

ANNUAL REPORT

2020

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PURPOSE

**HELP ALL ĀKONGA THRIVE
IN TOMORROW'S WORLD**

VISION

**TO SUPPORT ALL ĀKONGA
TO LEARN SAFELY ONLINE**

STRATEGY

**WE PUT YOU IN CONTROL WITH
SMART TECH, SIMPLY DELIVERED
SO YOU CAN FOCUS ON LEARNING**



**WE VALUE
YOUR VOICE**



**WE'RE SMARTER
TOGETHER**



WE CARE



WE'RE CURIOUS



**WE DO WHAT
WE SAY WE WILL**



ITI REAREA TEITEI KAHIKATEA KA TAEA

Connecting all state, state-integrated schools and kura

Today, more than 825,000 students and teachers across all state and state-integrated schools can access a safe and reliable online learning environment through Network for Learning (N4L). Our safe and secure internet services are fully managed and supported, allowing schools to focus on teaching and learning rather than worry about maintaining and monitoring their internet technology.

Delivering world-class cyber security

Online safety and security is a key focus for N4L, which uses robust enterprise-grade technology to protect schools against cyberthreats and harmful digital content. Following a nationwide safety and security upgrade to our Managed Network in June 2019, we've been developing reporting tools that allow schools and teachers to see what websites and apps are being used at school, and which blocked websites they have tried to access but couldn't due to the school's safety and security settings.

During lockdown, N4L extended one of its world-class threat protection technologies to help protect children learning from home. The "Switch on Safety" filter is a tool that parents can apply to their child's devices to block the worst of the web.



THE REAREA (BELLBIRD) IS ONE OF THE SMALLEST BIRDS IN THE FOREST, YET IT IS CAPABLE OF REACHING THE TOP OF THE KAHIKATEA, THE TALLEST TREE IN THE FORESTS

Extending the network service to classrooms

Schools are more reliant on the internet to deliver the New Zealand Curriculum, and with more schools expected to do NCEA exams online, they also need reliable classroom internet that is safe and secure, and can cope with the increasing number of devices needing to use it.

In January 2020, the Ministry of Education tasked N4L to lead a four-year upgrade programme and in February, we began replacing school hardware with the latest generation of Wi-Fi equipment. As with previous upgrades, N4L is partnering with highly skilled local technology companies to install the new equipment and boost school network security.

Supporting digital inclusion

In 2019, every student can connect to the internet while at school, but we know not every student can connect to the internet at home. This year we supported trials in four areas of the country where schools had a high proportion of students without home internet access.

This year, a new pilot programme, alongside three existing pilot programmes, involved using portable hotspot devices used by students at Te Akau ki Papamoa Primary School to connect to the internet after school hours, to learn alongside their whānau. We are continuing to explore how to scale the learnings from these trials into a nationwide programme.

COLIN MACDONALD

CHAIR'S REPORT

Kia ora



E ngā mana, e ngā reo, e ngā rau rangatira mā, tēnā koutou katoa

Aotearoa is a different place today than it was in January 2020. In the last months, we have seen an unprecedented focus on learning online, driven by the need to close our schools to protect the health of our learners. The impact of our response to the COVID-19 pandemic has shown, more clearly than ever, the need for a resilient education system, where all learners can be online and safe at home as well as at school.

Looking forward, N4L will extend and expand the work we have already done. We will continue working to equip schools with the modern infrastructure and world-class safety and security they need to give all learners the ability to learn safely online.

And we will remain vigilant around future online threats as we know that keeping children safe and secure online requires responding to an ever-changing environment.

But there is more that can be done to ensure that digital inequities are closed, that our most disadvantaged learners are supported to take up the opportunities that are offered by online learning.

Together with our partners in Government and the private sector, we're working on ways we can help in these areas.

I acknowledge and thank my fellow directors for their hard work and focus throughout an unprecedented year for N4L. Without their support, this year's successes would have been fewer and the challenges harder to overcome.

To our partners across Government, education and technology, I welcome your support over the last year and look forward to another productive year.

And to the N4L team, I say that the work you do has never been needed more than it is now!

Colin MacDonald, QSO

Chair

LARRIE MOORE
CEO'S REPORT

koutou

Warmest greetings to our many stakeholders

The world of education was rapidly evolving even before COVID-19 arrived, but the country's experience showed how vital an equitable digital infrastructure for education has become.

That's why I am very proud to have led the N4L team over the last year. Amidst all the change and uncertainty, we delivered on our priorities, achieved many milestones, launched several new programmes and maintained a high level of customer satisfaction.

In June 2020, we connected the last eligible school to our Managed Network, and now 100% of state and state-integrated schools are getting all the safe and secure internet they need for learning.

When COVID-19 forced school closures, we launched a free service in a little over two weeks, called Switch on Safety, to keep students safer while learning online from home. And we were delighted the filter was listed as a helpful tool for parents on the Department of Internal Affairs, Keep it Real Online campaign website.

When NZQA asked us to help students have the best and safest online exam experience, we developed a program to assess exam room cybersecurity and internet speeds.

When the Ministry of Education asked us to upgrade school network equipment across the country, we launched a pilot using next generation Wi-Fi to make these networks more resilient, safe and secure. With the proliferation of cyberthreats and harmful digital content, we continue to build on our toolset to keep our school communities safe, alongside supporting the efforts of CERT NZ and Netsafe.

With the country facing a digital divide, we launched a pilot connecting students to our filtered internet service via a portable 4G hotspot device so they could learn remotely, alongside their whānau at home. We are now reflecting on how the trial programme could form the basis of a nationwide solution.

I am excited to lead this work and to lead N4L as it delivers on the vision of supporting all tamariki to learn safely online.

Hāpaitia te ara tika pūmau ai te rangatiratanga mō ngā uri whakatipu
Foster the pathway of knowledge to strength, independence and growth for future generations

Larrie Moore
CEO



KEY ACHIEVEMENTS

NGĀ WHĀINGA MATUA

It has been a successful year for Network for Learning, despite the disruptions and uncertainties caused by the COVID-19 pandemic.

1 Market-leading customer satisfaction



Increased our overall customer satisfaction rating with **schools and kura** to **95%**, building on a continuous **90%+ rating** since launch.

2 World-class learning environments



Delivered a bandwidth upgrade for over 2050 schools and kura, **providing tamariki with the highest bandwidth per user in Australasia.**



Supported NZQA to deliver **NCEA online exams** in 134 secondary schools in 2019 and more in 2020.



Began working on a multi-million dollar programme to **design, install and manage new Wi-Fi 6 hardware in schools and kura**, while supporting aging wireless access points and switches until replacement.



Delivered reporting to support safer online behaviours, digital citizenship and pastoral care.



3 Safer digital inclusion



Established and contracted a national and regional Information and Communication Technology (ICT) and Installer panel to perform installation and/or ICT work across NZ schools and kura on behalf of N4L. The panel consists of 19 installers and 10 ICT panel members.



Developed secure API access to school property environmental sensor data and metrics to support the Ministry of Education Quality Learning Environments (QLE) initiative (which monitors school environments to ensure that they are healthy and optimal for learning).



Delivered and launched Switch on Safety, a filter that resides on the device, for all tamariki, so they can be safer online regardless of where they connect to the internet.



Delivered a secure remote access solution to enable teachers and school administrators to access their school network safely from home.



Delivered a 4G service to enable teachers and learners to access the internet securely, wherever there is mobile coverage, with the same protections they get on their school network.



Smarter Connections Te Aho Hīnātore

CONNECTING SCHOOLS WITH SAFE & RELIABLE INTERNET FOR LEARNING

Managed Network

Our fast, reliable, safe and secure internet connectivity is now in use by 100% of eligible state and state-integrated schools. Connecting to N4L's Managed Network is optional for schools, which need to be located within reach of the government's UFB network to do so. By the end of the financial year, the eleven schools which weren't previously using our services are now connected to Managed Network.

Equipment Support

The School Network Upgrade Programme (SNUP) and Wireless School Network Upgrade Programme (WSNUP) were two earlier government initiatives addressing the physical installation of ICT networks in schools, including cabling, network switches, wireless equipment, and cabinets.

N4L now provides ongoing warranty support and assistance for school LAN switches and wireless access points to schools with warranties that have expired or are about to expire. At the end of the year, N4L was actively supporting 640 schools, 10,468 wireless access points and 3,986 LAN switches.

Equipment replacement

N4L is starting a four-year programme of work supporting the Ministry and schools to replace aging network hardware including LAN switches and wireless access points. The new equipment will provide robust Wi-Fi 6 access across the school and can support innovative Internet of Things offerings which will continue to provide tech innovation to Aotearoa's schooling sector.

By the end of June, 19 pilot schools had received upgraded equipment.

Secure Access

Once the school's network hardware has been upgraded, N4L will boost network security by setting up a system whereby schools can manage how devices access their network, and what sites they can access while on it. By the end of June, four pilot schools had secure access applied to their school networks.

Supporting safe online exam experiences

During the past year, N4L partnered with NZQA to build and deliver an annual programme to ensure that schools can offer NCEA online to their ākonga in full confidence that their networks, systems and tools are fit-for-purpose and able to deliver the experience safely and equitably.

The program has several phases over the course of each school year:

Phase 1: From January to June, N4L develops and refines a way to thoroughly test the health of schools' internet and security ahead of exams, and against a changing set of requirements. These Network Assurance Checks test the school's exam room internet speeds, uncover connectivity 'dead spots' and make sure the network can cope with the extra demand from hundreds of students using it simultaneously.

Phase 2: From August, N4L completes these checks with schools, subsequently providing them reports suggesting improvements that can be made ahead of exams to allow students to have a safe and positive online exam experience.

Phase 3: During exams, N4L monitors network performance, offering real-time support for every school via its Helpdesk during the NCEA online exam period (16 November - 09 December 20-19). During this time N4L resolved incidents in a timely fashion and was able to ensure a school undergoing an online security attack could continue with its digital exam.

In August 2019, 136 schools were checked, and N4L is preparing to support over 200 schools in 2020.

"I was really impressed how thoroughly N4L checks all the exam rooms, and in doing so they picked up a few shortfalls which could have led to an issue during exams that we weren't prepared for."

Sue McCarthy

Orewa College Deputy Principal





Safer Learning Kia Haumaru Te Ako

PROTECTING ĀKONGA FROM THE WORST OF THE WEB

New Security Operations Centre

Secure learning requires a focus on the safety of staff, students, schools and the technology they interact with everyday. The changing digital landscape and adoption of cloud technologies is driving the need to become more cyber resilient.

From July 2019, N4L began the design and development of a Security Operations Centre (SOC) - a centralised function within N4L using people, processes, and technology to continuously monitor and improve our security posture while preventing, detecting, analysing, and responding to incidents.

Once established, the SOC will improve security and safety standards across schools and allow the better management and resolution of cyber security incidents across New Zealand schools. There will also be opportunities for better coordination across key stakeholder groups (N4L, MoE, CERT NZ, our ICT partners, insurance providers and Netsafe.)

N4L is continuing to work with key stakeholders around the setup and formation of the SOC and expect to be operational during 2021.





Easier Technology Ngāwari ake ngā hangarau

"Giving schools the confidence their internet will work properly, is protected from outside intruders, and is set up to stop students going where they shouldn't is crucial to fostering an environment where students are able to fully focus on their exams so they can do their very best on the big day."

Larrie Moore
CEO, N4L

SIMPLIFYING TECHNOLOGY SO SCHOOLS CAN GET ON WITH GREAT TEACHING & LEARNING

Connecting the digitally excluded

N4L is supporting three Equitable Digital Access pilots led by the Ministry of Education. These pilots at Haeata Community Campus in Christchurch, Rata St School in Naenae and Murupara Area School in the Bay of Plenty are investigating the use of the UFB network to provide learners with access to safe reliable connectivity outside the school gate.

Beyond these current pilots, N4L is committed to work with the Ministry of Education, the education sector and commercial partners to determine potential future options to support Equitable Digital Access to the 145,000 students and 40,000 homes that are currently not connected. N4L has conducted a proof of concept 4-G solution providing EDA over cellular in conjunction with Te Akau ki Papamoa School in Tauranga. This solution has been shown to provide cyber safe and cyber secure connectivity to students on the Spark mobile network to education related sites from outside of the school gate. N4L has also been able to gain an understanding of potential costs to scale this solution to a broader audience.

Supporting positive online behaviour

During 2019/20, N4L developed a reporting app, designed to be a simple way for schools to view their browsing data and drill down to an individual user, device or website. The app allows schools and teachers to see what websites and apps are being used in school and know what websites users have tried to access but can't due to the school's security settings.

The aim of providing this information in an easy to understand format is to help facilitate positive conversations around digital citizenship and responsible internet use. N4L is also working with partners to develop a wider programme of digital citizenship including providing information to support 'next steps' outside of the app. Initially co-designed with five schools, the app is in a trial phase with around 40 schools. The future focus is to provide reporting to schools after they've been through the School Network Upgrade.

COVID-19 RESPONSE

N4L staff smoothly transitioned to a remote working environment from 20 March. As a technology business, working outside of the office was fairly common, so the process of moving to an entirely remote model was successful. We are now considering how to build some of the learnings from lockdown into our regular ways of working.

Supporting the Government response

Government launched a plan to deliver both devices and connectivity to students living without access at home, to allow learning to continue remotely. The Ministry of Education took responsibility for the distribution of devices and modems, while N4L stood up both a helpdesk and a nation-wide safety and security filter for all children.

The N4L-managed helpdesk was stood up on 28 May for both inbound and outbound calls to support users receiving new devices. The helpdesk was also available for all forms of support for devices during the lockdown period. 2-3 FTE N4L staff man the helpdesk, with support from a third-party supplier as required.

From 28 May to 30 June, over

9,300  **calls**

were handled by the helpdesk.

Free online safety filter for children learning from home

During COVID-19 Alert Levels 3 and 4, children were learning from home, and in many cases, without cyber protection. With parents juggling working from home, online schooling and childcare, anxieties about their child's online safety mounted.

In response, N4L launched a "Switch on Safety" (DNS) filter that parents can apply to their child's learning device. With support from Netsafe and the Ministry, the filter was made available for the start of the second school term in mid-April, protecting students from the worst of the web while learning from home. Sites known to host cyber threats including phishing scams, malicious content and viruses were blocked, as were sites containing adult and illegal content.

The technology underpinning the filter is also used to protect schools. The technology is provided to N4L by global cyber security company Akamai Technologies and is used by governments and businesses across the globe.

By the end of June

Switch on Safety had been used by

24,400  **households**

Blocked more than

>3m  **unsafe websites**

515k  **cyber threats**

from reaching rangatahi.

Secure remote access for kaiako

N4L also set up a way for teachers to get secure access to their school's network from home, allowing them to get what they need from their school servers. This included access to their student management systems, their education payroll system or other files they needed to help their students learn from home and the administration that went along with that.

There may be a larger role for N4L as Aotearoa moves in and out of alert levels. When children need to learn online, and away from their schools, it is important that there is equitable access to a safe and secure remote learning environment. N4L has already developed a number of elements to this digital infrastructure and sees possibilities in advancing these further.

CUSTOMER VOICES

NGĀ REO KIRITAKI

Every year, N4L reaches out to every school in Aotearoa. This year, we had 463 responses from principals.

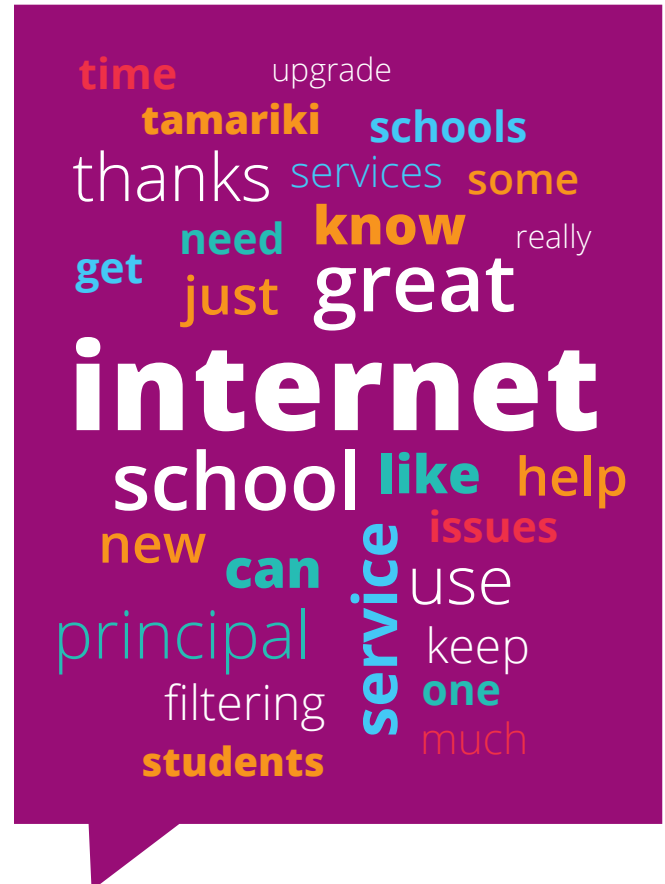
From their responses, we were proud to learn that

95.1%

were either satisfied or very satisfied with N4L's service.

We also asked principals to comment on our service. This is what they said:

- The responsiveness to inquiries is one that gives the impression that N4L cares about resolution. The new products and increase in internet speed are much appreciated. Since SNUP 6 years ago our internet has been reliable and as a whole network issues are very much minimal
- The N4L filter service for home use is great security. Hopefully it will be permanent. Thanks
- It sounds bad but I rarely think about N4L because everything runs so well that I don't need to be concerned about it.
- Thank you for providing free, reliable internet and great, efficient customer service.
- The role out of the Safe portal for parents to use at home during lockdown and ongoing was a great idea... Keep up the very good work you all do!!!
- Thanks for everything N4L is doing for schools and here at our school. Probably the big thing for us is monitoring what our students are trying to access and we can identify individuals' usage.
- A great New Zealand wide initiative that we can't take for granted.
- N4L is one of the best MOE initiatives I can think of. It is fantastic to have funded reliable internet that is well supported. Keep it up.
- Thank you for the opportunity to provide this feedback. N4L is marvellous - can't imagine not having it now!





CASE STUDY NGĀ RANGAHAU

Home hotspot follows students wherever they go and closes digital gap

Te Akau ki Papamoa Primary School. A predominantly Māori school near Tauranga's Papamoa Beach. Charis and her twin sister are in Year 6. Sharma and Charis now do their homework online using a portable Wi-Fi hotspot. "It's great having it because the modem is really fast," says Charis. "We wouldn't be learning like this if we didn't have internet."

The girls are two of 20 tamariki in a pilot involving the school, N4L and Spark. The aim is to close the digital divide. The COVID-19 lockdown revealed 145,000 tamariki didn't have home internet access and couldn't study online at home.

The three-month pilot is the first to use portable hotspots. It allows a students' school internet connection to follow them around wherever they go outside school. So it works well if they have shared caregiver arrangements between more than one home.

Sharma and Charis' mum, Pauline, says having home internet access has made a huge difference. "Getting it during the lockdown was "awesome" she says. "When you don't have internet, you're kind of closed off."

The hotspot is a tiny Wi-Fi base station – connected to a student's device – that connects with Spark's 4G mobile network just like a smartphone. Spark's mobile network then taps into N4L's Managed Network at the student's school. This also means students get the same safe, filtered online environment that's in place at school. It keeps them safe from cyber threats and harmful digital content, blocking bad sites and content unsuitable for young eyes.

The twins' mum, Pauline, adds that having the children learn from home means she can see what the girls are working on. This lets her keep up to date with what they are doing at school. Deputy principal Dorothea Collier echoed this, saying the portable Wi-Fi hotspot helps in "bridging the home-school connection."

Bruce Jepsen, Te Akau ki Papamoa School's principal, says, "The reality is not everyone has access to all the things they need to learn. There is an issue with equitable digital access and COVID-19 acted as a real-life catalyst, bringing to light that such access is key to the ability to deliver education from home."

"Our families have been so grateful for having the access. They feel a part of the community, and it's brought them into the school. A phrase which is often banded around is, 'We're all in this together'. You really know this is the case when we all have the same tools to work with."

The results from these trials will help N4L plan a future nationwide programme.

Above left: Te Akau ki Papamoa Primary School. A predominantly Māori school near Tauranga's Papamoa Beach. Charis and her twin sister are in Year 6. Bruce Jepsen, Principal, and his students talk to N4L.



OUR FUTURE FOCUS

TE ARONGA TAWHITI

Connecting more learners

Digital learning beyond the school gate and in the home is becoming an essential prerequisite for a contemporary education system, but the opportunity for ākonga to learn safely online outside school is not equitable. Today, 145,000 school-aged learners have no access to a device or internet service outside of school. New Zealand's COVID-19 experience and previous natural disasters show the need for a resilient learning system that is equitable and nationwide.

Over the remainder of 2020 and into 2021, N4L will be exploring the lessons learned from the Te Akau ki Papamoa trial and developing plans and designs for a broader program, with the scope to be expanded nationwide.

Connecting more classrooms

Over the next four years, N4L will equip schools with the next generation of Wi-Fi 6 network equipment, supporting the Ministry to replace aging LAN switches and wireless access points.

The new equipment being deployed will provide robust Wi-Fi 6 access across the school and contains support for some innovative Internet of Things offerings which will continue to provide tech innovation to the NZ schooling sector.

The last phase of the upgrade involves boosting network security by setting up a system whereby schools can manage how devices access their network and what sites they can access while on it.

"We want every student sitting an exam to have a positive online experience. And providing the right technical support for schools is a critical part of their preparation so they are confident of delivering a good exam experience for their students."

Andrea Gray

NZQA's Digital Assessment Transformation
Deputy Chief Executive.



BY THE NUMBERS

E AI KI NGĀ TATAU

N4L in operation:

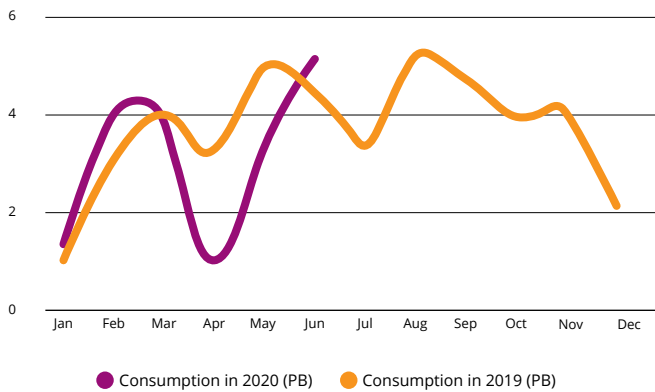
100%
Connection

34,210
Cases taken

Traffic patterns:

42.42 PB
Data volume

Data Consumption in 2019 vs. 2020



Most popular site(s)

Google.com:
3,762,255,616

Apple.com:
2,798,081,145

Microsoft.com:
2,697,714,739

Googleapis.com:
1,705,370,489

icloud.com:
1,608,416,411



Safety and Security

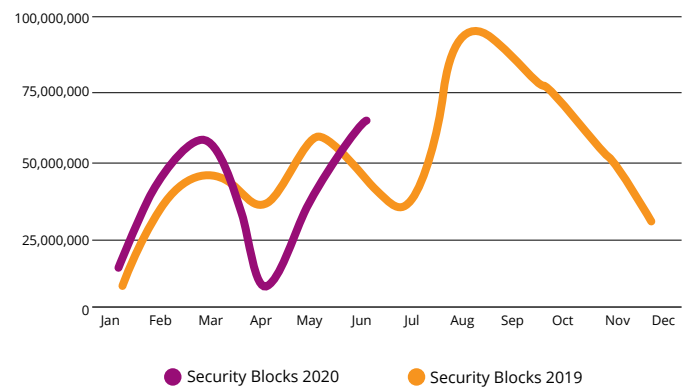
Safety blocks:
385,879,949

Security blocks:
609,237,092

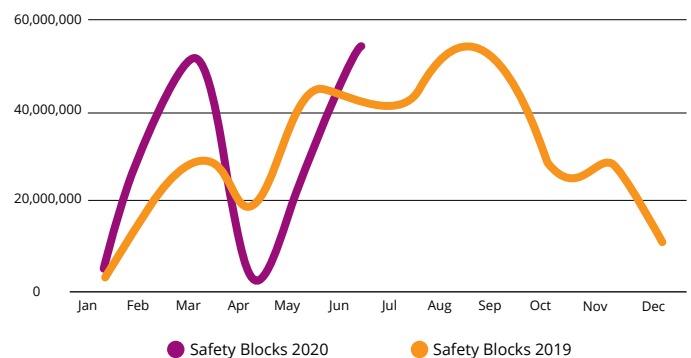
Total website blocks:
5.85 billion



Security Blocks in 2019 vs. 2020



Safety Blocks in 2019 vs. 2020



switch on safety

Total blocks:
3,245,912

Total households:
24,497

SECTOR ENGAGEMENT

TE WHIRI RĀNGAI

He aha te mea nui o te ao?

He tangata, he tangata, he tangata

What is the most important thing in the world?

It is people, it is people, it is people.

N4L has continued to build strong relationships within the education sector. We may be in the business of delivering technology solutions, but it is the people (kaiako and ākonga), and their ability to navigate our technology safely, who are at the heart of what we do.

That's why Monday to Friday, our Relationship Managers are out on the road visiting schools, supporting their understanding of our technology services, connecting with people and participating in design thinking activities to drive customer-led innovation.

At N4L, every connection matters.

Not only do we work closely with schools one-to-one, we engage with groups via regional and national associations, and through representative sector bodies. We also work closely with key technology partners to ensure our services are delivered simply for all schools - regardless of size, type, location or character. It's these collaborative and responsive relationships with the sector that allows us to best support all ākonga to learn safely online.

Strengthening connections

Our teams spent the beginning of the 2019/20 year expanding schools' understanding of the Managed Network Upgrade and partnering with a focussed group of schools to pilot new products and services (namely, N4L's Reporting App and Filtering Portal). These pilot schools allow us to refine specific products and services, which then enables us to better meet the needs of all schools and are critical to informing our development.

Design Thinking activity continues to inform our ability to connect and empathise with the sector. Our Relationship Managers employ design thinking methodology in their everyday engagement with all schools and specifically lead company insights in 30 representative schools throughout the county.

We invested in sector engagement and supported national hui (such as Ngā Kura ā Iwi o Aotearoa, Beginning Principals, Areas Schools and ULearn conferences), and regional associations (North Otago Primary Principals and the Marlborough Principals) - these are engagements we value and are looking forward to expanding in the future.

Partnering with the sector, we also contributed to workshops focussing on Cybersafety and Digital Citizenship with the Greater Christchurch Schools Network (GCSN) as well as supporting the Productivity Commission's commission 'Future of Work' research.

We also continue to participate in the Online Safety and Advisory Group (OSAG), which brings together the key members of the education sector groups, agencies and industry experts to focus on the online safety in schools.

Strengthening partnerships

Partnerships support our ability to provide schools with effective and efficient services. This year, we confirmed our Installer and ICT panel groups. These are meaningful partnerships that support all N4L led projects, namely the School Network Upgrade (SNU).

The disruptive impact of COVID-19 undoubtedly affected the education sector, but it also provided the opportunity to strengthen our relationship with key partners. We worked closely with Netsafe and the Ministry of Education to deliver in-home filtering and online safety support (Switch on Safety). We also partnered with our friends at Apple Inc., Google, and Microsoft NZ to deliver our 'Learn Anywhere' series - to provide simplified support to educators adapting to teaching from home.

N4L's partnerships have never been more important.

N4L's education sector advisory

Special mention should be made of our Leadership Advisory Group for the ongoing support they provide the company. The group, composed of leading principals and education leaders, challenge us to think differently, advise us on company strategy, communication and continually centre our thinking on the needs of the education sector as a whole.

Their passion and dedication to education ensure that our view of the sector is current, heard and leads to the delivery of quality N4L products and services to all schools.

The membership of this group is:

Claire Amos - Albany Senior High School

Sose Annandale - Russell School

Dorothy Burt - Manaiakalani Education Programme

Sarah Martin - Stonefields School

Charles Newton - Education Consultant

Nicola Ngarewa - Spotswood College

Jen Rodgers - St Clair School, Dunedin

Mike Williams - Pakuranga College



CASE STUDY NGĀ RANGAHAU

Making school Wi-Fi more reliable and secure

A major school network upgrade means teachers can spend more time focusing on students' learning without having to worry about managing and maintaining the technology. N4L's School Network Upgrade is replacing and supporting wireless equipment in schools as part of the Ministry of Education's Te Mana Tūhono programme.

As a result the programme will give ākonga a safer way of connecting to the internet and a more seamless Wi-Fi experience while at school. It means fewer network disruptions and more students will be able to use the internet at the same time.

Until now N4L's Managed Network stopped at the router. After the upgrade the Managed Network will extend to the classroom - meaning the team can monitor, maintain and manage the internet connection every step of the way.

Scheduled to run over four years, the School Network Upgrade started in early 2020 and will replace over 12,000 switches and 38,000 wireless access points in 2,450 schools. At the core of the upgrade is a move to the latest Wi-Fi 6 equipment. While it can mean faster connections, the main benefit of Wi-Fi 6 is that it does a better job of handling many connections at the same time. N4L is also increasing network security by splitting Wi-Fi access into separate networks for staff, students and guest users.

Craig McDonald-Brown is principal at Awakeri School, which is a primary school in a rural area 12km southwest of Whakatane. He says he is looking forward to being part of the Te Mana Tūhono programme: **"We live in a connected world, and there are great learning opportunities available through the internet. At the moment our wireless infrastructure doesn't support us accessing what it has to offer. It's disruptive to our learning when it stops working, and is frustrating to both teachers and students."**

"We look forward to N4L supporting us with establishing and maintaining a strong online connection. It means we'll be able to spend more time focusing on our students' learning without having to worry about managing and maintaining the technology."

As part of the School Network Upgrade, N4L is also providing support and assistance to schools with aging wireless equipment before they are eligible for the replacement. If a piece of their equipment fails, N4L will work with the school to either fix or replace it as quickly as possible to ensure online learning can continue.

N4L is working with a panel of local installers and IT support companies around the country who have a proven record of working with schools to deliver the upgrade.

The COVID-19 lockdown meant N4L revised its original plan to replace the equipment in 200 schools by 30 June 2020 to have 50 schools done by 31 August. N4L aims to engage with over 400 schools by the end of June 2021.



Above: Craig McDonald-Brown, Principal of Awakeri School, and students from around the country pleased with their School Network Upgrade

EXECUTIVE TEAM



Larrie Moore
CHIEF EXECUTIVE OFFICER

Larrie is an experienced business leader with a focus on building winning teams and partnerships, having held country, regional and global business leadership roles with 2degrees, Orcon, Vodafone, Fujitsu, GlaxoSmithKline and Mars. He joined N4L in February 2018.



Susannah Winger
CHIEF MARKETING OFFICER

Susannah is a passionate brand and marketing leader with experience in both the education and telecommunication industries, across NZ and Australia. Prior to joining N4L, Susannah held a Senior Manager role at Open Universities Australia, responsible for the marketing and advertising across their multiple brands.



Gill Mahony
HEAD OF FINANCE

Gill Mahony is a Chartered Accountant who began her career with KPMG working in their audit team. She spent the next 10 years working in corporates with heavy involvement in shared services, financial systems implementations and running finance teams. She then moved into the not for profit sector and helped deliver employment outcomes for people with disabilities. Gill joined N4L in June 2019.



Will Graham
CHIEF CUSTOMER OFFICER

Will brings over 20 years of information and communications technology experience to N4L. Will previously held senior management roles at Spark Ventures, Vodafone and Spark Digital, in sales, service and operations.



Gavin Costello
CHIEF INFORMATION OFFICER

Gavin is an accomplished senior business leader with experience leading product development and product management in senior country and international roles for Spark, Alcatel, Vodafone and 2degrees.

CONTRIBUTORS

Alexander Brown
DEPUTY CHIEF EXECUTIVE, GOVERNANCE AND ADVISORY

BOARD OF DIRECTORS



Colin MacDonald, QSO
CHAIR

Prior to joining the N4L board, Colin MacDonald was Chief Executive at the Department of Internal Affairs (DIA) and Government Chief Digital Officer (GCDO). During his tenure he secured efficiencies across departments' IT budgets, and led a transformation of the way digital public services are delivered.

In 2019, Colin was appointed a Companion of the Queen's Service Order for services to the state.

The following are general disclosures of interest given by Mr MacDonald pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Principal MacDonald Consulting
- Coaching professional clients
- Working with Geoff Wheelan Learning Groups Australia



Dame Karen Poutasi, DNZM
DEPUTY CHAIR

Dame Karen Poutasi is the Commissioner of the Waikato District Health Board. Previously, she was the Chief Executive of the New Zealand Qualifications authority from 2006 to 2020, and had also previously served as the Director General of Health.

Karen is a medical graduate and her area of specialisation is public health. She holds both Otago and Harvard University management qualifications. Karen is the Chair of the New Zealand Committee for Harkness Fellowships.

She was appointed a Companion of the New Zealand Order of Merit for services in health in 2006 and in 2020 was promoted to Dame Companion of the New Zealand Order of Merit, for services to education and the state.

The following are general disclosures of interest given by Dr Poutasi pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Commissioner, Waikato District Health Board
- Member External Advisory Board to Victoria University Faculty of Health
- Chair of the NZ Committee Harkness Fellowships



Jeremy Banks
DIRECTOR

Jeremy Banks is a software development specialist with experience growing software startups. With a variety of current governance roles, Jeremy has whakapapa links to the top of the South Island through Ngāti Rārua, Rangitāne ki Wairau and Ngāti Kuia.

The following are general disclosures of interest given by Mr Banks pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Director, Nelson Regional Development Agency
- Vice Chair, Ngāti Rārua Ātiawa Iwi Trust
- Director and Shareholder of Wakatū Incorporation
- Director, Plink Software Limited
- Children at Nelson Central School
- Children at Nelson Intermediate School
- Children at Nayland College
- Alternate Te Taihū Representative for the Federation of Māori Authorities



Sharon Cresswell
DIRECTOR (Appointed 1 August 2019)

Sharon Cresswell joined the N4L board in August 2019. Up until June 2019, Sharon had spent 23 years with PricewaterhouseCoopers (PwC) in both the UK and New Zealand, the last 16 years as a PwC partner. Sharon's experience is predominantly in assurance and risk management. She has also assisted clients in strategy development and implementation. Sharon has spent two periods of time with the Crown Research Institute, AgResearch as the Finance and Business Performance Director. The first in 2016/2017 on a year-long secondment and most recently for eight months to 30 June 2020 to enable cover for the Acting CE.

The following are general disclosures of interest given by Ms Cresswell pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Interim Finance and Business Performance Director (CFO), AgResearch Limited



Anthony Briscoe
DIRECTOR (Appointed 1 August 2019)

Anthony Briscoe was until recently President and CEO of Southern Cross Cable Network, prior to this he was Head of International for Telecom NZ and latterly Spark. He has served on numerous boards including Chair of HortResearch, Airways, Korda and Wellington Cable Car.

The following are general disclosures of interest given by Mr Briscoe pursuant to s140 (2) of the Companies Act 1993 and also entered into N4L's interests register:

- Director Egmont Street Investments Ltd
- Trustee of the New Zealand Science and Technology Roadshow

STATEMENT OF CORPORATE GOVERNANCE

Organisational form

The Network for Learning Limited was incorporated on 2 July 2012 under the Companies Act 1993. It is a Crown-owned Company, listed under Schedule 4A of the Public Finance Act 1989.

The Company is subject to certain provisions of the Crown Entities Act 2004 ("CEA"), and to the Official Information Act 1982 and the Ombudsmen Act 1975. The Company's day-to-day operations are primarily governed by the Companies Act 1993 regime.

N4L's shareholding is 100% vested in the Crown. Its shareholders are the Minister of Finance and the Minister of Education in their capacities as Ministers, with each holding 50% of the issued share capital.

Accountability

N4L is accountable to its shareholding Ministers. Treasury will assist shareholding Ministers in monitoring the Company's performance against the financial and non-financial measures set out in the Company's Statement of Intent ("SOI") and Statement of Performance Expectations ("SPE").

Crown entities act 2004

Under section 45OA of the Public Finance Act 1989, some of the provisions of the CEA apply to the Company by virtue of it being listed in Schedule 4A of that Act. These include sections 139, 149, 150 and 153 of the CEA, relating to preparing an SOI, SPE, Annual Report, and Statement of Performance respectively.

In addition, N4L's constitution requires it to report to its shareholding Ministers, when requested by those Ministers, any activities which would be restricted under sections 161 - 164 of the CEA.

Companies act 1993

Under this Act, the Board, each Director and each shareholding Minister have the rights, power, duties and obligations set out in the Act, except to the extent that they are negated or modified, in accordance with the Act by the Company's Constitution.

Other statutory requirements

Under the Public Audit Act 2001, the Controller and Auditor General is to be the auditor of the Company.

Operations

N4L is required to operate within the functions, powers and constraints outlined above. Within this framework, the Company has considerable discretion how it goes about its day-to-day operations. The earlier reports from the Chair and Chief Executive of the Company, together with the Statement of Performance, contain information concerning the operations and performance of the Company for the financial year covered by this report, including an assessment against the intentions, measures, and standards set out in the Statement of Intent prepared at the beginning of the financial year.

Board of directors

The Board currently comprises five non-executive Directors. The Directors are appointed by the shareholding Ministers. All decisions about N4L's operations are made under the authority of the Board. The Board is responsible for agreeing outputs with the shareholding Ministers and ensuring expectations of N4L are met.

During the 2019/20 year, the Board had two standing committees. Following an increase in the number of directors from three to five in August 2019, the two committees began meeting separately from the Board as a whole.

Audit and risk committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities by providing recommendations, advice and information concerning its:

- Accounting; financial and statutory reporting; and responsibilities under the Companies Act 1993 and other legislation; and
- Identification and management of all material risks, both financial and non-financial, through the operation of a robust internal control environment.

Remuneration committee

The Remuneration Committee assists the Board in fulfilling its responsibilities by providing recommendations, advice and information concerning:

- N4L's remuneration and human resources policies;
- The performance and remuneration of the Chief Executive Officer; and
- The recruitment of members of the senior Management Team.

STATEMENT OF PERFORMANCE

The Company has a number of key metrics against which it assesses its non-financial performance.

These are as follows:

The Managed Network

The Managed Network offers schools fast and reliable internet with uncapped data, web filtering and network security services. This also includes firewall services, performance monitoring and full helpdesk support.

Schools connected to the Managed Network (total)

Key Metric	Performance to Date (2019/20)	Target (2019/20)
Percentage of eligible schools (defined as state schools and state-integrated schools) connected to the Managed Network services	Q1: 99.8% Q2: 99.9% Q3: 99.9% Q4: 100% Eligible schools connected to the Managed Network (2457 connected out of 2457 eligible)	99%
Percentage of schools that have decided to disconnect from the Network for Learning	Q1: 0.00% Q2: 0.00% Q3: 0.00% Q4: 0.00% Eligible schools disconnected from N4L's Managed Network during the quarter.	Less than 1%

Helpdesk performance indicators

Key Metric	Performance to Date (2019/20)	Target (2019/20)
Percentage of total calls taken	Q1: 89.7% Q2: 92.3% Q3: 90.4% Q4: 87.8%	At least 85% of calls within 30 seconds
The number of minutes to acknowledge a service request – measured per month	Q1: 88% Q2: 88.1% Q3: 88.0% Q4: 84.0%	80% of all requests under 8 Support Hours
The number of minutes to resolve an incident – measured per month	Q1: 95.0% Q2: 95.1% Q3: 91.6% Q4: 91.8%	P1: 85% less than 4 Support Hours P2: 85% less than 8 Support Hours P3: 85% less than 16 Support Hours P4: 85% as agreed

STATEMENT OF PERFORMANCE

Overall customer satisfaction with N4L's service

N4L recognises that it is critical that all learners and schools have excellent, second-to-none service delivery. Feedback from customers is sought at key touchpoints.

Measure	Performance to Date (2019/20)	Target (2019/20)
Principal and/or operational contact at each state and state-integrated school satisfaction with the performance of N4L in administering the Managed Network and associated services.	*95.1% (Source: N4L Touchpoint Survey June 2020)	90% 'satisfied' or 'very satisfied' response from respondents.

**Based on a 20% response rate from all schools including kura.*

Other business

Measure	Performance to Date (2019/20)	Target (2019/20)
Any other Government contracts will be completed within budgets and to standards set out in Statements of Work.	Q1: 100% of targets met Q2: 100% of targets met Q3: 100% of targets met Q4: 100% of targets met	100% of targets met.

STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of N4L's financial statements and Statement of Performance, and for judgements made in them. The Board has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the reliability and integrity of financial reporting. In the Board's opinion, these financial statements and Statement of Performance fairly reflect the financial position and operations of N4L for the year ended 30 June 2020.

Signed on behalf of the Board



Colin MacDonald

Chair

29 September 2020



Dame Karen Poutasi

Deputy Chair

29 September 2020



CASE STUDY NGĀ RANGAHAU

Creating positive digital discussions with students

Students can face hazards on the playground but the online world is far riskier. N4L aims to help students stay safe online with a new Reporting app which opens a window into what they're viewing online, so teachers can discuss any dangers.

The Reporting app pulls information from a school's FortiGate to show online activity. It uses a simple, visually appealing dashboard to display a students' browsing history. Staff who have been granted access by the school principal can view the reports. The aim is not to punish but to educate students about the possible dangers of the internet, as well as the best and safest ways to behave online.

Auckland's Pakuranga College is trialling the app. "We tell parents the internet is this powerful, adventurous tool but it has a dark side," says Billy Merchant, the college's deputy principal. **"We don't want to be Big Brother, but if a teacher sees a child acting suspiciously – perhaps shutting a window – the app means we can see where they've been and talk to them."**

More positively, the app reveals the popularity of educational apps and websites. A teacher might see if, say, students like using a language programme or if other investments should be made instead.

The app is part of N4L's enhanced focus on student online safety. N4L's Reporting app also helps with in-school security and safety as it makes it easier to detect any student devices on the school network infected with viruses. Its clear dashboard reveals such issues more easily. N4L worked closely with 50-plus schools trialling the app to create an easy-to-use dashboard.

The dashboard shows all sites students visit – including blocked ones – so reveals any worrying trends too. For instance, the trial has already flagged a problem with unsafe sites. Students are making thousands of attempts to access blocked malicious, fake phishing and illegal websites. This is often unintentional and could show a need for better education around online security. Another example could be students trying to access blocked porn sites – this could indicate a need for better sex education. N4L is working with Netsafe on providing actionable online safety insights for school leaders. Feedback from the trial has also helped make the app more user-friendly, ensuring time-poor principals and their deputies have easily digestible information at their fingertips.

There are a variety of paid-for reporting apps schools can use but not everyone can afford these. N4L wants every school, regardless of wealth or level of IT support, to have an easy-to-use reporting app.

Teachers at the trial schools are already using the app as a digital literacy tool. At Pakuranga College we are taking "a restorative approach", says Billy Merchant. For instance, with doubtful behaviour, we will ask: who is your behaviour affecting? This is more effective than putting someone in detention. "We get students to think about their actions rather than just punish them."

Schools will be offered the reporting app after they have been through the School Network Upgrade.



ENSURING N4L IS A GOOD EMPLOYER

A summary of N4L's assessment of its performance against seven key elements of being a Good Employer is set out below:

- **Leadership, accountability and culture:** The Board and management of N4L are committed to ensuring the company is a good employer and is guided by the Equal Employment Opportunity Principles. They have consistently communicated a vision for N4L and have created a culture in which its people feel valued. During 2019/20 N4L worked with TupuToa to develop an internship program aimed at young Māori and Pasifika leaders which will roll out in years to come. N4L also has an active social committee, which leads initiatives such as celebration of cultural holidays and lunch-and-learn events for staff to share passions and culture with others.
- **Recruitment, selection and induction:** N4L uses a variety of different means to recruit staff, including direct advertising, the use of recruitment companies who provide services under all of Government contracts and through the use of our employees own networks. A variety of processes, including structured interviews informed by Korn Ferry behavioural competencies have been used to ensure a fair and unbiased recruitment and selection process. N4L actively works with agencies, promotes roles and advertises roles on our LinkedIn. We also collaborate with TupuToa who share our roles with their network in an effort to have a more inclusive and diverse workforce.
- **Employee development, promotion and exit:** N4L supports the development and promotion of its employees. As the organisation develops and its structure evolves new opportunities have been created within the organisation. Roles are advertised internally to give employees

the opportunity for growth within the company. N4L actively invests in our managers and provides a structured program of manager training.

- **Flexibility and work design:** N4L's culture fully supports an approach that enables staff to balance work commitments with other aspects of their lives. To the extent of where possible and practical, N4L's management supports staff using flexible working arrangements and provides them with the technological solutions to enable this. In a situation where staff were no longer able to be physically present, N4L supported staff to work from home by way of access to all required technology.
- **Remuneration, recognition and conditions:** N4L operates an unbiased and non-discriminatory remuneration policy. All employees remuneration is reviewed on an annual basis to ensure that it is competitive with the wider market. The company has also established a quarterly award programme where employees are recognised for going 'above and beyond'.
- **Harassment and bullying prevention:** N4L takes a zero tolerance approach to all forms of bullying and harassment and has policies in place to deal with harassment complaints should they arise.
- **Safe and healthy environment:** Health and safety is a fundamental priority for the company's Board and management who have consistently communicated a commitment to ensuring a safe and healthy workplace is provided for all employees. N4L's health and safety committee encourages active participation from all employees in creating a safe and supportive environment.





INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE NETWORK FOR LEARNING LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

The Auditor-General is the auditor of The Network for Learning Limited (the Company). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- ▶ the financial statements of the Company on pages 34 to 54, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- ▶ the performance information of the Company on pages 25 to 26.

In our opinion:

- ▶ the financial statements of the Company on pages 34 to 54:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020 and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- ▶ the performance information on pages 25 to 26:
 - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2020, including for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 29 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in note 21 to the financial statements.

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Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.



As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- ▶ We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- ▶ We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- ▶ We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 56, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* (including international Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.

A handwritten signature in purple ink that reads 'Emma Winsloe'.

Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 Actual \$000	2019 Actual \$000
Income from Non-Exchange Transactions			
Income from Services	3	30,402	30,245
Income from Exchange Transactions			
Interest Income		62	71
Total Income		30,464	30,316
Expenditure			
Network Services	4	17,063	18,495
Transition Support	5	71	903
Board Operations	16	148	143
Audit Fees		61	56
Other General and Overhead Expenses	6	12,602	10,150
Total Expenses		29,945	29,747
Net Surplus/(Deficit)		519	569
Total Comprehensive Income/(Loss) for the Period		519	569

The accompanying notes form part of these financial statements.

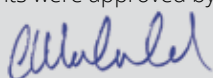
Statement of Financial Position

As at 30 June 2020

	Notes	2020 Actual \$000	2019 Actual \$000
Assets			
Current Assets			
Cash and Cash Equivalents	7	3,001	2,585
Receivables - Non Exchange Transactions		3,156	2,910
Term Deposits	7	2,014	2,000
Other Current Assets	8	212	183
Total Current Assets		8,383	7,678
Non-Current Assets			
Property, Plant and Equipment	9	1,361	956
Intangible Assets		50	75
Total Non-Current Assets		1,411	1,031
Total Assets		9,794	8,709
Represented by			
Liabilities			
Current Liabilities			
Accruals	10	962	759
Payables under Exchange Transactions		2,962	2,573
Deferred Revenue		-	7
Lease Incentive - Current		27	28
Provisions	14	15	4
Total Current Liabilities		3,966	3,371
Non-Current Liabilities			
Lease Incentive - Non-Current		98	127
Provisions - Non-Current	14	8	8
Total Non-Current Liabilities		106	135
Total Liabilities		4,072	3,506
Equity			
Share Capital and Reserves		5,722	5,203
Total Shareholders' Funds		5,722	5,203
Total Liabilities and Shareholders' Funds		9,794	8,709

The financial statements were approved by the Board and authorised for issue on 29 September 2020

Colin MacDonald
Director



Dame Karen Poutasi
Director



The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital	Retained Earnings/ (Deficit)	2020 Actual \$000
Opening Balance 1 July 2019	14,000	(8,797)	5,203
Net Surplus/(Deficit)	-	519	519
Total Comprehensive Income/(Loss) for the Period	-	519	519
Closing Balance 30 June 2020	14,000	(8,278)	5,722

Statement of Changes in Equity

For the year ended 30 June 2019

	Share Capital	Retained Earnings/ (Deficit)	2019 Actual \$000
Opening Balance 1 July 2018	14,000	(9,366)	4,634
Net Surplus/(Deficit)	-	569	569
Total Comprehensive Income/(Loss) for the Period	-	569	569
Closing Balance 30 June 2019	14,000	(8,797)	5,203

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 Actual \$000	2019 Actual \$000
Cash Flows from Operating Activities			
Receipts from Customers		30,319	30,280
Interest Received		55	50
Other Receipts		3	167
Payments to Suppliers and Staff		(29,132)	(29,036)
Net Cash Inflow from Operating Activities	12	1,245	1,461
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(779)	(856)
Purchase of Intangible Assets		(50)	(34)
Net Cash Outflow from Investing Activities		(829)	(890)
Net Increase/(Decrease) in Cash		416	571
Opening Balance		2,585	2,014
Closing Balance	7	3,001	2,585

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

The Network for Learning Limited (N4L), a limited liability Company incorporated in New Zealand under the Companies Act 1993, is a Crown entity as defined by the Crown Entities Act 2004. It is listed in Schedule 4A of the Public Finance Act 1989. N4L's ultimate parent is the New Zealand Crown, however the Crown does not guarantee the liabilities of N4L in any way.

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

The financial statements for N4L are for the 12 month period from 1 July 2019 to 30 June 2020, and were approved by the Board on 29 September 2020.

2. Statement of Significant Accounting Policies

a) Basis of Preparation

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

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies compared with the previous year. All policies have been applied on a consistent basis throughout the current year.

b) Specific Accounting Policies

The specific accounting policies set out below, which materially affect the measurement of financial performance, financial position, and cash flows, have been consistently applied to all reporting periods presented in these financial statements.

Income

Income is measured at the fair value of consideration received or receivable. The specific recognition criteria described below must also be met before revenue is recognised.

Income from non-exchange transactions:

Income from Services

Income from Services is recognised by reference to when the service is performed.

Income from exchange transactions:

Interest

Interest income is recognised using the effective interest method.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (NZD), the functional currency of the Company, using the exchange rates prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net surplus or deficit.

Leases

Operating Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Company are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives under an operating lease are recognised as lease incentive in the Statement of Financial Position. The aggregate benefit of the incentive is recognised as a reduction of the expense on a straight-line basis over the period of the lease.

Cash and cash equivalents

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

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that N4L will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of impairment is the difference between the assets carrying value and the present value of future cash flows, discounted using the original effective interest rate.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes; computer equipment, office equipment, office furniture and leasehold improvements. Property, plant and equipment is shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when the control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included net in the surplus or deficit.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Computer Equipment:	2.5 years	40.0%
Office Equipment:	5.7 years	17.5%
Office Furniture:	9.5 years	10.5%
Leasehold Improvements:	5.7 years	17.5%

The residual value and useful lives of assets are reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Domain names

Acquired domain names are capitalised on the basis of the costs incurred to acquire. Costs associated with the development and maintenance of N4L domains are recognised as an expense when incurred.

Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful economic lives. The amortisation period and amortisation method for intangible assets with finite useful lives, are reviewed at least at the end of each reporting period. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful lives and associated amortisation rates of classes of intangible assets have been estimated as follows:

Software:	2.5 years	40%
Domain names:	Indefinite	no amortisation

Impairment of property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where N4L would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Accruals and payables

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

Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the

time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

The expense relating to any provision is included in the Statement of Comprehensive Income.

Employee entitlements

Short-term Employee Entitlements

Employee entitlements that are expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Goods and services tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Forecast

The forecast numbers are taken from the Company's 'Statement of Performance Expectations 2019/2020' as approved by the Board on 23 May 2019. The forecast figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Statement of cash flows

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

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

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Leases Classification

Determining whether a lease agreement is a finance lease or operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to N4L.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

3. Income from Non-Exchange Transactions

	2020 \$000	2019 \$000
Income from Services to Schools	28,940	29,033
Income from Services to Government	1,270	688
Other Income	192	524
Total Income	30,402	30,245

Income from services to schools represents income from the provision of core network services to schools. These services for state, state-integrated, and partnership schools are paid for directly by the Ministry of Education on behalf of the schools. These services for Independent schools are paid directly by the schools.

Income from services to Government represents income relating to the provision of transition support services to schools, a helpdesk service, a package of content and services, and fees in relation to the operation of the network. These services are paid for by the Ministry of Education. Income from services to Government also includes services provided to education sector agencies.

4. Network Services

	2020 \$000	2019 \$000
Network Provider Services	17,056	18,459
Content and Services	7	36
Total	17,063	18,495

Network provider services expenses represent payments to the network provider for the provision of the Managed Network service. Content and services expenses represent payments to several providers for use of the managed network services.

5. Transition Support

Transition support expenses represent payments to Information and Communication Technologies ('ICT') providers engaged to transition schools to the Managed Network service.

6. Other General and Overhead Expenses

	2020 \$000	2019 \$000
Personnel Costs	8,612	7,145
Professional Advisory Fees	1,402	864
Marketing and Communications	380	236
Travel	202	279
Facility Costs	540	643
IT and Telecommunications	660	507
Depreciation	362	180
Other	444	296
Total	12,602	10,150

Personnel Costs

	2020 \$000	2019 \$000
Salaries, Wages and Short-Term Employee Benefits	7,152	6,499
Defined Contribution Plans	182	176
Contractor Costs	1,278	470
Total Personnel Costs	8,612	7,145

N4L had 66 (2019: 54) full time equivalent employees and 10 contractors (2019: 8) as at 30 June 2020. Employer contributions to defined contribution plans relates to contributions to KiwiSaver.

7. Cash and Term Deposits

	2020 \$000	2019 \$000
Cash at Bank	3,001	2,585
Term Deposits	2,014	2,000
Total Cash and Term Deposits	5,015	4,585

All cash and term deposits are held with a major New Zealand trading bank. Term deposit maturities are 365 days or less and based on a fixed interest rate with interest payable at maturity. The term deposits are not subject to automatic renewals.

8. Other Current Assets

	2020 \$000	2019 \$000
Sundry Debtors	8	48
Prepayments	166	135
Accrued Revenue	38	-
Total Other Current Assets	212	183

The carrying value of other current assets approximates their fair value.

9. Property, Plant and Equipment

Movements for each class of property, plant, and equipment are as follows:

	Computer Equipment	Office Furniture	Office Equipment	Leasehold Improvements	Total \$000
Cost					
Balance at 1 July 2018	470	322	71	90	953
Additions during the year	363	12	3	478	856
Disposals	(70)	(20)	(6)	(56)	(152)
Balance at 30 June 2019	763	314	68	512	1,657
Accumulated Depreciation					
Balance at 1 July 2018	390	151	47	61	649
Depreciation charge for the year	(65)	(12)	(6)	(45)	(128)
Disposals	90	35	11	44	180
Balance at 30 June 2019	415	174	52	60	701
Net book value at 30 June 2019	348	140	16	452	956
Cost					
Balance at 1 July 2019	763	314	68	512	1,657
Additions during the year	724	36	12	7	779
Disposals	(33)	(20)	-	-	(53)
Balance at 30 June 2020	1,454	330	80	519	2,383
Accumulated Depreciation					
Balance at 1 July 2019	415	174	52	60	701
Disposals	(32)	(9)	-	-	(41)
Depreciation charge for the year	238	35	8	81	362
Balance at 30 June 2020	621	200	60	141	1,022
Net book value at 30 June 2020	833	130	20	378	1,361

10. Accruals

Accruals are short term in nature, non-interest bearing and are repayable on demand.

11. Share Capital

Number of ordinary shares issued and fully paid:

	2020 000	2019 000
Balance at 1 July	14,000	14,000
Shares Issued	-	-
Balance as at 30 June	14,000	14,000

No shares were issued during the 2020 financial year (2019: Nil). All shares are fully paid and have equal voting rights. The shares have no par value.

12. Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

	2020 \$000	2019 \$000
Net Surplus	519	569
Add/(Less) Non-Cash Items		
Depreciation & Amortisation	433	217
Net loss on disposal of Property, Plant and Equipment	6	24
Total Non-Cash Items	439	241
Add/(Less) movements in Working Capital Items		
Accounts Receivable	(245)	55
Prepayments	(30)	1
Other Receivables	119	(47)
Accrued Revenue	44	-
Accounts Payable & Other Payables	288	588
Employee Entitlements	111	54
Net movement in Working Capital Items	287	651
Net Cash Inflow from Operating Activities	1,245	1,461

13. Commitments

Operating leases as lessee

N4L has entered into commercial leases on certain motor vehicles and car parks. The related leases have lives between six months to three years, with no renewal option included in the contracts.

N4L also leases office premises (including car parks) in Auckland and Wellington. A significant portion of the total non-cancellable operating lease expense relates to the lease of N4L's Auckland premises. The leases for the Auckland premises (including car parks) expire in February 2028, with an option to vacate the

premises at the lease renewal date of February 2025. N4L has assumed that it will not renew the Auckland premises at the lease renewal date. The Wellington premises lease expires on 31 October 2023, and there is no right of renewal for the premises.

N4L does not have the option to purchase the leased premises, car parks and motor vehicles at the end of the lease terms, and there are no restrictions placed upon the Company by entering into the leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2020 and 2019 are, as follows:

	2020 \$000	2019 \$000
Not later than one year	533	499
Later than one year but not later than five years	1,609	1,624
Later than five years	-	229
Total Commitments	2,142	2,352

Other commitments

The Company has no other commitments outside of its operating lease commitments.

14. Lease make good provision

In respect of its leased premises in Auckland and Wellington, N4L is required at the expiry of the lease term to make good any damage caused to the premises and to remove specified fixtures and fittings installed by N4L. N4L has the option to renew these leases, which affects the timing of expected cash outflows to make good the premises. N4L has assumed that the option to renew will not be exercised for both premises in measuring the provision. The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in February 2025.

15. Contingencies

Contingent liabilities

The company has no contingent liabilities as at 30 June 2020 (2019: \$nil).

Contingent assets

The company has no contingent assets as at 30 June 2020 (2019: \$nil).

16. Related Party Transactions and Key Management Personnel

Related party transactions

N4L is a wholly owned entity of the Crown.

Significant transactions with government-related entities

N4L invoices the Ministry of Education directly for the Managed Network, Corporate and Support services in accordance with the contracts N4L has with the Ministry of Education.

N4L received no capital funding during the year (2019: nil).

In conducting its activities, N4L is required to pay various taxes and levies (such as GST, FBT, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. N4L is exempt from paying income tax.

Key management personnel includes the Management Team and the Board Members. During 2020, two members of the Management Team left N4L, one member went on parental leave and no new permanent appointments were made. A member of the Management team who worked on a part time basis during 2019 became full time during 2020.

During the year ended 30 June 2020, no employee received compensation in relation to cessation of their employment (2019: 1 employee \$67k). No contractors received compensation in relation to cessation of their contracts (2019: \$0k).

There were 6 employees in the Management Team who received remuneration over \$100k during the 2020 financial year (2019: 6).

Key Management Personnel Compensation

	2020 \$000	2019 \$000
Management Team		
Remuneration and Short-Term Benefits	1,652	1,560
Defined Contribution Plans	44	30
Total	1,696	1,590
Full-time Equivalent Members	6	6
Board Members		
Remuneration	136	118
Full-time Equivalent Members	5	4

*Comparatives in the table above have been restated to ensure consistency.

Board Member Remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	Date of Original Appointment	2020 \$000	2019 \$000
Mark Yeoman - Deputy Chair (term ended 30/6/19)	02/07/12	-	40
Karen Poutasi - Deputy Chair	02/07/14	27	23
Jeremy Banks	01/07/17	22	23
Jack Matthews (Term Ended 31/3/19)	01/09/13	-	17
Colin MacDonald - Chair	01/03/19	45	15
Sharon Cresswell	01/08/19	21	-
Anthony Briscoe	01/08/19	21	-
Total Directors' fees		136	118

N4L has in place Directors' and Officers' liability insurance. N4L also indemnifies the Directors against cost and liabilities incurred by Directors for acts or omissions made in their capacity as Directors to the extent permitted by N4L's Constitution and the Companies Act 1993.

In addition to the Directors' fees, the company incurred \$11k (2019: \$24k) of expenditure relating to training and travel costs of the Directors.

17. Employee Remuneration

	2020 No. of employees	2019 No. of employees
\$100,000 - \$109,999	4	3
\$110,000 - \$119,999	3	2
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	2	3
\$140,000 - \$149,999	2	1
\$150,000 - \$159,999	1	2
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999	3	1
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	0
\$280,000 - \$289,999	0	1
\$310,000 - \$319,999	1	0
\$320,000 - \$329,999	0	1
\$330,000 - \$339,999	1	0
\$410,000 - \$419,999	0	1
\$430,000 - \$439,999	1	0

During the year ended 30 June 2020, no employees received compensation and other benefits in relation to cessation of their employment.

The information in the table reflects remuneration paid to staff in respect of their period of employment with the Company. Comparatives in the table above have been restated to ensure consistency.

18. Events after Balance Date

On the 12th July 2020, the company received a resolution from its shareholding ministers agreeing for N4L and the Ministry of Education to extend their Master Agreement to 1 December 2028 and three major SoW's to 31 January 2024.

19. Capital Management

N4L's capital is its equity, which comprises accumulated funds and share capital. Equity is represented by the net assets of the Company.

N4L manages its capital through careful control of its operations ensuring it can operate within its agreed capital base. N4L has no external debt.

20. Financial Instruments

Financial instrument categories

Cash, cash equivalents and receivables as presented on the Statement of Financial Position are classified as loans and receivables. Accruals and payables are classified as financial liabilities, measured at amortised cost.

N4L has no financial assets or liabilities that are measured at fair value in the Statement of Financial Position. Current accruals and payables and short-term receivables are non-interest bearing and are normally settled on 30 day terms, therefore their carrying value is approximately equal to their fair values.

All financial liabilities of N4L are current, except for the non-current portion of the lease make good provision, for which the associated cash flows are expected to occur in February 2025.

Financial instrument risk management

N4L's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. N4L has a treasury policy in place to help manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. This policy does not allow any transactions that are speculative in nature to be entered into.

Market Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in market interest rates. N4L's exposure to cash flow interest rate risk is

limited to its bank deposits which are held at variable rates of interest. N4L does not actively manage its exposure to cash flow interest rate risk. N4L considers its exposure to interest rate risk to be immaterial. N4L is not exposed to price risk or currency risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to N4L, causing it to incur a loss.

In the normal course of business, N4L is exposed to credit risk from cash and term deposits with banks and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

N4L invests funds only with registered banks that have a Standard and Poor's credit rating of at least A-1 for short-term and A- for long term investments. N4L has experienced no defaults of interest or principal payments for term deposits.

N4L holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Liquidity Risk

Liquidity risk is the risk that N4L will encounter difficulty raising liquid funds to meet commitments as they fall due. N4L mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

21. Impact of Covid-19

The impact of Covid-19 with its resultant lockdowns impacted the company's ability to deliver all of its internal targets for the Network Hardware Equipment programme as it was not able to access schools to perform installations. These internal targets were related to a new network hardware replacement agreement entered into during the year which haven't impacted the budgeted figures as included in Note 22. Revenue is slightly lower than the re-forecasted revenue for the year with impact not being material.

The provision of our core services remained unchanged with the company able to move seamlessly to a working from home model. The company also supported the Ministry of Education by providing a helpdesk service to manage queries relating to connecting students to devices and the internet during the lockdown period.

22. Explanation of Major Variances to Unaudited Forecast

The forecast numbers are taken from the Company's 'Statement of Performance Expectations 2019-2020 (SPE).

Statement of Comprehensive Income

For the year ended 30 June 2020

	Ref	2020 Actual \$000	2019 Forecast (Unaudited) \$000
Income from Non-Exchange Transactions			
Income from Services	A	30,402	29,689
Income from Exchange Transactions			
Interest Income		62	68
Total Income		30,464	29,757
Expenditure			
Network Services	B	17,063	17,158
Transition Support		71	521
Board Operations		148	178
Audit Fees		61	58
Other General and Overhead Expenses	C	12,602	11,719
Total Expenses		29,945	29,634
Net Surplus/(Deficit)		519	123
Total Comprehensive Income/(Loss) for the Period		519	123

2020 Actual delivered a comprehensive income of \$396k higher than forecast. Key drivers of this are:

A – Income from Services

Income from services was higher than the SPE forecast, primarily due to revenue which was not budgeted for in the SPE in relation to the Network Hardware Replacement, Helpdesk Services, NZQA and Switch and Wireless Statements of work.

B – Network Services & Transition Support

Network service costs were lower than the SPE forecast, primarily due to lower than budgeted internet access costs.

Transition support expenses represent payments to Information and Communication Technologies ('ICT') providers engaged to transition schools to the Managed Network service. These costs were budgeted but were not incurred to the level expected.

C – Board Operations

Board operations are under budget due to not having the full complement of directors at the beginning of the financial year.

Statement of Financial Position

As at 30 June 2020

	Ref	2020 Actual \$000	2020 Forecast (Unaudited) \$000
Assets			
Current Assets			
Cash and Cash Equivalents	D	3,001	1,585
Receivables - Non Exchange Transactions	E	3,156	2,850
Term Deposits		2,014	2,000
Other Current Assets		212	387
Total Current Assets		8,383	6,822
Non-Current Assets			
Property, Plant and Equipment		1,361	1,142
Intangible Assets	F	50	155
Total Non-Current Assets		1,411	1,297
Total Assets		9,794	8,119
Represented by			
Liabilities			
Current Liabilities			
Accruals		962	1,032
Payables under Exchange Transactions	G	2,962	1,976
Deferred Revenue		-	-
Lease Incentive - Current		27	27
Provisions		15	9
Total Current Liabilities		3,966	3,044
Non-Current Liabilities			
Lease Incentive - Non-Current		98	97
Provisions - Non-Current		8	8
Total Non-Current Liabilities		106	105
Total Liabilities		4,072	3,149
Equity			
Share Capital and Reserves		5,722	4,970
Total Shareholders' Funds		5,722	4,970
Total Liabilities and Shareholders' Funds		9,794	8,119

D – Cash and Cash Equivalents

Cash and cash equivalents are higher than forecast in the SPE, due to a higher Operating cashflow than forecasted in the SPE.

E - Receivables - Non Exchange Transactions

Receivables are higher than forecast in the SPE, due to higher revenue received than forecast.

F - Intangibles

During the year N4L did not purchase software to the extent it had forecasted.

G - Payables under Exchange Transactions

Payables is higher than forecast in the SPE, due to the timing of a higher than forecasted capital expenditure for a data centre, and operating expenditure occurring at the end of the year.

Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital	Retained Earnings / (Deficit)	2020 Actual \$000	2020 Forecast (Unaudited) \$000
Opening Balance 1 July 2019	14,000	(8,797)	5,203	4,847
Net Surplus/(Deficit)	-	519	519	123
Total Comprehensive Income/(Loss) for the Period	-	519	519	123
Closing Balance 30 June 2020	14,000	(8,278)	5,722	4,970

Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 Actual \$000	2020 Forecast (Unaudited) \$000
Cash Flows from Operating Activities			
Receipts from Customers		30,319	34,148
Interest Received		55	68
Other Receipts		3	-
Payments to Suppliers and Staff		(29,132)	(34,097)
Net Cash Inflow from Operating Activities	12	1,245	119
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(779)	(345)
Purchase of Intangible Assets		(50)	(161)
Net Cash Outflow from Investing Activities		(829)	(506)
Net Increase/(Decrease) in Cash		416	(387)
Opening Balance		2,585	1,972
Closing Balance		3,001	1,585

A higher cash flow was delivered for the year ended 30 June 2020 than forecast in the SPE. Key drivers of this are:

I – Net Increase/(Decrease) in Cash

Cash Flow for the year was higher than the SPE mainly due to higher than budgeted receipts from Operating activities.

DIRECTORY

Shareholders:

Minister of Finance (Hon Grant Robertson) and
Minister of Education (Hon Chris Hipkins)

Minister with Delegated Responsibility for the Company:

Minister of Education (Hon Chris Hipkins)

Registered Office:

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P 0800 LEARNING (532 764)

Auditor:

The Auditor-General
Pursuant to section 15 of the Public Audit Act 2001

Solicitors:

Cullen Law
Bell Gully

Bankers:

Westpac New Zealand Limited

Senior Management:

Larrie Moore, Chief Executive Officer
Gavin Costello, Chief Information & Security Officer
Will Graham, Chief Customer Officer
Susannah Winger, Chief Marketing Officer
Gill Mahony, Head of Finance

Board of Directors:

Colin MacDonald, Chair
Jeremy Banks
Karen Poutasi
Anthony Briscoe (Appointed 1 August 2019)
Sharon Cresswell (Appointed 1 August 2019)

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