redundancy Costs	-	(\$1.1)	(\$0.2)	-	-	-
Teachout Costs	-	(\$0.3)	-	-	-	-
Change Management / Support	-	(\$0.5)	(\$0.5)	-	-	-
<b>Total Unusual Items</b>	<b>(\$0.0)</b>	<b>(\$1.9)</b>	<b>(\$6.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$6.2)</b>	<b>(\$5.8)</b>	<b>(\$6.6)</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$0.6</b>

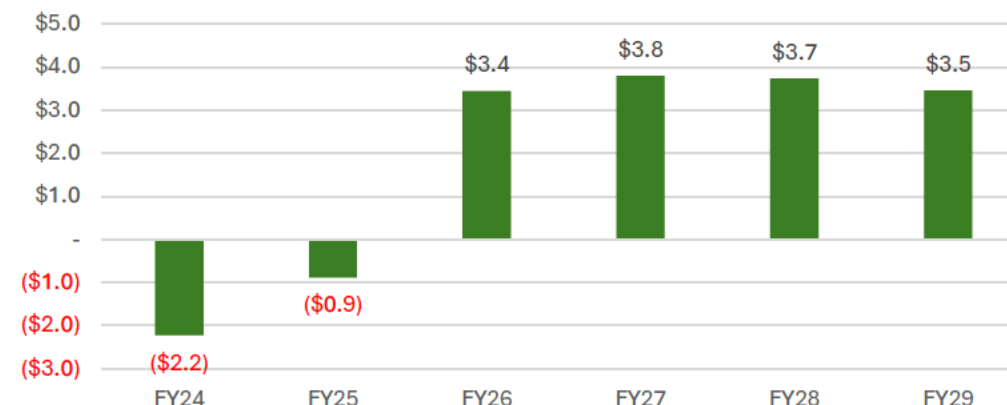
Under a zero domestic growth scenario for NMIT existing programmes, the forecast EBITDA improvement is reliant on removing cost in FY25 and FY26.

Government funding poses a significant risk for NMIT. TEC's ongoing review of tertiary education organisations could affect funding allocations, highlighting the uncertainty and potential risks NMIT faces regarding future SAC funding. To mitigate these risks, NMIT must maintain strong communication with TEC and ensure that any planned growth is adequately funded.

We note following the change costs FY26, there is likely to be a deficit due to the loss on sale regarding the property disposals and s 9(2)(b)(ii), s 9(2)(ba)(ii), s 9(2)(j)

NMIT should focus on improving EBITDA beyond the forecast below, providing a buffer for unforeseen investment requirements and/or movements in revenue.

Forecast EBITDA - \$m



# Forecast financials - Cash Flow

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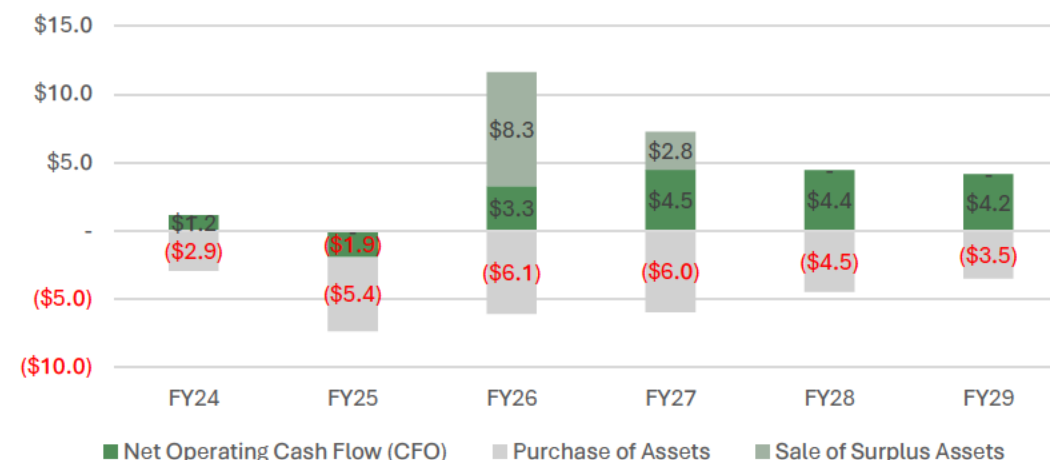
	FY25	FY26	FY27	FY28	FY29
<b>Operating Cash Flows</b>					
Operating Inflows	\$41.2	\$44.0	\$45.2	\$46.0	\$46.6
Operating Outflows	(\$42.2)	(\$40.7)	(\$41.5)	(\$42.3)	(\$43.2)
Unusual & Non-recurring Items	(\$1.9)	(\$0.7)	-	-	-
Net Interest Income	\$0.9	\$0.6	\$0.7	\$0.7	\$0.7
<b>Net Operating Cash Flow (CFO)</b>	<b>(\$1.9)</b>	<b>\$3.3</b>	<b>\$4.5</b>	<b>\$4.4</b>	<b>\$4.1</b>
<b>Investment Cash Flows</b>					
Purchase of Assets	(\$5.4)	(\$6.1)	(\$6.0)	(\$4.5)	(\$3.5)
Sale of Surplus Assets	-	\$8.3	\$2.8	-	-
Other Investment Cash Flows	-	-	-	-	-
<b>Net Investment Cash Flow (CFI)</b>	<b>(\$5.4)</b>	<b>\$2.3</b>	<b>(\$3.2)</b>	<b>(\$4.5)</b>	<b>(\$3.5)</b>
<b>Financing Cash Flows</b>					
Commercial Debt	-	-	-	-	-
Crown Debt	-	-	-	-	-
Finance Leases	-	-	-	-	-
Other Financing Cash Flows	-	-	-	-	-
<b>Net Financing Cash Flow (CFF)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash Held</b>	<b>(\$7.3)</b>	<b>\$5.5</b>	<b>\$1.3</b>	<b>(\$0.0)</b>	<b>\$0.7</b>
<b>Opening Cash Balance</b>	<b>\$23.2</b>	<b>\$15.9</b>	<b>\$21.4</b>	<b>\$22.7</b>	<b>\$22.7</b>
<b>Closing Cash Balance</b>	<b>\$15.9</b>	<b>\$21.4</b>	<b>\$22.7</b>	<b>\$22.7</b>	<b>\$23.4</b>

NMIT is forecasted to have negative cash flow in FY25, after accounting for unusual and non-recurring items such as redundancy, teach-out, and change management support. Negative cash flow is somewhat offset by net interest income.

The negative FY25 cash flow is before considering the need for investment capex. NMIT is currently revising its planned FY25 spending, focusing on holding key projects and delivering only essential capital. This process should continue, with capex spending prioritised and ranked, and key project decisions staged against enrolment confirmation.

NMIT should aim to remain cash neutral over the forecast period, aligning required capital spending on key seismic strengthening projects with forecasted cash proceeds and operating cash flows. The forecast assumes an opening cash balance of \$23.2 million in FY25 and no Crown debt.

Forecast Cash Flow Components - \$ million





# Forecast financials - Balance Sheet

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	FY24	FY25	FY26	FY27	FY28	FY29
<b>Assets</b>						
Current Assets						
Cash and Cash Equivalents	\$23.2	\$15.9	\$21.4	\$22.7	\$22.7	\$23.4
Trade & Other Receivables	\$2.1	\$2.2	\$2.3	\$2.4	\$2.4	\$2.5
Other Financial Assets	(\$4.9)	(\$4.9)	(\$4.9)	(\$4.9)	(\$4.9)	(\$4.9)
Other Current Assets	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
<b>Total Current Assets</b>	<b>\$21.3</b>	<b>\$14.0</b>	<b>\$19.7</b>	<b>\$21.0</b>	<b>\$21.0</b>	<b>\$21.8</b>
Non-Current Assets						
Property, Plant and Equipment	\$126.4	\$125.4	\$112.4	\$111.3	\$112.8	\$115.6
Assets Under Construction	-	\$2.4	\$3.1	\$3.7	\$2.9	-
Other Non-Current Assets	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>\$126.4</b>	<b>\$127.9</b>	<b>\$115.6</b>	<b>\$115.0</b>	<b>\$115.7</b>	<b>\$115.6</b>
<b>Total Assets</b>	<b>\$147.7</b>	<b>\$141.9</b>	<b>\$135.2</b>	<b>\$136.0</b>	<b>\$136.7</b>	<b>\$137.3</b>
<b>Liabilities</b>						
Current Liabilities						
Trade & Other Payables	\$3.4	\$3.4	\$3.4	\$3.4	\$3.4	\$3.4
Employee Entitlements	\$2.4	\$2.4	\$2.4	\$2.4	\$2.4	\$2.4
Revenues in Advance	\$8.8	\$8.8	\$8.8	\$8.8	\$8.8	\$8.8
<b>Total Current Liabilities</b>	<b>\$14.5</b>	<b>\$14.5</b>	<b>\$14.5</b>	<b>\$14.5</b>	<b>\$14.5</b>	<b>\$14.5</b>
Non-Current Liabilities						
External Debt	-	-	-	-	-	-
Intercompany Debt	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-
Employee Entitlements	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
<b>Total Non-Current Liabilities</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>
<b>Total Liabilities</b>	<b>\$14.6</b>	<b>\$14.6</b>	<b>\$14.6</b>	<b>\$14.6</b>	<b>\$14.6</b>	<b>\$14.6</b>
<b>Net Assets</b>	<b>\$133.1</b>	<b>\$127.2</b>	<b>\$120.6</b>	<b>\$121.4</b>	<b>\$122.1</b>	<b>\$122.7</b>
<b>Equity</b>						
General Funds	\$133.1	\$127.2	\$120.6	\$121.4	\$122.1	\$122.7
Crown Capitalisation / Establishment Dividend	-	-	-	-	-	-
<b>Total Equity</b>	<b>\$133.1</b>	<b>\$127.2</b>	<b>\$120.6</b>	<b>\$121.4</b>	<b>\$122.1</b>	<b>\$122.7</b>

NMIT is forecast to maintain a cash reserve of \$20 million with no core debt. The cash reserve is approximately 50% of the forecasted FY26 annual revenue. Given NMIT's limited ability to attract external capital and its largely fixed operating costs, maintaining a strong cash balance with no debt is advisable to counter potential enrolment fluctuations or unforeseen expenses.

The forecast balance sheet projects a reduction in total assets following asset sales and

Forecast Cash and Cash Equivalents - \$m



# Key assumptions & risks

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## Key Financial Assumptions

### General Assumptions:

- Full SAC rates and equity funding to resume from January 2026. SAC Funding Plan Growth to not exceed 2% per annum.
- Annual Maximum Fee Movement of 6% in 2025, returning to 2% for remaining out-years.
- Salary Inflation increase as per the budget in 2025 and remains at 2% for remaining out-years.
- Inflation has been assumed to be 2% per annum as per Budget Economic and Fiscal Update 2024 Treasury Estimates.

### Entity Specific Assumptions:

- Domestic EFTS Growth per annum (as outlined overpage):
  - Downside: 0% in FY25, -2% in FY26, -1% in FY27, 0% in FY28 & FY29
  - Base Case: 0% across FY25-29
  - Upside: 4% in FY25, 2% in FY26 & FY27, 1% in FY28 & FY29
- International EFTS Growth per annum:
  - Downside: 10% in FY25, 5% across FY26-29
  - Base Case: 10% across FY25-27, 5% in FY28, 2% in FY29
  - Upside: 10% across FY25-29
- EFTS to Academic ratio:
  - Downside: Slight decline on current 12.1 ratio, 12.2 by FY29
  - Base Case: Marginal improvement on current 12.1 ratio, 12.5 by FY29
  - Upside: Slight improvement on current 12.1 ratio, 13.5 by FY29
- Non-Academic FTE to Academic FTE ratio:
  - Base Case: No improvement on current 0.9 ratio across FY25-29
  - Optimistic Case: Slight improvement on current 0.9 ratio, 0.93 by FY29

## Risks/Issues identified

### General Risks/Issues:

- The analysis and recommendations in this financial recovery plan are accurate as of its issuance. Subsequent data revisions, reforecasts, and environmental changes that could significantly alter these recommendations have not been included.
- Opening capitalisation for standalone entities in 2026 is currently unknown. It is assumed NMIT will have an opening cash balance of \$21.4m on 1 January 2026 as per the financial modelling.

### Entity Specific Risks/Issues:

- The financial improvement plan assumes 10% international EFTS growth. NMIT's FY25 budget assumes a 15% growth and NMIT is yet to fully develop out-year forecasts reflective of their international strategy. NMIT need to be prudent in monitoring these enrolments across the years as this will have a material impact on NMIT's bottom-line.
- Large capital investments in digital and infrastructure capabilities are required to support the ongoing operations of NMIT. Ongoing work needs to be undertaken to continually evaluate those initial investment costs, ensuring that NMIT is also in the position to fund those business-critical investments.
- Back-office FTE reductions are currently underway as part of NMIT's workforce efficiency strategy. NMIT need to be diligent in capturing the cost-saving benefits of these reductions against their overall targeted salary costs.
- The competing demands of performing BAU functions and undertaking ongoing change processes may impact NMIT's leadership team.

# Scenario analysis and key sensitivities

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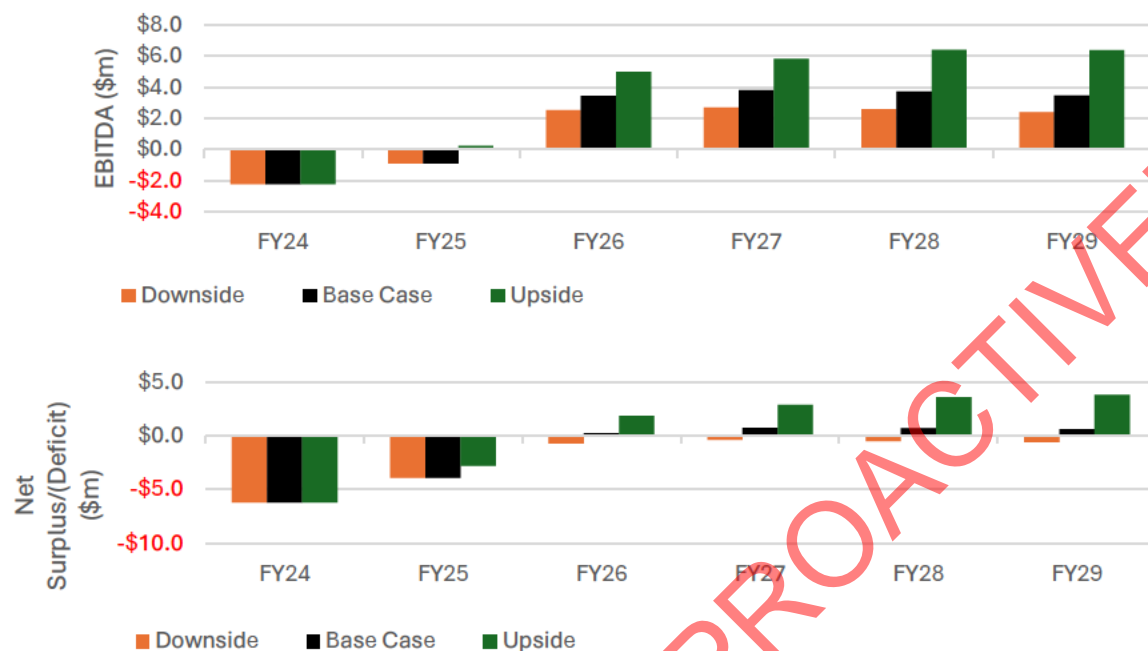
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## Scenario Analysis

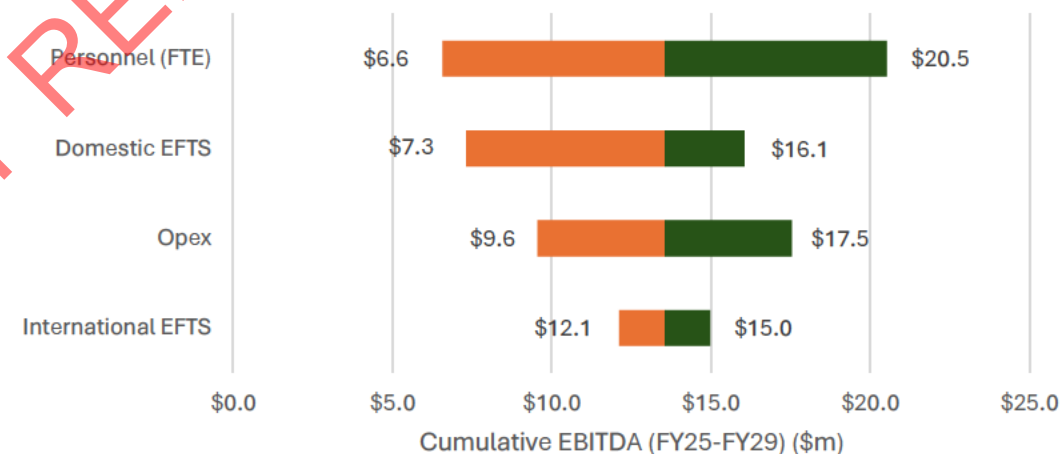
A scenario analysis was undertaken to evaluate how NMIT's performance under both a downside and upside scenario, comparative to the current base case. As the base case assumes 0% domestic growth, the downside primarily focuses on lower international growth.

As such, NMIT should plan for EBITDA scenarios between \$2.5m - \$5.0m in FY26 and should ensure that capital plans are developed and prioritised to have a number of stage gates should forecast free cash flow be lower than the base case projection.



## Variable Sensitivities for EBITDA over FY25 – FY29

The chart below gives the indicative impact of variations across key variables that would impact cumulative EBITDA levels across the forecasted period (FY25-FY29). From our analyses, fluctuations in total FTE across the forecast period FY25-FY29 have the greatest effect on EBITDA, followed by fluctuations in domestic EFTS. We also have assumed limited upside in SAC funding with a maximum TEC plan growth of 2% over the period. As such, there is more downside risk to NMIT in Domestic EFTS.



Key Assumption	Sensitivity Range
Higher/Lower Total FTE	Sensitivity range for + / - 5% in Total FTE
Higher/Lower Domestic EFTS	Sensitivity range for + / - 5% in Domestic EFTS
Higher/Lower Opex	Sensitivity range for + / - 5% in Opex
Higher/Lower International EFTS	Sensitivity range for + / - 5% in International EFTS



## Section Two: Further Cost Saving Initiatives

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**Te Pūkenga**

# Further saving initiatives

## Second Step

After evaluating the impacts of implemented financial improvement initiatives and performance against the 2025 budget (through the Q2 – Q3 FY25 forecasts), NMIT may still require additional financial savings to meet the 2% net surplus target. Two potential options have been identified to close the \$0.6 million gap between the adjusted downside surplus and the 2% surplus target.

1. Implementing an outsourced model for corporate functions; and
2. Achieving additional personnel savings from Academic, Academic Support, and Learner Services activities or make further reductions to personnel.

## Option 1 – Outsource corporate/back-office functions

This option would see NMIT look to fully outsource some corporate/back-office functions, using the savings to offset the remaining shortfall and fund the outsourced service provision. After closing the gap to meet the 2% surplus, **there is a further \$1.2 to fund outsourced services going forward**. This option requires an external supplier to be available in the market to provide the outsourced provision, and that a base level of capability remains within NMIT.

Roles	Current FTE	Future FTE	Potential Savings
Communications	1.8	0.8	s 9(2)(a), s 9(2)(b)(ii)
Digital/ Service Desk	11.4	2	
Finance	2.8	0.8	
Health & Safety	2	1	
Human Resources	5	1	
International Development/Marketing	6.8	3.6	
<b>Total</b>	<b>29.8</b>	<b>8.2</b>	<b>\$1,847,655</b>

## Option 2 – Further personnel savings

This option would require NMIT to make further reductions in personnel to address the remaining shortfall. These reductions are likely to need to be found through Academic, Academic Support, Learner Services and Support and Campus Services. We have provided an indicative shift in staffing levels required to address the shortfall below. There is likely to need to be a reduction across functional areas rather than the full savings to come from one area.

This option only provides a high-level indication of the shift required. Delivering these changes would require an assessment and redesign of the service/delivery model across the NMIT.

	Academic	Academic Support	Learner Support	Campus Services
Average Salary	\$96k	\$75k	\$79k	\$73k
FTE reductions required	6.25	8.0	7.6	8.2

# Section Three: Financial Performance, Systems & Objectives

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**Te Pūkenga**

# Governance & reporting

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## Governance

A financial recovery management group will be established internally for a period of three years, with the Chief Executive (CE) as the owner and Senior Leadership Team (SLT) members assigned as workstream owners. The membership of the financial recovery management group will be reviewed every six months to ensure that the outcomes of the financial recovery plan are being met.

This group will report to the Governance Group, as designated by Te Pūkenga until the Advisory Boards are established. The work of the financial recovery management group will be supported by the internal communications and people and culture teams.

### Management Group

The primary function of the management group is to provide comprehensive oversight, strategic guidance, and operational coordination to achieve the objectives of the financial recovery plan.

### Key responsibilities include:

- Monitoring and evaluating the progress of the financial recovery plan
- Identifying and addressing any challenges or risks that may impact the plan's success
- Ensuring alignment with organisational goals and strategic priorities
- Facilitating communication and collaboration among various stakeholders
- Making informed decisions to adjust the plan as necessary to meet its objectives
- Reporting regularly to the Governance Group on the group's activities and progress.

## Reporting structure

A structured reporting framework approach is suggested to provide regular updates to the Governance Group, ensuring transparency and accountability with the implementation of various workstreams and initiatives.

The reporting framework will be bi-monthly, allowing for timely assessments and adjustments. The report will include detailed sections on the status updates of each workstream and initiative, highlighting progress, challenges, and any necessary actions. It will also track how these initiatives are performing against the annual savings targets, providing a clear picture of their financial impact. Additionally, the report will incorporate comprehensive financial information, such as budget allocations, expenditures, and any variances.

To facilitate consistency and ease of use, this document includes a template in the appendices, which can be used for future reporting cycles. This template will outline the key sections and data points required, ensuring that all necessary information is captured and presented in a standardised manner.

### Formal Closure of the Financial Improvement Plan

The Financial Improvement Plan can only be closed following the owner (Chief Executive) seeking closure from the Governance Group on the basis a final report is provided outlining achievement against the targets and closure of the initiatives.

# Risk assessment & mitigation

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Below outlines the risks associated with the plan as a whole, along with the corresponding mitigation strategies designed to minimise their impact. By acknowledging and addressing these risks, we can ensure the plan's objectives are achieved while maintaining stability and resilience throughout the implementation process.

Risk		Impact	Likelihood	Mitigation
1	Disruptions to the day-to-day operations of the entity, impacting its ability to deliver services and programmes effectively.	High	Medium	<ul style="list-style-type: none"> <li>Create detailed plans for maintaining essential operations during periods of change or disruption. This includes identifying critical functions, backup processes, and key personnel.</li> <li>Establish clear communication channels and coordination mechanisms to ensure quick response to any disruptions.</li> <li>Implement a structured change management process to manage the impact of changes on daily operations, ensuring minimal disruption to services and programmes.</li> </ul>
2	Resistance from staff, students, or other stakeholders to changes implemented as part of the financial recovery plan.	Medium	Low	<ul style="list-style-type: none"> <li>Engage in open and transparent communication with all stakeholders to explain the necessity and benefits of the changes.</li> <li>Involve stakeholders in the decision-making process through consultations and feedback mechanisms to build trust and ownership.</li> <li>Provide support and flexibility to staff and students, and address concerns promptly.</li> </ul>
3	Uncertainty in financial projections and funding, which can impact the sustainability of the recovery plan.	Medium	Medium	<ul style="list-style-type: none"> <li>Develop robust financial models and scenarios to anticipate and prepare for different financial outcomes.</li> <li>Regularly review and update financial plans based on actual performance and changing circumstances.</li> </ul>
4	Changes implemented during the recovery plan could compromise the quality of educational programmes.	High	Low	<ul style="list-style-type: none"> <li>Ensure that any changes to programmes are carefully assessed for their impact on quality and student outcomes.</li> <li>Implement and maintain strong quality assurance mechanisms.</li> <li>Consider, if necessary, alternative teaching delivery methods that can maintain or enhance programme quality, such as online or blended learning options.</li> </ul>
5	Difficulties in divesting underutilised properties, which could delay financial benefits.	Low	Medium	<ul style="list-style-type: none"> <li>Conduct thorough market analyses to determine the best timing and strategies for property divestment.</li> <li>Engage with real estate experts and market the properties effectively to attract potential buyers.</li> <li>Consider leasing options as an interim measure if immediate sale is not feasible.</li> </ul>
6	Difficulties in implementing digital transformation initiatives, which could hinder operational efficiency and student experience.	High	Medium	<ul style="list-style-type: none"> <li>Develop a comprehensive digital transformation strategy with clear goals and timelines.</li> <li>Ensure strong immediate support for existing digital platforms and instruments to handle high usage.</li> </ul>
7	Regulatory risks arises from changes in laws, regulations, or policies. Including new or amended legislation or regulatory requirements.	High	Medium	<ul style="list-style-type: none"> <li>Monitor and analyse changes in relevant laws, regulations, and policies.</li> <li>Develop and maintain robust compliance frameworks that integrate new or changed regulatory obligations into the entities policies, procedures, and processes.</li> </ul>
8	Negative impact on the divisions's reputation due to changes or disruptions.	High	Medium	<ul style="list-style-type: none"> <li>Maintain transparent and open communication with stakeholders to manage expectations and build trust.</li> <li>Develop a crisis management plan to address any reputational issues quickly and effectively.</li> </ul>
9	Changes in market demand or enrolment patterns that could affect the division's financial plans.	High	Medium	<ul style="list-style-type: none"> <li>Conduct market research to stay informed about changing demand and trends.</li> <li>Implement flexible admission and enrolment processes to adapt to changing circumstances.</li> </ul>
10	Challenges in implementing the recovery plan, including delays, cost overruns, or failure to achieve intended outcomes.	High	Medium	<ul style="list-style-type: none"> <li>Develop a detailed action plans per workstream with clear milestones and timelines.</li> <li>Regularly monitor progress, identify potential issues early, and make necessary adjustments to stay on track.</li> </ul>



# Financial Performance Systems

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## Overview of Performance Systems and Objectives

NMIT needs to commit to maintaining a balanced approach to financial management. In the short term, the focus is on achieving cost savings and stringent cost control to ensure immediate financial stability. Concurrently, NMIT needs to have a view of its long-term aspirations by investing in strategic initiatives that foster sustainability and delivery of its key education performance objectives. Regular updates to the financial plan, coupled with annual and semiannual reviews of key functions and programs, will ensure that the institution adapts to changing conditions and meets its financial targets. This proactive approach aims to return NMIT to financial viability without delay, while continuously improving its educational offerings and operational efficiency.

### Short-Term Focus:

- Achieve cost savings and cost control to stabilise finances.
- Implement strict budget management and expenditure monitoring.
- Prioritise essential services and eliminate non-essential expenses.

### Long-Term Aspirations:

- Invest in strategic initiatives that align with future growth and sustainability.
- Foster innovation and development in key vocational programmes.
- Maintain a balance between immediate financial health and long-term goals.

### Financial Plan Updates:

- Regularly update the financial plan to reflect current conditions and projections.
- Ensure flexibility to adapt to changing economic and educational landscapes.
- Use data-driven insights to inform financial decisions and adjustments.

### Targets and Viability:

- Set clear, achievable financial targets to guide performance.
- Monitor progress closely to ensure timely return to financial viability.
- Engage stakeholders in the financial planning process to foster transparency and accountability.

### Review and Action:

- Conduct larger annual and semiannual reviews of key functions and programs alongside smaller monthly reports.
- Take decisive actions based on review outcomes to ensure continuous improvement.
- Implement a no-regrets policy, ensuring actions taken are beneficial regardless of future uncertainties.

## How will the short-term focus be achieved?

Regular reviews and a structured approach to financial management will help ensure that NMIT remains on track to achieve its financial targets and return to financial viability.

### Regular Monthly Financial Reporting:

- Conduct detailed monthly financial reports to track expenditures and revenues, with a monthly reforecast.
- Ensure transparency and accountability by sharing these reports with all relevant stakeholders.

### Monthly Reviews with CFO and Chief Executive:

- Hold monthly review meetings with the CFO and Chief Executive for budget holders (SLT).
- Discuss financial performance, identify variances, and develop corrective actions.
- Emphasise the importance of budget holders taking responsibility for resolving their own budget issues, with additional funding considered only as a last resort.
- Finance Team to sense check run rate forecast and to ensure that budget holders are providing leadership with the best estimate for year end position, and there are no held contingencies for unlikely events or any surprises regarding cost not included within the forecast.
- NMIT needs to foster a culture of accurate forecasting and budgeting – once enrolments are confirmed expectation should be that budget holders hit targets. NMIT needs to foster a culture of continuous improvement and accountability across the organisation.

### Budget Holder Accountability:

- Set clear expectations for budget holders to manage their budgets effectively. Ensure that this is set out in the Delegated Financial Authority Policy, and that there are sufficient measures for corrective action.
- Finance Team provides training and support to enhance their financial management skills.
- Encourage proactive problem-solving and innovation to address budget challenges.

### People and Culture Support:

- Maintain a rigorous business case process for approving new positions. Ensure that any new hires align with strategic priorities and budget constraints.
- Collaborate with People & Culture (P&C) to support the Senior Leadership Team (SLT) in reviewing resourcing requirements and ensuring that the organisation is shifting resources before requesting new roles.
- P&C to work closely with SLT to monitor and enhance staff performance, ensuring the workload allocation for teaching and tribal benchmarking supports any required roles.

### Focus on Improvement Initiatives:

- Utilise the reporting template to highlight and track improvement initiatives as per the report framework of the Financial Improvement Plan.

# Long-Term Planning

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## Long-Term Aspirations

To ensure that NMIT not only survives but thrives, it must focus on its long-term aspirations and adapt to shifts in the mode of delivery and changes to programmes. By balancing short-term financial stability with long-term aspirations, NMIT can create a resilient and thriving division that meets the needs of its students, staff, and stakeholders.

**Strict financial management will enable the financial headroom for investment in strategic initiatives:**

- Allocate resources to initiatives that align with future growth and sustainability.
- Focus on areas such as digital transformation, and industry partnerships.
- Ensure a fit for purpose framework is developed for business cases and pilots are developed to ensure that investment decisions are based on sound information.

**Adapting to shifts in mode of delivery:**

- Continue to embrace innovative teaching methods, including online and hybrid learning models.
- Invest in technology and infrastructure to support flexible and accessible education. Given size and scale, seek to leverage third party and other providers.
- Continuously update curricula to reflect industry trends and future workforce needs.

**Programme changes and development:**

- Regularly review and update academic and vocational programs to ensure relevance and quality.
- Introduce new programs that cater to emerging fields and market demands.
- Foster a culture of continuous improvement and innovation in program delivery.

**Focus on sustainability and growth:**

- Implement initiatives that promote environmental sustainability and social responsibility.
- Strengthen community and industry engagement to enhance the division's reputation and impact.
- Pursue opportunities for growth, such as expanding international collaborations and student recruitment.

**Continuous improvement and accountability:**

- Conduct regular reviews of key functions and programs to identify areas for improvement.
- Monitor progress closely and adjust strategies as needed to stay on track with long-term goals.

## Long-Term Planning Underpinned by Key Detailed Planning

To support its strategic goals, NMIT will develop a robust long-term financial plan that is both flexible and adaptable to changing economic and educational landscapes. The financial planning will draw on the following key subsets of plans that require to be developed and updated to ensure that NMIT can priorities its resources.

### Key Areas of Focus in Long-Term Planning

	Plan	Key Content	Considerations for long / short-term planning
1	Domestic Delivery (academic portfolio)	Ensuring the programmes are of sufficient scale and scope and delivering against regional needs.	Updated programme profitability and ensure that enrolments trends are inline with market expectations. Testing market share for key areas of delivery.
2	International Growth and Sustainability	Strategy for reaching targets growth and ensuring NMIT keeps ahead of market trends.	Annual targets for enrolments by programme, new products and channels to provide diversification. Defined investment requirements.
3	Academic Workforce Plan	Enables the short and long-term management of academic workforce.	Academic workloads are benchmarked and allocated based on demand requirements and linked to programme profitability.
4	Organisational Efficiency / Academic Support	Plan for academic support roles and efficiently projects that will enable improvements in workforce productivity.	Targeted academic support structure, and team size. Defined investment requirements to improve organisational efficiency.
5	Property Plan	Strategic document outline the vision and then detailed analysis for the for physical space requirements.	Outline key projects as per capital plan, with time and sequencing for delivery. Recommended that condition assessments undertaken on key facilities to establish BAU requirements and how this can be linked to strategic property development.
6	Digital Strategy	Provides the direction for key software platforms decisions and learner experience at NMIT.	Total investment requirements, phasing and delivery consideration along with investment decisions existing infrastructure.

# Bringing it all together

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## Target Setting and Performance Management

To link all these elements together and ensure effective review and updating of KPIs, NMIT can follow a structured process to embed a performance evaluation cycle. The purpose of this is to enable the key strategic plans to be developed and incorporated as part of the planning and budget rounds, then included within the enterprise reporting. This provides management and governance a single view of how the ITP is performing against the key objectives.

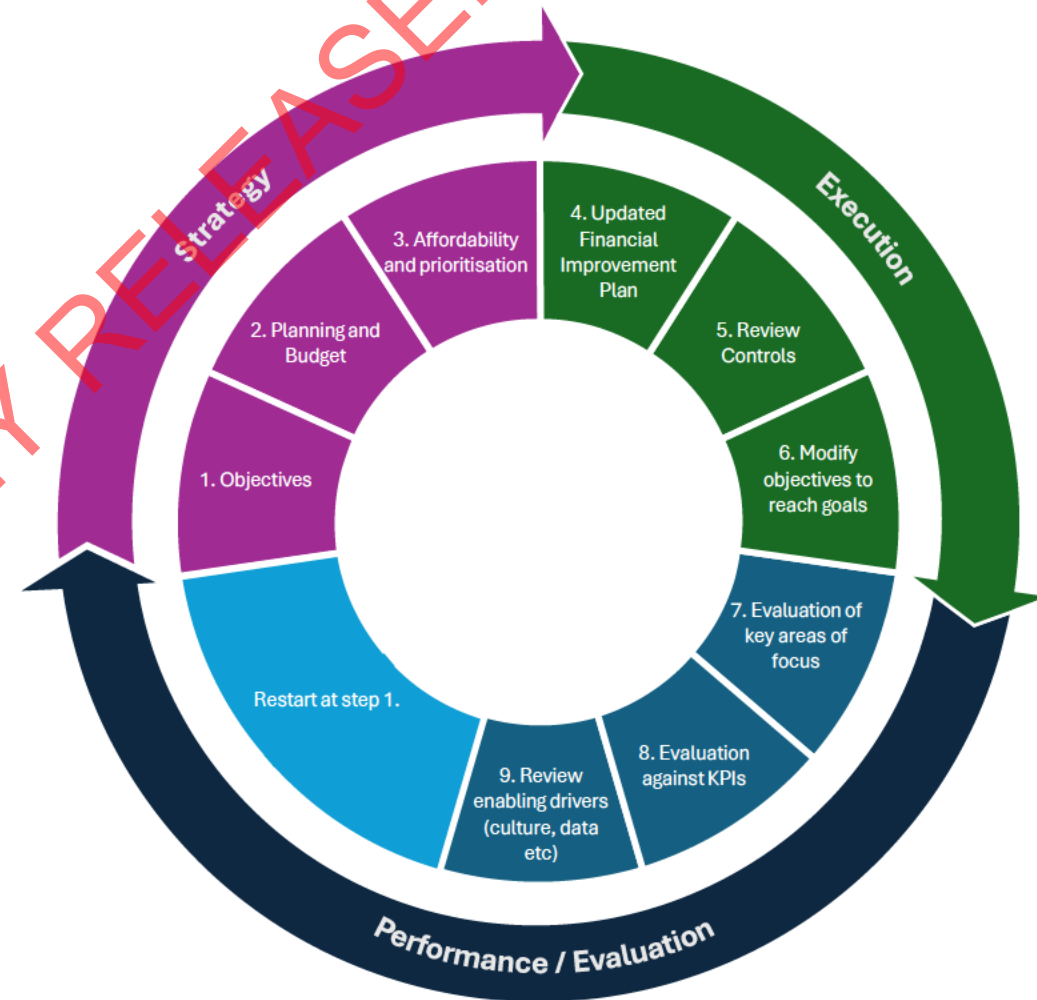
Performance reporting and KPI assessment are key functions of this framework to ensure that objectives are met, and NMIT is investing in the key enabling drives such as organisational culture, data availability and stakeholder involvement.

As previously mentioned, a key challenge for NMIT is to create the financial headroom to implement strategic plans hence the Financial Improvement Plans initial focus on improving the financial performance of NMIT.

As such, it makes sense that NMIT focuses on creating the financial headroom in FY25 and then works alongside the appointed governance and leadership to develop the key strategic direction for NMIT following the anticipated 2026 spin out from Te Pūkenga.

It also makes sense to align as many KPI's with the required TEC reporting framework to ensure that reporting is efficient and there is clear communication between management, governance and the TEC.

## Performance Evaluation Cycle





# Appendices

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# Reporting template – Financial Improvement Plan template

## NMIT Financial Improvement Plan Status Report

Programme Status Report as at: [date]

Approved by: [Programme Owner]

Current programme status: [RAG rating]

### Programme Description:

The Financial Improvement Plan has been established to achieve a 2.0% net surplus and sight an 11% EBITDA to revenue margin as the target financial benchmark by FY26.

### Progress commentary:

[insert commentary on progress against the plan]

### Terms of Reference:

[Improvement Plan should have a terms of reference along with clear delegations for Sponsor (CE), Suppliers (Senior Leadership Team) and Governance]

Workstream	Initiative	Status (RAG)	Commentary
Personnel	Back-office rationalisation		
	Academic FTE reduction		
	Leaner management structure:		
	Rationalise learner support services:		
Property	Exit of Nelson		
	Sale of surplus land at 309 Hardy		
	Subdivision of Richmond site		
	Subdivision of Marlborough site		
	s 9(2)(b)(ii), s 9(2)(ba)(ii), s 9(2)(i)		
Programmes	Exit of Sport L5 & L6		
	Exit of hospitality & hairdressing		
	Exit of construction and advanced deckhand		
	Exit of English language		
Operations exit	s 9(2)(b)(ii), s 9(2)(ba)(ii)		
Revenue	Student services levy increase		

Status	Key	%
R – Red		Unlikely to achieve 85% of target
A – Amber		Within 15% of all targets achieved
G – Green		100%+ of target achieved.

# Reporting template – Initiative template

Workstream	Initiative	RAG Status for FIP	Actions & Millstones	Commentary	Identified risk commentary	Planned Annual Savings / Uplift	Forecast Annual Savings / Uplift
Personnel	1 Back-office rationalisation						
	2 Academic FTE reduction						
	3 Leaner management structure:						
	4 Rationalise learner support services						
Property	5 Nelson consolidation: B Block H Block N Block						
	6 Sale of surplus land at 309 Hardy						
	7 Subdivision of Richmond site						
	8 Subdivision of Marlborough site						
	9 <small>s 9(2)(b)(i), s 9(2)(ba) (a), s 9(2)(j)</small>						

# Reporting template – Initiative template

Workstream	Initiative		RAG Status for FIP	Actions & Millstones	Commentary	Identified risk commentary	Planned Annual Savings / Uplift	Forecast Annual Savings / Uplift
Personnel	10	Exit of Sport L5 & L6						
	11	Exit of hospitality						
	12	Review L4 hairdressing						
	13	Exit advanced deckhand						
	14	Exit of construction (joinery)						
	15	Exit of English language						
Operations exit	16	s 9(2)(b)(ii), s 9(2)(ba)(ii)						
Revenue	17	Student services levy increase						

# Reporting template – Change Request

Workstream	Initiative		Planned Annual Savings / Uplift	Forecast Annual Savings / Uplift	Change Log	Description	Approved / Rejected
[Name]	[#]	[Initiative Name]			[Unique Change Number]	[Description]	[Outcome]

Area of focus	Description	Further Comment
Describe the nature of the change request	[What has been done, what is the proposed change]	
What are the implications on cost and budget	[Describe the level of impact on the forecast annual savings uplift]	
What is the impact to the scope for the Financial Improvement Plan	[Outline any impact on scope, proposed solutions]	
What is the impact to timing	[How are the benefits timing impacted]	
Change process	[Outline the change process – i.e. under what delegated authority will be change be approved – i.e. Management or Governance Approval]	[Subject to confirmation with governance, expectation is any changes outside the agreed tolerance.]

Status	Key	%
R – Red		Unlikely to achieve 85% of target
A – Amber		Within 15% of all targets achieved
G - Green		100%+ of target achieved.



# Reporting template – Change Log

Change Log #	Description	Approved / Rejected – Chief Executive	Approved / Rejected – Governance (if required)
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]
[Unique Change Number ]	[Description]	[Outcome]	[Outcome]

# Reporting template – Financial Improvement Plan template

## NMIT Financial Reporting Status

[Insert commentary from management report on budget tracking]

### Current Year Financial Summary:

[Set out current financial performance against budget]

### Implications for FIP Targets:

[insert commentary on progress against the plan. This should outline any key issues with regards to cost over runs in capital projects, higher personnel cost or lower enrolments that are going to require mitigation against the P&L]

Status	Key	%
R – Red		Unlikely to achieve 85% of target
A – Amber		Within 15% of all targets achieved
G – Green		100%+ of target achieved.

NMIT	FY24	FY25	FY26	FY27	FY28	FY29
Net Operating Surplus Margin	-15%	-9%	1%	2%	2%	1%
EBITDA Margin	-6%	-2%	8%	8%	8%	7%
Personnel to Revenue Ratio	73%	69%	61%	61%	61%	61%
Academic SSR	11.5	13.1	13.6	13.9	14.0	14.0
Allied (Non-Academic) to Academic Staff Ratio	0.9	0.9	0.8	0.8	0.8	0.8
Domestic Students (EFTS)	2,104	2,047	2,055	2,063	2,063	2,063
International Students (EFTS)	242	266	292	322	338	345
<b>Total Students (EFTS)</b>	<b>2,346</b>	<b>2,313</b>	<b>2,347</b>	<b>2,385</b>	<b>2,401</b>	<b>2,408</b>
Academic FTE	204	177	172	172	172	172
Non-Academic FTE	179	156	141	141	141	141
<b>Total FTE</b>	<b>383</b>	<b>333</b>	<b>313</b>	<b>313</b>	<b>313</b>	<b>312</b>
Total Programmes delivered	126	115	115	115	115	115
Programmes discontinued	0	11	0	0	0	0

# Reporting template – Detailed Target Reporting

Current Actual / Forecast Metrics							Target Metrics							Actual / Forecast less Target						
NMIT	FY24	FY25	FY26	FY27	FY28	FY29	NMIT	FY24	FY25	FY26	FY27	FY28	FY29	NMIT	FY24	FY25	FY26	FY27	FY28	FY29
Net Operating Surplus Margin	-15%	-9%	1%	2%	2%	1%	Net Operating Surplus Margin	-15%	-9%	1%	2%	2%	1%	Net Operating Surplus Margin	-%	-%	-%	-%	-%	-%
EBITDA Margin	-6%	-2%	8%	8%	8%	7%	EBITDA Margin	-6%	-2%	8%	8%	8%	7%	EBITDA Margin	-%	-%	-%	-%	-%	-%
Personnel to Revenue Ratio	73%	69%	61%	61%	61%	61%	Personnel to Revenue Ratio	73%	69%	61%	61%	61%	61%	Personnel to Revenue Ratio	-%	-%	-%	-%	-%	-%
Academic SSR	11.5	13.1	13.6	13.9	14.0	14.0	Academic SSR	11.5	13.1	13.6	13.9	14.0	14.0	Academic SSR	-	-	-	-	-	-
Allied (Non-Academic) to Academic Staff Ratio	0.9	0.9	0.8	0.8	0.8	0.8	Allied (Non-Academic) to Academic Staff Ratio	0.9	0.9	0.8	0.8	0.8	0.8	Allied (Non-Academic) to Academic Staff Ratio	-	-	-	-	-	-
Domestic Students (EFTS)	2,104	2,047	2,055	2,063	2,063	2,063	Domestic Students (EFTS)	2,104	2,047	2,055	2,063	2,063	2,063	Domestic Students (EFTS)	-	-	-	-	-	-
International Students (EFTS)	242	266	292	322	338	345	International Students (EFTS)	242	266	292	322	338	345	International Students (EFTS)	-	-	-	-	-	-
Total Students (EFTS)	2,346	2,313	2,347	2,385	2,401	2,408	Total Students (EFTS)	2,346	2,313	2,347	2,385	2,401	2,408	Total Students (EFTS)	-	-	-	-	-	-
Academic FTE	204	177	172	172	172	172	Academic FTE	204	177	172	172	172	172	Academic FTE	-	-	-	-	-	-
Non-Academic FTE	179	156	141	141	141	141	Non-Academic FTE	179	156	141	141	141	141	Non-Academic FTE	-	-	-	-	-	-
Total FTE	383	333	313	313	313	312	Total FTE	383	333	313	313	313	312	Total FTE	-	-	-	-	-	-
Total Programmes delivered	126	115	115	115	115	115	Total Programmes delivered	126	115	115	115	115	115	Total Programmes delivered	-	-	-	-	-	-
Programmes discontinued	0	11	0	0	0	0	Programmes discontinued	0	11	0	0	0	0	Programmes discontinued	-	-	-	-	-	-

# Financial Monitoring via the FMF

## Adopting FMF Framework for the Division

One of the Tertiary Education Commission's (TEC) core functions is to monitor tertiary education institutions (TEIs) and report to the Minister responsible for Tertiary Education on the financial performance of the tertiary sector. There are two primary sections within the Education and Training Act 2020 (the Act) that set the foundation of the TEC's monitoring of TEIs' operations and viability. These are:

- Section 281(1)(e) of the Act requires that a TEI Council must “ensure that the institution operates in a financially responsible manner that ensures efficient use of resources and maintains the institution's long-term viability”.
- Section 405(1)(a) of the Act states that the Chief Executive of the TEC “must, on an ongoing basis, monitor institutions that receive funding in order to assess whether the operation or long-term viability of any of those institutions is at risk”.

The Financial Monitoring Framework (FMF) is a tool used to monitor TEIs' financial performance. The FMF itself has primarily been designed for larger universities and Te Pūkenga as a consolidated building division. However, the ratios it includes do make sense to apply to NMIT to provide guidance on any high-risk metrics and can still be used as a tool for management and governance to assess the financial viability of each institution. This should be updated alongside the reporting template on a regular basis. Set out in the adjacent table are the FMF metrics for the Profitability, Liquidity and Debt Affordability Ratios.

[Source: Risk assessment process for tertiary education institutions - and the Tertiary Education Commission's financial monitoring framework](#)

## Key Ratios

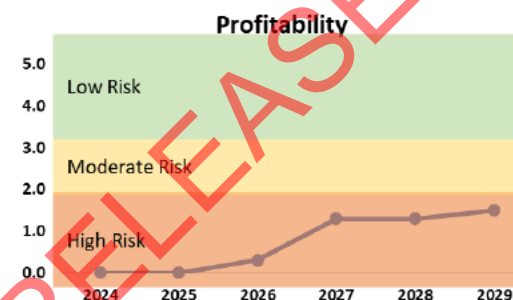
Measures	Ratio	Definition / calculation	Scoring table performance bands:					
			<ul style="list-style-type: none"><li>A score of three and above is considered <b>low risk</b></li><li>A score of three to two is considered <b>moderate risk</b></li><li>A score of two and below is considered <b>high risk</b></li></ul>					
Scores			0	1	2	3	4	5
Profitability	Operating Surplus/Deficit	Operating Surplus/Deficit before/after trust and abnormal items, to total income.	< -4%	-4% to 0%	0% to 2%	2% to 4%	4% to 6%	6% +
Profitability	Core Earnings	EBITDA to total income.	< 5%	5% to 9%	9% to 11%	11% to 13%	13% to 15%	15% +
Liquidity	Liquid Funds Ratio	Liquid assets less short-term overdrafts to cash outflow (payments) from operations.	< 5%	5% to 10%	10% to 15%	15% to 20%	20% to 25%	25% +
Liquidity	Net Cashflow from Operations	Cash inflow (receipts) from operations to Cash outflow (payments) from operations.	< 104%	104% to 108%	108% to 111%	111% to 113%	113% to 115%	115% +
Debt Affordability	Debt Affordability	Total Debt to EBITDA.	> 4.0x	3.0x to 4.0x	2.0x to 3.0x	1.5x to 2.0x	0x to 1.5x	0
Debt Affordability	Interest Strain	Interest Paid (within year) to Revenue	> 3%	2.25% to 3%	1.5% to 2.25%	0.75% to 1.5%	0% to 0.75%	< 0%
Debt Affordability	Debt Equity Ratio	Total Debt to Total Debt plus Equity.	25% +	15% to 25%	7.5% to 15%	> 0% to 7.5%	0% & Core Earning <12%	0% & Core Earning >12%

# Assessment against the Financial Monitoring Framework

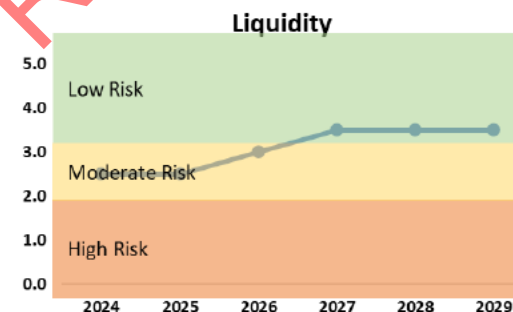
## Ratios & Scores

	Weighting	FY24	FY25	FY26	FY27	FY28	FY29
<b>Profitability</b>							
Profitability measures:							
Operating Surplus/Deficit - Before Trust and Abnormal Items (5 year rolling average)		-11.4%	-7.3%	-2.7%	0.3%	1.4%	1.4%
Operating Surplus/Deficit - Including Trust and Abnormal Items (5 year rolling average)		-15.1%	-12.9%	-9.9%	-3.3%	-0.3%	1.4%
Core Earnings (5 year rolling average)		-2.7%	0.5%	4.6%	7.1%	8.0%	7.7%
Resulting in profitability scores of:							
Operating Surplus/Deficit - Before Trust and Abnormal Items (5 year rolling average)	30%	-	-	1.0	2.0	2.0	2.0
Operating Surplus/Deficit - Including Trust and Abnormal Items (5 year rolling average)	20%	-	-	-	1.0	1.0	2.0
Core Earnings (5 year rolling average)	50%	-	-	-	1.0	1.0	1.0
<b>Average Profitability Score</b>		<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.5</b>
<b>Liquidity</b>							
Liquidity measures:							
Liquid Funds ratio (5 year rolling average)		51.7%	48.0%	49.7%	53.8%	54.1%	53.9%
Net Cashflow From Operations (5 year rolling average)		100.0%	100.6%	104.8%	108.3%	108.6%	108.2%
Resulting in liquidity scores of:							
Liquid Funds ratio (5 year rolling average)	50%	5.0	5.0	5.0	5.0	5.0	5.0
Net Cashflow From Operations (5 year rolling average)	50%	-	-	1.0	2.0	2.0	2.0
<b>Average Liquidity Score</b>		<b>2.5</b>	<b>2.5</b>	<b>3.0</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>
<b>Debt Affordability</b>							
Debt Affordability measures:							
Debt Affordability (5 year rolling average)		-	-	-	-	-	-
Interest Strain (5 year rolling average)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Equity Ratio (5 year rolling average)		-	-	-	-	-	-
Resulting in debt affordability scores of:							
Debt Affordability (5 year rolling average)	50%	5.0	5.0	5.0	5.0	5.0	5.0
Interest Strain (5 year rolling average)	25%	5.0	5.0	5.0	5.0	5.0	5.0
Debt Equity Ratio (5 year rolling average)	25%	4.0	4.0	4.0	4.0	4.0	4.0
<b>Average Debt Affordability Score</b>		<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>

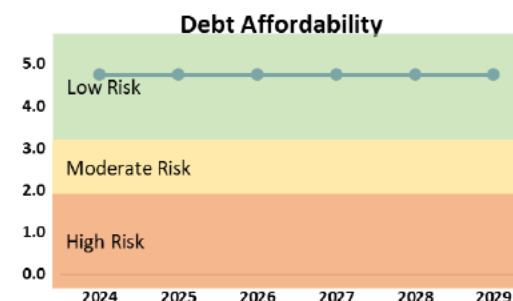
## Commentary



Under the FMF, NMIT is projected to have relatively poor Profitability over the forecast period. Through the rationalisation of NMIT's cost-base with the implementation of cost-out initiatives and seizure of additional revenue opportunities, NMIT achieves a slight improvement to current by the end of the forecasted period (FY29). Further financial improvement initiatives may be necessary to bolster NMIT's Profitability over the forecast period, flexing financial controls in-line with growth as they see fit.



Under the FMF, NMIT is forecasted to maintain/improve its liquidity position over the forecasted period (FY25-FY29), moving towards a Low risk liquidity position from FY27 onwards.



Under the FMF, NMIT is forecasted to maintain its low risk debt affordability position over the forecasted period (FY25-FY29).