



TE PŪRONGO Ā-TAU
ANNUAL REPORT
2021



RĀRANGI UPOKO

CONTENTS

Te Whakatakinga Introduction	4
Te Pūrongo a te Tiamana Chair's Report	6
Te Pūrongo a te Kaiwhakahaere Matua CEO's Report	7
Ngā Angitu Matua Key Achievements	8
Te Tūhono: Te Whakarato i Tētahi Kōtuinga Atamai Ake Connect: Providing a Smarter Connection	10
Whakaruruhau: He Taiao Haumarua Ake Kia Ako Mā Te Ipurangi Protect: A Safer Environment for Online Learning	11
Tautoko: Te Tautoko i ngā Kaiako me ngā ākonga kia ākona Support: Supporting kaiako and ākonga to teach and learn	12
Ngā Rangahau Case Study 1	13
Te Whakakitenga Our Future Focus	14
Mai i ngā tatauranga By the numbers	16
Te Kūtoro ki te Rāngai Sector Engagement	17
Ngā Rangahau Case Study 2	19
Te Rōpū Whakahaere Senior Leadership Team	20
Te Poari Urungi Board of Directors	22
Te Kōrero mō te Whakahaere Rangatōpū Statement of Corporate Governance	24

Te Kōrero mō te Angitu Statement of Performance	25
Te Kōrero mō ngā Haepapa Statement of Responsibility	28
Te Mōhio he Kaiwhakawhiwhi Mahi Pai a N4L Ensuring N4L is a Good Employer	29
Te Pūrongo a te Kaiarotake Auditor's Report	30
Ngā Pūrongo Pūtea Financial Statements	34
Ngā Kōrero mō ngā Tauākī Pūtea Notes to the Financial Statements	38
Papatohu Directory	55

TE WHAKATAKINGA INTRODUCTION

Ko tā Network for Learning (N4L) he tūhono i ngā ākonga ki tētahi ipurangi atamai, haumaruru hoki mō te ako. Ka wātea ki ngā kura katoa o Aotearoa tētahi taiao ā-ipurangi haumaruru, pāmāro hoki i te kura mā roto rawa i a N4L. Nā te 800,000 ākonga me te 55,000 kaiako kei te kōtuinga N4L e noho nei ko ia tētahi o ngā kōtuinga nui rawa atu o tōna momo. Ka mahi tahi a N4L me te kāwanatanga, me ōna haumi mahi mātauranga, hangarau hoki kia mōhio pū kei te whai wheako ki tētahi taiao ā-ipurangi haumaruru.

Te Tūhono i ngā Kura Auraki me ngā Kura katoa

Ā mohoa, kei kō atu i te 855,000 ngā ākonga me ngā kaiako puta noa i ngā momo kura whānui kei te whai wāhi ki tētahi taiao ā-ipurangi haumaruru, pāmāro hoki mā roto rawa i N4L. Kei te whakahaere katoatia, kei te tautoko katoatia hoki ā mātau ratonga haumaruru kia whai wāhi ai ngā kura ki te arotahi ki te ako, tē māharahara kē ai ki te aroturuki me te whakatikatika i ngā hangarau ipurangi.

Te whakarato i te whakamaru ā-ipurangi kōunga taioereore

Ko te haumarutanga ā-ipurangi tētahi o ngā arotahi matua ki a N4L, mā te whakamahi i ngā hangarau kua tiketike nei te kōunga kia whakaruruhau i ngā kura mai i ngā mōrikarikatanga kei te

ipurangi. Nā te tere o te tipu haere o aua mōrikarikatanga i whakatauria ai e N4L ētahi paearu Haumarutanga e mōhio pū ai ngā kura, ngā kaiako me ngā ākonga kua whakaruruhautia rātou i te kura kia haumaruru ai te ako ki te ipurangi. I te mutunga o Hune, 91% ngā kura i te taumata, i kō atu rānei i te taumata, ā, e mahi tahi ana a N4L me ngā kura e toe ana kia eke pū ai ā rātou pūhana ki taua taumata rā.

Te whakawhānui i te ratonga kōtuinga ki ngā akomanga

E kaha ake ana tā te kura whakawhirinaki atu ki te ipurangi kia whakahaere i te marautanga, ā, e nui haere ana te kawatau kia whakahaerehia ngā whakamātautau NCEA ki te ipurangi, nā reira me mātua haumaruru, me mātua marutau hoki te ipurangi e mahi tika tonu ana ahakoa te nui haere o ngā pūrere kei te tūhono atu. I te tau 2020/21, i te wā i whakahaerehia ai te hōtaka Te Mana Tūhono, i tautoko ai a N4L i ngā kura mā te whakaroa i te rangi mōnehu mō ngā rawa hangarau kōtūi kei te tawhito haere, i whakahōu ai hoki i ngā tūhonotanga o ngā kura e 369, i whakarato ai hoki i ngā rauemi ki ngā kura kia kaha ake ai tā rātou whakahaere i te āhua o tō rātou ipurangi. Pēnā i ērā atu o ngā whakahoutanga, e noho haumi ana a N4L me ngā kamupene mātanga hangarau o te rohe nei kia whakaurua ngā rauemi hōu me te whakakaha i te haumarutanga o te ipurangi kei ngā kura.



Network for Learning (N4L) connects all ākonga to Safe & Secure Internet for learning. All Aotearoa New Zealand schools and kura have access to a safe and reliable online learning environment at school through N4L. With 800,000 ākonga and 55,000 kaiako on N4L's network, it's one of the largest networks of its kind in the world. N4L works alongside Government, education and technology partners to ensure all ākonga have access to a safe online learning experience.

Connecting all state, state-integrated schools and kura

Today, more than 855,000 students and teachers across all state and state-integrated schools can access a safe and reliable online learning environment through N4L. Our Safe & Secure Internet services are fully managed and supported, allowing schools and kura to focus on teaching and learning rather than worrying about maintaining and managing 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. With online threats increasing rapidly, N4L has developed a Safe & Secure standard

to ensure kaiako and ākonga are able to learn safely online at school. At the end of June, 91% of schools were at or above the standard, and N4L is working to support the remaining schools and kura to ensure their systems reach it as well.

Extending the network service into classrooms

Schools are more reliant on the internet to deliver the New Zealand Curriculum than ever. 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. Over the course of 2020/21, in delivering the Te Mana Tūhono programme, N4L supported schools with extended warranties for their ageing network hardware, completed the replacement of 369 schools' wireless equipment, and provided tools to give schools more control over what happens on their network. As with previous upgrades, N4L is partnering with highly skilled local technology companies to install the new equipment and boost school network security.

COLIN MACDONALD

TE PŪRONGO A TE TIAMANA CHAIR'S REPORT

Kia ora

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

Warmest greetings to our many stakeholders

In the last year, Aotearoa New Zealand has adapted to a world stricken by COVID-19. We have had to respond to changes in alert levels and a continued need for resilience in our education system. Education's reliance on safe and secure internet access has become clear, while threats from online activity such as ransomware have increased. N4L has actively contributed to the all-of-government response to these changes.

Looking forward, N4L will extend the work we have already done. Our priorities are to continue upgrading schools' infrastructure so they can participate fully in high quality, online learning; and to provide world-class safety and security so all learners are able to learn safely online. We know that keeping learners safe and secure online requires responding to an ever-changing environment.

N4L also remains committed to helping Aotearoa New Zealand address digital inequities so that our most disadvantaged learners may access 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 contribute in these areas.

I acknowledge and thank my fellow directors for their hard work and focus throughout a challenging but rewarding year for N4L. And I thank partners across the private and public sector for their commitment to our shared goals over the last year and look forward to another productive one ahead.

The mahi being done by the N4L team is more important to Aotearoa New Zealand's future than ever.



Colin MacDonald, QSO
Chair



LARRIE MOORE

TE PŪRONGO A TE KAIWHAKAHAERE MATUA CEO'S REPORT

koutou

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.

The education sector has confronted urgent challenges as the COVID-19 pandemic persists. Aotearoa New Zealand's experience shows how vital a secure and robust digital infrastructure for education has become.

Despite the external environment forcing changes on N4L and our business, in the past year, N4L has delivered on our post-COVID priorities, achieved our milestones and contributed to a stronger, more resilient education sector.

Alongside the Ministry of Education and NZQA, we have worked to support our partners in delivering their new priority online programmes that build and leverage the strength and reach of connectivity across the compulsory school system.

Cyberthreats and harmful digital content proliferated faster and with great consequence this year. We continued to respond quickly and effectively to keep our school communities safe, alongside supporting the efforts of CERT NZ and Netsafe.

Over 2020, N4L focused on increasing our own resilience as demand for our services continues to grow. We have increased the size of the team and invested in our people so they can deliver the services schools and kura need. Like people throughout Aotearoa

New Zealand, our staff have extensive family ties in parts of the world that have endured devastating surges of COVID-19 illness; maintaining focus and supporting my people as they dealt with these stresses has been both challenging and rewarding. I am proud that N4L has balanced care for staff and delivery to stakeholders throughout this difficult year.

I am looking forward to leading the N4L team as together we respond to emerging challenges and opportunities in the coming year, supporting all our ākonga and kaiako to learn and flourish online.

Tē tōia, tē haumatia - Nothing can be achieved without a plan, workforce and way of doing things



Larrie Moore
CEO



NGĀ ANGITU MATUA KEY ACHIEVEMENTS

It's been another successful year for Network for Learning:



INCREASED SCHOOL & KURA SATISFACTION

97% customer satisfaction, building on a continuous 90%+ rating since launch.



UPGRADING CLASSROOM INFRASTRUCTURE WITH WORLD-LEADING TECHNOLOGY

15% of state schools and kura (369) had the latest generation of Wi-Fi network equipment installed in the past year and 16% of state schools and kura (381) had their networks protected by N4L's extension of their warranties.



ALL SCHOOLS & KURA CONNECTED TO THE INTERNET

100% of state schools and kura are connected to the internet by N4L's Managed Network, serving over 855,000 ākonga and kaiako.



INVESTING IN SCALABLE PROCESSES & PEOPLE

Over 40 new employees joined the N4L team. The team has grown from around 60 staff to over 100 staff over the year, expanding our capacity and capability to meet the challenge of extending our products and services across Aotearoa New Zealand.



MORE THAN 90% OF SCHOOLS AND KURA HAVE N4L'S CYBERSECURITY & SAFETY STANDARD

91% of state schools and kura (2,240) have opted in to N4L's Safe & Secure Internet standard.

TE TŪHONO: TE WHAKARATO I TĒTAHI KŌTUINGA ATAMAI AKE

CONNECT: PROVIDING A SMARTER CONNECTION

Te Tūhono Kua Aroturukitia | *Managed Network*

Our fast, reliable, safe and secure internet connectivity is now in use by 100% of eligible state and state-integrated schools and kura. Connecting to N4L's Managed Network remains optional for schools. During 2020/21, N4L upgraded 150 schools to a 1GB connection meaning 86% of schools now benefit from a 1GB connection.

Te Mana Tūhono: Te Whai Āwhina Mō Ngā Taputapu | *Te Mana Tūhono: Equipment Support and Replacement*

Since 2020, N4L has delivered key elements of the Ministry of Education-led Te Mana Tūhono programme to boost the resilience, capacity and security of school wireless networks. Schools can opt-in to have their ICT network equipment replaced when it is reaching the end of its life, access support to manage cybersecurity, and access help and support from N4L for ICT network issues.

This means that N4L and our partners have extended the Managed Network into classrooms across Aotearoa New Zealand, so we can further connect, protect and support schools and kura, kaiako and ākonga. This programme has three phases:

- 1. Equipment Support** - Across an increasing number of schools, network equipment licences and warranties are expiring, and N4L is providing extended support and assistance through our Helpdesk. Should schools' network hardware fail before it's been upgraded, N4L will either fix or replace it.
- 2. Equipment Replacement** - N4L and our panel of ICT providers are replacing all participating schools' network equipment with next-generation wireless technology. When this programme concludes in 2024, all schools and over 855,000 users will be managed by infrastructure that N4L has designed, installed and managed. It will be the single largest distributed and managed Wi-Fi network in Aotearoa New Zealand.
- 3. Secure Access** - This is a programme to securely register school network users and devices onto the network, enabling schools to set up distinct networks for specific user groups - staff, students, and guests. This improves the security of the school network and allows for more granular filtering, which can be configured appropriately for each user group, and will also enhance the security of online assessment.

Over 2020/21, N4L met our targets of 381 schools completing Equipment Support and 361 schools having their equipment replaced.

Te Āwhina Kia Haumarua Ai Ngā Whakamātautau Ā-Ipurangi | *Supporting safe online exam experiences*

In a programme that began in May 2020, NZQA re-engaged N4L to assess the digital health of a school's wireless internet connection to ensure students sitting NCEA Online exams could have a safe and positive online experience. The programme is designed to minimise disruption during the exam period.

In 2020, N4L's engagement fell broadly into three areas:

- Network Assurance Checks to determine schools' readiness for NCEA Online 2020. Checks involved testing internet speeds, network capacity, cybersecurity preparedness and reviewing the systems in place to prevent students from accessing unauthorised websites.
- Provision of a Helpdesk during the examination period.
- Provision of a Helpdesk to support NZQA's NCEA Online Helpline.

N4L worked with partners (Spark, Chorus, and other local fibre companies) to ensure minimal outages/network disruptions during the examination period.

This programme continues in 2021, with over 50% of participating schools having undertaken Network Assurances Checks to June 2021. N4L will also provide Helpdesk support during the examination period in late 2021.

WHAKARURUHAU: HE TAI AO HAUMARU AKE KIA AKO MĀ TE IPURANGI PROTECT: A SAFER ENVIRONMENT FOR ONLINE LEARNING

Te Ipurangi Haumaru | *Safe & Secure Internet*

Toward the end of 2020, N4L introduced Safe & Secure Internet, which provides a baseline level of protection recommended for all schools and kura across Aotearoa New Zealand. It's free for schools and helps strengthen their defence against online threats.

N4L's Safe & Secure Internet comprises four key components:

1. **Web Filtering** to protect kaiako and ākonga from accessing inappropriate content.
2. **Firewall** to protect schools and kura against online threats and unauthorised attempts to access the school's network.
3. **Domain Name Server (DNS) Threat Protection** for an additional layer of protection to help block unsafe content and enables Google SafeSearch.
4. **DDoS Protection** to protect against the impact of Distributed Denial of Service (DDoS) attacks, which can cause schools' internet to crash.

Over 2020/21, N4L worked closely with schools to ensure that Safe & Secure settings were implemented across state and state-integrated schools and kura in Aotearoa New Zealand.

Safe & Secure Internet standard	91.3%
DDoS Protection	100%
Web Filtering	98.4%
Firewall	95.4%
DNS Threat Protection	97.8%

By 30 June 2021, 91.3% of state and state-integrated schools and kura had achieved the standard, and over 2021/22 N4L will continue to work with schools to lift this number.

As cybersafety and security requires constant work to respond to emerging threats and changing technologies, N4L and the Ministry of Education are continuing to work closely together to ensure an ongoing high level of cybersecurity across the schooling system.

Te Taiwhanga Whakahaumaru | *Security Operations Centre*

In August 2020, the Government announced a \$49 million expansion of the Te Mana Tūhono programme, allowing the Ministry of Education to offer all state and state-integrated schools and kura the opportunity to access cybersecurity support by 2024. N4L is delivering on this opportunity by implementing the Security Operations Centre (SOC), which will be the largest distributed managed security network in Aotearoa New Zealand.

Protecting 855,000 users and between 400,000 - 500,000 devices daily, the SOC uses an advanced security information and event management (SIEM) system, coupled with machine learning and AI to identify and respond to threats. The SOC enables N4L to detect and block cyber harm and mitigate malicious threat actors.

As of 30 June 2021, the first-phase of the SOC infrastructure has been built and has begun ingesting and analysing data from schools. Over the remainder of 2021, N4L will continue implementing the new SOC, which alongside the continued expansion of N4L's product and service offerings, will help to ensure we remain resilient to new and emerging threats.

TAUTOKO: TE TAUTOKO I NGĀ KAIKO ME NGĀ ĀKONGA KIA ĀKONA SUPPORT: SUPPORTING KAIKO AND ĀKONGA TO TEACH AND LEARN

The N4L Helpdesk team ensures schools have access to the support they need, with schools able to log cases via N4L's Support Hub or by calling the Helpdesk. The people contacting N4L's Helpdesk range from teaching principals with little or no tech knowledge, to technology companies calling on behalf of the schools they are engaged to support. The latter group represents around 40% of all Helpdesk callers. Further, N4L's team of School Relationship Managers visited a high proportion of schools across Aotearoa New Zealand during 2020/21.

Te Whakahaere-whaiaro - Te Mārama me ngā Mahi mā ngā Kaiako kia Whakaruruhau | Self-service - insights and actions for kaiako to protect ākonga

A significant amount of data is generated from the products and services we provide schools, which has the potential to support the education sector with additional insights and information around digital citizenship, mitigating online harm, and educational success. N4L's Reporting app, currently in pilot, makes it easier for kaiako to see and use N4L's data, for example, seeing where ākonga are spending their browsing time, and which websites and apps are being used across the school's Managed Network.

Ongoing development of N4L's Reporting app will focus on providing a window of information to support schools with pastoral care, child wellbeing, and learning outcomes. Feeds from remote sensors used to measure temperature, sound levels, humidity and other environmental factors can be presented back to ensure schools' environments are suitable for learning in future product iterations. N4L will also work with the Ministry of Education and other partners to use N4L's data to advance evidence-based decision-making in education. This work will be taken forward within a robust framework to ensure that privacy and data sovereignty considerations are built in.

upgrade well learning contact
know great service new
keep support principal
help digital school
need services internet devices

Te Reo o ngā Ākonga | School voices

N4L reaches out to every school in Aotearoa New Zealand for feedback on their experiences with N4L through an annual survey. This year, we received over 550 responses from principals and IT leads, with 97% reporting they were either satisfied or very satisfied with N4L's service.

"N4L is an awesome service with a fantastic Helpdesk. It has made a massive difference in digital learning since its launch. Keep up the great work." *Armand de Villiers Te Puke High School*

"We have just had a wireless upgrade - so the internet is flying along well." *Michael Donaldson Okaihau College*

"N4L has been very supportive of our multiple internet issues and outages so far this year. We have really appreciated the ongoing support for our VERY small school, one of the most remote in Mainland NZ." *Laura Thompson Waitaria Bay School*

"I have found with any help I have needed that N4L staff are so helpful and patient with rectifying problems. Especially for a small school such as ours who does not have a dedicated IT person." *Liz Marr St Joseph's Catholic School Matata*

"From my experience, I have found N4L to be very helpful - especially when I don't have the 'language' to use when explaining my concerns." *Stephanie Alcock, Kawerau Putauaki School*

"I would like to say thank you to the support staff at N4L who are among the best I've ever dealt with. They are always friendly, responsive, highly skilled in their jobs and go the extra mile. Cheers." *Sue Harper Milford School*

"N4L makes us feel more secure as we feel that you 'have our back' and that we can turn to you for advice and resources." *Jillian Norrie Whau Valley School*

"Love N4L. It has made a huge difference to learning." *Sonya Van Schaijik Newmarket School*

NGĀ RANGAHAU CASE STUDY

Hornby High School: Safe & Secure Internet

"N4L is a gold standard when it comes to the safety and security of our school" - Principal, Robin Sutton

At Hornby High School digital learning is really important. In every lesson kids are using devices and engaging with technology. Katie Tozer, Wānanga Advisor, explains the benefits of using N4L's Safe & Secure Internet for teaching and learning.

"We spend a lot of time teaching the kids how to be safe online to set them up to be really good digital citizens. Knowing that the web filtering is there allows me to set the kids up with more independent tasks, and give them lots of agency and choice around their activities. It allows me time to focus on running instructional groups for literacy and numeracy, and working with those students who might need a little more support."

Toward the end of 2020, N4L introduced Safe & Secure Internet, which provides a baseline level of protection recommended for all schools and kura across Aotearoa. It's fully funded and helps strengthen a school's defence against online threats. N4L's Safe & Secure Internet comprises of four key components:

- 1. Web Filtering:** Helps protect kaiako and ākonga from accessing inappropriate and distracting content.
- 2. Firewall:** Helps protect schools and kura from online threats and unauthorised attempts to access their networks.
- 3. DNS Threat Protection:** Provides an additional layer of enterprise threat protection to help block unsafe content. It also enables Google SafeSearch.
- 4. DDoS Protection:** This is automatically included as part of every school's connection and can't be disabled. It helps protect against the impact of Distributed Denial of Service (DDoS) attacks, which can cause a school's internet to crash.

Principal Robin Sutton considers N4L a 'gold standard' when it comes to the safety and security of the school. "It's vital to keep kids safe because they're so connected and online so much. Keeping them safe in the digital environment is just as important as keeping them safe in the physical environment."

N4L's safety and security services are optimised specifically for schools here in Aotearoa, so they get the best tech available to help protect their ākonga online. N4L continues to help protect against evolving online threats – giving schools one less thing to worry about.



Above: Principal Robin Sutton with students at Hornby High School.

TE WHAKAKITENGA OUR FUTURE FOCUS

COMPANY STRATEGY ON A PAGE / 2021-2025

PURPOSE

**HELP ALL ĀKONGA THRIVE
IN TODAY'S DIGITAL WORLD**

VISION

**ALL KAIKO AND ĀKONGA ARE
EMPOWERED TO TEACH AND
LEARN SAFELY ONLINE**

MISSION

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

N4L's Statement of Intent (SOI) for 2021 - 2025 includes a transformative vision for state schools and kura to empower all kaiako and ākonga to learn safely online.

The 2021/22 year will be the first of this four-year plan, with our key focus for 2021/22 being to:

Increase the number of schools and kura adhering to N4L's Safe & Secure Internet standard, from 91% (2,240) to 92.5% (2,276).

Fully design, build and deploy N4L's Security Operations Centre (as part of the ongoing Te Mana Tūhono programme).

Install the latest generation of Wi-Fi network equipment in 617 schools and kura (as part of the ongoing Te Mana Tūhono programme), increasing the total number of schools with new and improved Wi-Fi to 40% (986) of all schools in Aotearoa New Zealand.

Exceed our customer satisfaction target of 90%, while also expanding N4L's operations to include management of schools' internal Wi-Fi networks.

Retain and recruit people, our key resource, and increase our diversity and inclusion to ensure our workforce reflects the population we serve.

MAI I NGĀ TATAURANGA BY THE NUMBERS

Key metrics 2020/21

52.7^{PB}
Total data consumption

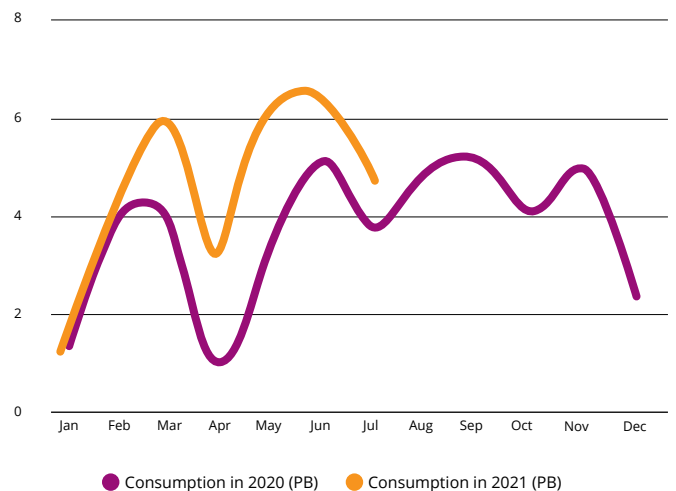
925.4^M
Safety blocks

677.5^M
Security blocks

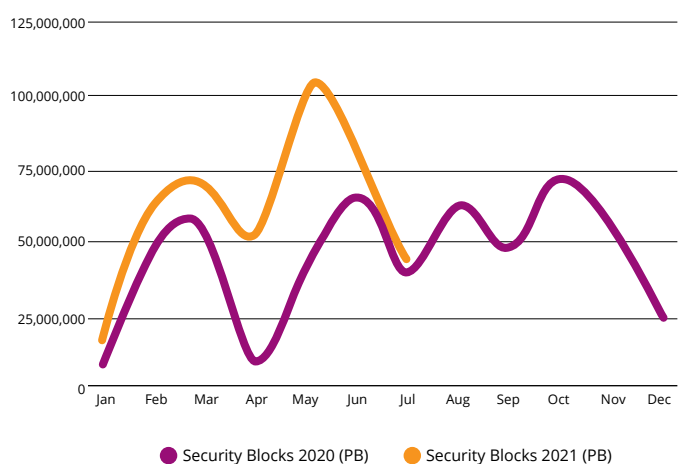
10.6^B
Website blocks

36,777 Helpdesk
cases
taken

Data consumption in 2020 vs. 2021



Security blocks in 2020 vs. 2021



TE KŪTORO KI TE RĀNGAI SECTOR ENGAGEMENT

Waiho i te toipoto, kaua i te toiroa ***Let us keep close together, not wide apart***

The concept of togetherness and working collaboratively has been challenged by a global pandemic that continues to threaten to keep us apart and in our bubbles. The challenges facing the sector throughout this period have been immense, with schools and kura continuing to expertly navigate their communities through unprecedented times. We are adapting to a new normal and finding ways to safely connect and support one another against a backdrop of unease and uncertainty of further lockdowns.

I orea te tuatara ka patu ki waho ***A problem is solved by continuing to find solutions***

Throughout the year, our team of School Relationship Managers has continued to find ways to visit 40% of state and state-integrated schools face-to-face while moving other visits online. This has helped ensure ongoing awareness, continuity and adoption of the N4L products and services that underpin a safe and secure online experience for all ākonga across Aotearoa.

We value strong school and kura relationships and recognise that these are built on trust. That's why we continue to take a kanohi ki te kanohi (face-to-face) first approach to the support we provide school leaders and their communities. Technology is increasingly complicated, and our engagement supports schools and kura to navigate the complexities of school networks and infrastructure, allowing them to focus on teaching and learning.

Te Hokinga ki ngā Kaupapa Rāngai | The return of sector events

2020 saw many events cancelled, so it was with great enthusiasm that we returned to sector events in 2021. While we supported some online events (e.g. Beginning Principals National Hui), we also participated in regional events across Auckland, Hamilton, Rotorua, Wellington, Christchurch and Oamaru. These events ranged from large scale, technology-focused conferences (Interface Xpo), to leadership and governance (New Zealand School Trustees Association), through to a targeted conference presentation at the inaugural CyberSecurity in Schools conference. All events provide the opportunity to demonstrate leadership in online safety and security, and hear from schools and kura on particular pain points and concerns.

This year we were particularly pleased to partner with the Ministry of Education and New Era (IT Partner) to deliver a 'Heads Up' roadshow across four locations, aimed at raising

awareness of the Te Mana Tūhono programme, with a spotlight on online security. We were also pleased to support a number of Principal Associations as they seek to develop their confidence in technology in schools.

He wāhanga tātou o te hāpori mātauranga | ***We're part of an education community***

Ehara tāku toa i te toa takitahi, **engari he toa takitini** ***My strength is not as an individual,*** ***but as a collective***

Our partner network is key to our success. We work alongside government, education and technology partners to achieve our goals and deliver innovation. Through these partnerships, the company has built up its expertise as an aggregator and delivery arm of world-class products and services that it customises for education and delivers in a personalised way to meet the unique needs of every school. We continue to evolve our partnerships with key online safety and security partners Netsafe and CERT NZ, as well as education technology partners such as Apple, Google and Microsoft, recognising the value that we all contribute in supporting schools and communities learning online.

What we build and how it shows up in schools and kura matters. That's why they actively participate in the development of our products and services. Whether that's through customer satisfaction feedback or the guidance of our Leadership Advisory Group (a group of expert educators), the voices of our schools guide our practice. This year we also engaged with Netsafe's Youth Action Squad, leading a one-day workshop designed to draw out their experience of N4L's services and help us understand what the gaps are in the online space. This is an invaluable connection with those at the centre of what we do.

There's still lots to be done, and we're committed to working closely with the education sector to do it.

Te Rōpū Ārahi a N4L Mai i te Rāngai Mātauranga | *N4L's Education and 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 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

Bruce Jepson - Te Akau ki Pāpāmoa School

Sarah Martin - Stonefields School

Charles Newton - Education Consultant

Nicola Ngarewa - Spotswood College

Jen Rodgers - St Clair School, Dunedin

Mike Williams - Pakuranga College

Left to right: Sarah Martin, Sose Annadale, Claire Amos, Charles Newton, Dorothy Burt (Absent: Bruce Jepson, Nicola Ngarewa, Jen Rodgers, Mike Williams)

NGĀ RANGAHAU

CASE STUDY

Windwhistle School: Managed Network to the Classroom

Bronwen Seaward describes herself as a typical rural principal who wears many hats - "You know - principal, caretaker; you name it, I do it."

The role of IT lead also falls to Bronwen and she's happy to know that her school's Wi-Fi equipment is being looked after by N4L.

N4L is extending the Managed Network into classrooms by upgrading Wi-Fi networks in schools and kura across Aotearoa. This will help N4L to connect, protect and support school internet connections every step of the way.

The staff at Windwhistle School understand the importance of technology in the classroom. Because the school is based in such a rural area, their ākonga don't necessarily have internet access at home, so the school uses the internet to bring the world to their learners. They were also one of the first schools to go through all three phases of the Wi-Fi upgrade.

"We were approached last year around the upgrade for our network. The benefits for us are going to be that our network is going to be even more reliable. So we're excited by the opportunity to have it done."

The upgrade will give ākonga a safer, more seamless Wi-Fi experience throughout schools and kura, and N4L's Helpdesk will be able to provide greater support for issues impacting internet performance. As part of the upgrade, N4L is also increasing network security by ensuring Wi-Fi access is secured by user type (i.e. staff, student, guest).

Knowing that N4L is taking care of the Wi-Fi means Bronwen can get on with being a principal and teacher - her core business.



Above: Bronwen Seaward, Windwhistle School

TE RŌPŪ WHAKAHAERE SENIOR LEADERSHIP TEAM



Larrie Moore
CHIEF EXECUTIVE OFFICER

Larrie Moore arrived in Auckland in 2005 with his Kiwi wife, Anna and three boys. Larrie has more than 30 years' experience, having held global, regional and country leadership roles for GlaxoSmithKline, Mars, Fujitsu, Vodafone, Orcon and 2degrees. He has a proven track record of launching winning brands and growing companies. He is probably best known in Aotearoa New Zealand for creating and establishing challenger mobile brand, 2degrees. But he sees his greatest achievement to date as establishing 5 new companies in 3 years during the financial crisis in Asia - leading to the ongoing employment of more than 450 people. Larrie joined N4L in February 2018, and has led the company through two massive nationwide technology rollouts to all schools in Aotearoa New Zealand - a security overhaul, was completed in 2019, with the execution of the second beginning in 2020: delivering the single largest distributed and managed wireless network service in New Zealand.



Alexander Brown
CHIEF STRATEGY OFFICER

Alexander (Sandy) Brown is an experienced public sector leader. Before joining N4L in 2014, he spent three years at the Ministry of Education as Chief Advisor, Education Sector Leadership. Prior to this he has held several senior management and policy roles in Education New Zealand, the Tertiary Education Commission, and the Ministry of Justice. His public sector career is a second career, having previously been an academic, teaching at the Massachusetts Institute of Technology and the University of Canterbury.



Gavin Costello
CHIEF INFORMATION & SECURITY OFFICER

Gavin Costello is an accomplished senior business leader with over 20 years' experience leading product and technology teams in senior country and international roles for Spark, Alcatel, Vodafone and 2degrees. Prior to joining N4L in July 2018, Gavin led the product team that helped establish 2degrees as the third entrant telecommunications provider in NZ.



Kim Hegarty
CHIEF PEOPLE OFFICER

Kim Hegarty joined N4L following five years with Balfour Beatty, the UK's largest construction company. Most recently, she was the Head of HR for the Rail business and played a key role through a transformation phase. Kim has previously worked in senior HR roles within the technology division of British Telecom and the Offshore Energy portfolio of The Crown Estate and began her HR career at Whakatane District and Bay of Plenty Regional Councils. Prior to a career in HR, Kim was a teacher in Japan.



Gill Mahony
CHIEF FINANCIAL OFFICER

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 2019.



Michelle Leadsom
CHIEF CUSTOMER & BRAND OFFICER

Michelle Leadsom joined N4L following more than 13 years of leadership experience in senior customer experience and marketing roles, most recently at Tower Insurance where she was Head of Marketing and Customer Experience. Prior to Tower Insurance, Michelle spent nearly five years at Manukau Institute of Technology, responsible for the end-to-end student journey for its 16,000 students.

TE POARI URUNGI 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 Whalan Learning Groups Australia
- Director, Education Payroll Limited
- Chair, External Risk Committee, Crown Law
- Independent Assurance, COVID-19 Vaccination Programme, Ministry of Health
- Chair, Finance, Risk and Assurance Committee, Taumata Arowai (the Water Services Regulator)
- Advisor to the Board, Worksafe (digital transformation)
- Wife - owner, Paula Feathers Consulting (coaching and facilitation services)
- Daughter - works at Xero
- Daughter - works at Allen and Clarke (consultancy firm)
- Son - works at Ministry of Foreign Affairs and Trade

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 of the Waikato District Health Board
- Chair, NZ Committee Harkness Fellowships
- Chair, Wellington Uni-Professional, a Victoria University of Wellington subsidiary
- Chair, COVID-19 Vaccine and Immunisation Programme Governance Group
- Chair, Taumata Arowai Board (the Water Services Regulator)
- Son - works at WorkSafe New Zealand (Senior Manager, Health)



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 Nayland College
- Alternate Te Taihū Representative for the Federation of Māori Authorities
- Member, Kāhui Māori Advisory Group for the Science for Technology and Innovation Challenge

Sharon Cresswell
DIRECTOR

Sharon Cresswell's experience is predominantly in assurance and risk management, having been a partner at PwC for 16 years. She also assisted clients in strategy development and implementation. Sharon's current role is the Acting GM Finance and Corporate Services for Scion, a Crown Research Institute.

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:

- Coaching professional clients
- General Manager, Finance and Corporate Services, New Zealand Forest Research Institute Limited (Scion)
- Children at St Peter's School, Cambridge

Anthony Briscoe
DIRECTOR

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, Kordia 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



TE KŌRERO MŌ TE WHAKAHAERE RANGATŌPŪ

STATEMENT OF CORPORATE GOVERNANCE

Te Āhua o te Whakahaere | 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.

Te Kawenga | 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').

Ture Mauri Karauna 2004 | Crown Entities Act 2004

Under section 450A 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 - 157A 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.

Ture Mauri Karauna 2004 | 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.

Ētahi atu herenga ā-ture | Other Statutory Requirements

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

Ngā whakahaere | 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 Officer 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.

Te Poari Urungi | 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 2020/21 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.

Te komiti arotake pūtea, arotake tūraru hoki | 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.

Komiti utu | 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.

TE KŌRERO MŌ TE ANGITU

STATEMENT OF PERFORMANCE

The Company has a number of key metrics against which it assesses its non-financial performance. These include sections 139 - 157A of the CEA.

These are as follows:

Ngā Ratonga Kōtui kei te Aroturukitia | *Managed Network Services*

The Managed Network offers schools fast and predictable internet with uncapped data, cybersecurity services, web filtering, network monitoring and helpdesk support.

Connected to the Managed Network

Key metric	Performance to date (2020/21)	Target (2020/21)
Percentage of eligible schools (defined as state schools and state-integrated schools) connected to core Managed Network services.	Q1: 100% Q2: 100% Q3: 100% Q4: 100% 2461 connected out of 2461 eligible	99.9%
Percentage of schools that voluntarily disconnect from N4L.	Q1: 0% Q2: 0% Q3: 0% Q4: 0% Eligible schools disconnected from N4L's Managed Network	Less than 0.5%

Support services timelines and satisfaction

Key metric	Performance to date (2020/21)	Target (2020/21)
Percentage of total calls taken.	Q1: 72% Q2: 88% Q3: 86% Q4: 94% Annual result - 84%	At least 85% of calls answered within 30 seconds
The number of minutes to acknowledge a service request – measured per month.	Q1: 79% Q2: 77% Q3: 89% Q4: 91% Annual result - 83%	80% of all requests under 8 Support Hours
The number of minutes to resolve an incident – measured per month.	Q1: 94% Q2: 92% Q3: 93% Q4: 90% Annual result - 92%	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

TE KŌRERO MŌ TE ANGITU

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 (2020/21)	Target (2020/21)
Principal and/or operational contact at each state and state-integrated schools' satisfaction with the performance of N4L in administering the Managed Network and associated services.	97% Source: N4L Touchpoint Survey June 2021	90% 'satisfied' or 'very satisfied' response from respondents

Other business

Measure	Performance to date (2020/21)	Target (2020/21)
Any other Government contracts will be completed within budgets and to standards set out in Statements of Work.	Q1: 100% Q2: 100% Q3: 100% Q4: 100%	100% of targets met

Safety and security

Measure	Performance to date (2020/21)	Target (2020/21)
N4L will establish and operate a Security Operations Centre (SOC).	SOC established and in operation	No measure
Comply with all recommendations from the National Cyber Safety Centre.	All recommendations complied with	Compliance with all recommendations

Equipment Support

Measure	Performance to date (2020/21)	Target (2020/21)
School licenses renewed before expiry based on the Ministry-provided list.	Q1: 91 Q2: 183 Q3: 266 Q4: 381	Q1: 90 Q2: 168 Q3: 270 Q4: 364

Equipment Replacement

Measure	Performance to date (2020/21)	Target (2020/21)
Number of schools' hardware replaced.	Q1: 60 Q2: 111 Q3: 224 Q4: 369	Q1: 60 Q2: 101 Q3: 211 Q4: 361

Identity and reporting

Measure	Performance to date (2020/21)	Target (2020/21)
Number of schools provided with identity and reporting services.	Q1: 65 Q2: 73 Q3: 76 Q4: 76	Q1: 65 Q2: 73 Q3: 76 Q4: 76

TE KŌRERO MŌ NGĀ HĀEPAPA 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 2021.

Signed on behalf of the Board



Colin MacDonald

Chair

30 September 2021



Dame Karen Poutasi

Deputy Chair

30 September 2021

TE MŌHIO HE KAIWHAKAWHIWHI MAHI PAI A N4L ENSURING N4L IS A GOOD EMPLOYER

A summary of N4L's assessment of its performance against the 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. Regular communication is enhanced by our monthly Te Rākau Korero event, which combines engaging speakers, key messages, celebrating a day in the life of one of our teams and providing an open opportunity for employees to ask questions or raise concerns.

In past years, we have conducted engagement surveys in order to better understand staff engagement and will do this again in November. We have also begun a programme of collection and analysis of diversity and inclusion data to further support our commitment to being a good employer.

During 2020/21 N4L worked with TupuToa to participate in their internship programme aimed at young Māori and Pasifika leaders and has committed to a further 10 interns over the next 3 years. We are establishing ourselves as an active partner with TupuToa which includes honouring a commitment to ensuring a mutually positive experience. N4L also has an active social committee, which leads initiatives such as the celebration of cultural holidays and lunch-and-learn events for staff to share passions and culture with others. An example of this was our celebration of Matariki.

- **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 and senior leader presence in interviews, have been used to ensure a fair and unbiased recruitment and selection process. N4L actively works with agencies, promotes roles and advertises roles on LinkedIn. Our induction process in 2020/21 has included pōwhiri to help new joiners feel a sense of belonging.
- **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 programme of manager training. All individuals who have resigned are offered the opportunity of an exit interview. Issues are followed up on and trends are reviewed and monitored by the HR function, and communicated to the HR and Remuneration Committee.
- **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 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. Senior leaders take accountability for reviewing risks, being confident that controls are adequate and being adhered to, and sponsoring key initiatives in the health and safety plan.



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 2021

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 2021, 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 27.

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 2021 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 27:
 - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2021, 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 30 September 2021. 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.

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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.

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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.

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 blue ink that reads 'Emma Winsloe'.

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

NGĀ PŪRONGO PŪTEA

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 Actual \$000	2020 Actual \$000
Income from Non-Exchange Transactions	3	34,266	30,287
Income from Exchange Transactions		375	177
Total Income		34,641	30,464
Expenditure			
Network Services	4	18,196	17,063
Transition Support	5	206	71
Board Operations	18	153	148
Audit Fees		60	61
Other General and Overhead Expenses	6	15,826	12,602
Total Expenses		34,441	29,945
Net Surplus/(Deficit)		200	519
Total Comprehensive Income/(Loss) for the Period		200	519

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2021

	Notes	2021 Actual \$000	2020 Actual \$000
Assets			
Current Assets			
Cash and Cash Equivalents	7	3,671	3,001
Receivables - Non-Exchange Transactions		5,213	3,156
Term Deposits	7	1,021	2,014
Other Current Assets	8	501	212
Total Current Assets		10,406	8,383
Non-Current Assets			
Property, Plant and Equipment	10	2,113	1,361
Intangible Assets	9	890	50
Total Non-Current Assets		3,003	1,411
Total Assets		13,409	9,794
Represented by			
Liabilities			
Current Liabilities			
Accruals	11	1,845	962
Payables under Exchange Transactions		2,666	2,962
Deferred Revenue	16	2,842	-
Lease Incentive - Current		27	27
Provisions	15	29	15
Total Current Liabilities		7,409	3,966
Non-Current Liabilities			
Lease Incentive - Non-Current		70	98
Provisions - Non-Current	15	8	8
Total Non-Current Liabilities		78	106
Total Liabilities		7,487	4,072
Equity			
Share Capital and Reserves		5,922	5,722
Total Shareholders' Funds		5,922	5,722
Total Liabilities and Shareholders' Funds		13,409	9,794

The financial statements were approved by the Board and authorised for issue on 30 September 2021

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 2021

	Share Capital	Retained Earnings/ (Deficit)	2021 Actual \$000
Opening Balance 1 July 2020	14,000	(8,278)	5,722
Net Surplus/(Deficit)	-	200	200
Total Comprehensive Income/(Loss) for the Period	-	200	200
Closing Balance 30 June 2021	14,000	(8,078)	5,922

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 Cash Flows

For the year ended 30 June 2021

	Notes	2021 Actual \$000	2020 Actual \$000
Cash Flows from Operating Activities			
Receipts from Customers		35,121	30,319
Interest Received		17	55
Other Receipts		5	3
Payments to Suppliers and Staff		(33,177)	(29,132)
Net Cash Inflow from Operating Activities	13	1,966	1,245
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,283)	(779)
Purchase of Intangible Assets		(1,006)	(50)
Movement in Term Deposits		993	
Net Cash Outflow from Investing Activities		(1,296)	(829)
Net Increase/(Decrease) in Cash		670	416
Opening Balance		3,001	2,585
Closing Balance	7	3,671	3,001

The accompanying notes form part of these financial statements.

NGĀ KŌRERO MŌ NGĀ TAUĀKĪ PŪTEA

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 2020 to 30 June 2021, and were approved by the Board on 30 September 2021.

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
Licenses	1 year	100%

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 2020/2021 as approved by the Board on 30 April 2020. 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

	2021 \$000	2020 \$000
Income from Services to Schools	28,946	28,940
Income from Services to Government	5,167	1,270
Other Income	153	77
Total Income from Non-Exchange Transactions	34,266	30,287
	2021 \$000	2020 \$000
Interest Income	17	62
Equipment Sales	358	115
Total Income from Exchange Transactions	375	177

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 ancillary services to schools, including transition support, equipment replacement and security services. Security Services includes revenue from related hardware and licenses. 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

	2021 \$000	2020 \$000
Network Provider Services	18,196	17,056
Content and Services	-	7
Total	18,196	17,063

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

	2021 \$000	2020 \$000
Personnel Costs	10,852	8,612
Professional Advisory Fees	1,936	1,402
Marketing and Communications	343	380
Travel	185	202
Facility Costs	586	540
IT and Telecommunications	799	660
Depreciation	526	362
Other	599	444
Total	15,826	12,602

Personnel Costs

	2021 \$000	2020 \$000
Salaries, Wages and Short-Term Employee Benefits	9,200	7,152
Defined Contribution Plans	243	182
Contractor Costs	1,409	1,278
Total Personnel Costs	10,852	8,612

N4L had 96 (2020: 66) full-time equivalent employees and 18 contractors (2020: 10) as at 30 June 2021. Employer contributions to defined contribution plans relates to contributions to KiwiSaver.

7. Cash and Term Deposits

	2021 \$000	2020 \$000
Cash at Bank	3,671	3,001
Term Deposits	1,021	2,014
Total Cash and Term Deposits	4,692	5,015

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

	2021 \$000	2020 \$000
Sundry Debtors	1	8
Prepayments	169	166
Accrued Revenue	331	38
Total Other Current Assets	501	212

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

9. Intangible Assets

Intangible assets consist predominantly of software licenses relating to the Security Operations Centre, and a small amount of internally developed software to support monitoring of our systems.

10. 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 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
Depreciation charge for the year	(32)	(9)	-	-	(41)
Disposals	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
Cost					
Balance at 1 July 2020	1,454	330	80	519	2,383
Additions during the year	1,271	1	3	8	1,283
Disposals	(4)	(4)	-	-	(8)
Balance at 30 June 2021	2,721	327	83	527	3,658
Accumulated Depreciation					
Balance at 1 July 2020	621	200	60	141	1,022
Disposals	(3)	-	-	-	(3)
Depreciation charge for the year	399	37	8	82	526
Balance at 30 June 2021	1,017	237	68	223	1,545
Net book value at 30 June 2021	1,704	90	15	304	2,113

11. Accruals

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

12. Share Capital

Number of ordinary shares issued and fully paid:

	2021 000	2020 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 2021 financial year (2020: Nil). All shares are fully paid and have equal voting rights. The shares have no par value.

13. Reconciliation of Net Surplus/Deficit to Net Cash Flow from Operating Activities

	2021 \$000	2020 \$000
Net Surplus	200	519
Add/(Less) Non-Cash Items		
Depreciation & Amortisation	692	433
Net loss on disposal of Property, Plant and Equipment	4	6
Total Non-Cash Items	696	439
Add/(Less) movements in Working Capital Items		
Accounts Receivable	(2,058)	(245)
Prepayments	(3)	(30)
Other Receivables	6	119
Accrued Revenue	(293)	44
Accounts Payable, Other Payables & Deferred Revenue	3,726	288
Employee Entitlements	(308)	111
Net movement in Working Capital Items	1,070	287
Net Cash Inflow from Operating Activities	1,966	1,245

14. 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 2021 and 2020 are, as follows:

	2021 \$000	2020 \$000
Not later than one year	553	533
Later than one year but not later than five years	1,245	1,609
Later than five years	-	-
Total Commitments	1,798	2,142

Other commitments

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

15. 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.

hardware and software licenses were charged to the Ministry of Education. This hardware and software will be used to deliver the programme, and the deferred revenue will be recognised against that programme.

16. Deferred Revenue

The Company has incurred a deferred revenue liability during the year. As a result of the Security Operations Centre additional

17. Contingencies

Contingent Liabilities

The company has no contingent liabilities as at 30 June 2021 (2020: \$nil).

Contingent Assets

The company has no contingent assets as at 30 June 2021 (2020: \$nil).

18. 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 and in accordance with the contracts N4L has with the Ministry of Education.

N4L received no capital funding during the year (2020: 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 2021, two members of the Management Team left N4L and two permanent appointments were made. A member of the Management Team changed from a part time contractor in 2020 to a full-time contractor during 2021.

During the year ended 30 June 2021, no employee received compensation in relation to cessation of their employment (2020: \$0k).

There were 6 employees in the Management Team who received remuneration over \$100k during the 2021 financial year (2020: 6).

The Chief Executive Officer was paid \$428,022 in fixed remuneration and benefits (2020: \$446,754 which includes a performance payment of \$50,000).

Key Management Personnel Compensation

	2021 \$000	2020 \$000
Management Team		
Remuneration and Short-Term Benefits	1,766	1,662
Defined Contribution Plans	46	44
Total	1,812	1,706
Full-time Equivalent Members	6	6
Board Members		
Remuneration	132	136
Number of Directors	5	5

Board Member Remuneration

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

	Date of Original Appointment	2021 \$000	2020 \$000
Karen Poutasi - Deputy Chair	02/07/14	26	27
Jeremy Banks	01/07/17	21	22
Colin MacDonald - Chair	01/03/19	43	45
Sharon Cresswell	01/08/19	21	21
Anthony Briscoe	01/08/19	21	21
Total Directors' fees		132	136

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 \$6k (2020: \$11k) of expenditure relating to training and travel costs of the Directors.

19. Employee Remuneration

	2021 No. of employees	2020 No. of employees
\$100,000 - \$109,999	16	4
\$110,000 - \$119,999	3	3
\$120,000 - \$129,999	2	2
\$130,000 - \$139,999	2	2
\$140,000 - \$149,999	4	2
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	0	1
\$170,000 - \$179,999	3	3
\$180,000 - \$189,999	3	1
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	1	1
\$220,000 - \$229,999	1	0
\$270,000 - \$279,999	1	0
\$310,000 - \$319,999	0	1
\$330,000 - \$339,999	1	1
\$430,000 - \$439,999	1	0
\$440,000 - \$449,999	0	1

During the year ended 30 June 2021, 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.

20. Events after Balance Date

On 30 July 2021 the Ministry of Education and N4L signed a one year renewal variation for the Network Hardware Replacement SoW. On 4 August 2021 the Ministry of Education and N4L signed one year renewal variations for the Network Support Extension and Secure Access SoW's. On 30 August 2021 the Ministry of Education and N4L signed a one year renewal variation for the Security Operations Centre SoW.

On 18 August 2021 New Zealand was placed into a Covid Level 4 lockdown which remained in place for five weeks for Auckland. This lockdown halted the installations under the Equipment Replacement programme.

21. 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.

22. 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.

23. Impact of Covid-19

There were two significant lockdowns during the financial year as a result of Covid-19, across August 2020 and February 2021. As a result of the lockdown our targets under the Equipment Replacement programme were revised downward as schools were unable to be accessed by installers. This revenue shortfall was offset by other unforecast income during the period.

All employees were able to work successfully from home during the lockdowns and the other programmes were not materially impacted.

24. Explanation of major variances to Unaudited Forecast

The forecast numbers are taken from the Company's Statement of Performance Expectations 2020-2021 (SPE).

Statement of Comprehensive Income

For the year ended 30 June 2021

	Ref	2021 Actual \$000	2021 Forecast (Unaudited) \$000
Income from Non-Exchange Transactions			
Income from Services	A	34,266	32,705
Income from Exchange Transactions			
Interest Income		375	43
Total Income		34,641	32,748
Expenditure			
Network Services	B	18,196	18,332
Transition Support		206	427
Board Operations	C	153	206
Audit Fees		60	60
Other General and Overhead Expenses		15,826	13,637
Total Expenses		34,441	32,662
Net Surplus/(Deficit)		200	86
Total Comprehensive Income/(Loss) for the Period		200	86

2021 Actual delivered a comprehensive income of \$114k 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 Security Operations Centre and income from NZQA.

B – Network services & transition support

Network service costs were lower than the SPE forecast, primarily due to lower than budgeted direct 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 the directors receiving reduced fees for five months of the financial year in response to Covid-19.

Statement of Financial Position

As at 30 June 2021

	Ref	2021 Actual \$000	2021 Forecast (Unaudited) \$000
Assets			
Current Assets			
Cash and Cash Equivalents	D	3,671	2,686
Receivables - Non Exchange Transactions	E	5,213	3,116
Term Deposits		1,021	2,000
Other Current Assets		502	312
Total Current Assets		10,406	8,114
Non-Current Assets			
Property, Plant and Equipment		2,113	1,198
Intangible Assets	F	890	-
Total Non-Current Assets		3,003	1,198
Total Assets		13,409	9,312
Represented by			
Liabilities			
Current Liabilities			
Accruals		1,845	1,070
Payables under Exchange Transactions		2,666	2,534
Deferred Revenue	G	2,842	-
Lease Incentive - Current		27	27
Provisions		29	35
Total Current Liabilities		7,409	3,666
Non-Current Liabilities			
Lease Incentive - Non-Current		70	68
Provisions - Non-Current		8	8
Total Non-Current Liabilities		78	76
Total Liabilities		7,487	3,742
Equity			
Share Capital and Reserves		5,922	5,570
Total Shareholders' Funds		5,922	5,570
Total Liabilities and Shareholders' Funds		13,409	9,312

D – Cash and cash equivalents

Cash and cash equivalents are higher than forecast in the SPE, primarily due to a higher opening cash balance 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 purchased unforecast Software primarily in relation to the Security Operations Centre.

G - Deferred revenue

Deferred revenue has arisen due to revenue not yet earned for the Security Operations Centre and a new Customer Services statement of work.

Statement of Changes in Equity

For the year ended 30 June 2021

	Share Capital	Retained Earnings / (Deficit)	2021 Actual \$000	2021 Forecast (Unaudited) \$000
Opening Balance 1 July 2020	14,000	(8,278)	5,722	5,484
Net Surplus/(Deficit)	-	200	200	86
Total Comprehensive Income/(Loss) for the Period	-	200	200	86
Closing Balance 30 June 2021	14,000	(8,078)	5,922	5,570

Statement of Cash Flows

For the year ended 30 June 2021

	Ref	2021 Actual \$000	2021 Forecast (Unaudited) \$000
Cash Flows from Operating Activities			
Receipts from Customers		35,121	37,545
Interest Received		17	43
Other Receipts		5	-
Payments to Suppliers and Staff		(33,177)	(36,360)
Net Cash Inflow from Operating Activities		1,966	1,228
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,283)	(296)
Purchase of Intangible Assets		(1,006)	-
Movement in Term Deposits		993	-
Net Cash Outflow from Investing Activities		(1,296)	(296)
Net Increase/(Decrease) in Cash	H	670	932
Opening Balance		3,001	1,754
Closing Balance		3,671	2,686

A lower cash flow was delivered for the year ended 30 June 2021 than forecast in the SPE. Key drivers of this are:

H – Net Increase/(Decrease) in cash

Cash Flow for the year was lower than SPE due to higher than anticipated Investing Activities. This was mitigated by higher than

expected cash flows from Operating Activities. A higher than anticipated opening cash balance contributed to the higher than expected closing cash balance.

PAPATOHU DIRECTORY

Shareholders:

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

Responsible Minister for the Company:

Minister of Education (Hon Chris Hipkins)

Registered office:

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195 Lambton Quay
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New Zealand

Contact address:

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Parnell, Auckland 1151
W n4l.co.nz
E info@n4l.co.nz
P 0800 LEARNING (532 764)

Auditor:

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

Solicitors:

Cullen Law
Bell Gully

Bankers:

Westpac New Zealand Limited

Senior Management:

Larrie Moore, Chief Executive Officer
Alexander (Sandy) Brown, Chief Strategy Officer
Gavin Costello, Chief Information & Security Officer
Kim Hegarty, Chief People Officer
Michelle Leadsom, Chief Customer and Brand Officer
Gill Mahony, Chief Financial Officer

Board of Directors:

Colin MacDonald, Chair
Karen Poutasi, Deputy Chair
Jeremy Banks
Anthony Briscoe
Sharon Cresswell

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