



TE PŪRONGO Ā-TAU ANNUAL REPORT 2023



Rārangi Upoko

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Te Whakatakinga Introduction

The Network for Learning (N4L) is a Crown-owned technology company with a mission to provide comprehensive internet, Wi-Fi, cybersecurity, content filtering, and support services to state and state-integrated schools and kura across Aotearoa New Zealand, on behalf of the Ministry of Education.

At present, our dedicated team of experts, specialising in network management, cybersecurity and service delivery, play a pivotal role in ensuring that over 900,000 tumuaki, kaiako, and ākonga benefit from daily access to a secure, reliable

and standardised online learning environment. This reliability, where everything 'just works,' allows educators and students to concentrate on teaching and learning, promoting efficiency and effectiveness in our educational institutions.

In the past year, N4L has achieved noteworthy success. School satisfaction and trust ratings have held steady above 90%, showcasing the faith and contentment of our educational community. Moreover, we've successfully rolled out a range of new value propositions to schools and kura nationwide, staying true to our commitment to enhancing the educational landscape.

The technology community has recognised our efforts, and we were honoured with the NZ Compare Awards' 'Best Customer Support' and 'Broadband Provider of the Year' accolades for 2022.

N4L is funded through the Vote Education budget. Our funding is derived from three income streams: the annual fixed appropriation (which has remained unchanged since 2018/19), variable income based on the number of new products and services delivered by N4L to schools and kura, and income generated from schools choosing to purchase products and services from N4L using their own operating grants. In recognition of the need for cost control, we have worked closely with private sector partners to efficiently manage costs and secure favourable pricing agreements, extending our commitment to sustainable and affordable services for the Crown.

While substantial progress has been made in connecting schools and classrooms to reliable and secure internet services, there's

still work to be done regarding the replacement of some ageing Wi-Fi equipment (particularly in secondary schools) and network equipment, by July 2026.

As we look ahead, the N4L Board and Management team have been working in close cooperation with the Ministry of Education, leaders from the education sector, and experts in educational technology to craft a new Statement of Intent for the period 2024-2028. This collaborative effort underscores our commitment to continually enhance and adapt our services to meet the evolving needs of the education community.

Te pūrongo a te tiamana Chair's report



Ko te hōkai nuku, ko te hōkai rangi, ko te hōkai a tōu tupuna a Tāne-nui-a-rangi

Like Tāne ascending the heavens to retrieve the three baskets of knowledge

On 1 July 2023, I assumed the role of Chair of the Board of Directors, succeeding Colin MacDonald. I extend my gratitude to Colin for his four years of service. Tō mātou aroha ki a koe, e te rangatira.

During my six years on the N4L Board, I've witnessed the organisation's transformation from a startup with a limited range of products and services into a well-established provider of critical digital infrastructure that is essential for daily teaching and learning in our schools and kura.

The last three years have presented unique challenges, with global supply chains strained, schools unable to teach and learn in person, and some learners no longer able to access digital resources when schools are closed. Despite these difficulties, which affected many in education, the N4L team displayed

significant resilience and execution capability, successfully achieving our performance targets.

Throughout the past year, our primary focus has been delivering on our commitments and planning for the future. N4L continues to serve as the trusted digital provider of schools' digital infrastructure, and effective funding strategies for the digital infrastructure services are vital. We remain committed to collaborating with stakeholders to assist schools and parents in optimising the return on their digital investment. Our overarching goal is to deliver affordable, national and sustainable digital infrastructure, ensuring that all learners, regardless of their socio-economic circumstances, have access to reliable digital technology for learning.

I wish to express my gratitude to our stakeholders in education, technology,

and the public sector for their support in helping us achieve our shared goals over the past year.

Additionally, I want to acknowledge and thank my fellow directors and management for their dedicated efforts. In particular I would like to thank Dame Dr Karen Poutasi who completed her tenure on our Board in October 2022, following over 8 years of dedicated service. E te manukura, rere ana ngā reo o waimihi ki a koe.

Ko ngā kete mātauranga o Tāne-te-wānanga, hei oranga mō te katoa.

Education for all will lead to a prosperous society.

Jeremy Banks
Chair

Te pūrongo a te kaiwhakahaere matua CEO's report



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

This year, as we have observed disruptions in schools and kura due to weather events, it became increasingly clear that N4L's products and services have become a critical component of Aotearoa digital learning infrastructure.

N4L remained resolute in reinstating services to impacted regions while also providing exceptional support to schools and kura.

N4L introduced innovations including cutting-edge fibre, satellite and email protection technologies, enhancing our extensive internet, Wi-Fi, cybersecurity, content filtering and data management solutions. These innovations were delivered as planned and at reasonable cost.

Whilst technology is what we do, I remain of the view that how our people work together and engage with schools, partners and the Ministry of Education is the company's greatest asset. I'm proud of our purpose-led, values-driven approach, continued investment in developing the skills and expertise of our people, and maintaining an environment where they can realise their potential. Solid foundations are a prerequisite for business success, and the work of our cybersecurity, finance and human resources teams is also greatly appreciated. Most recently, we completed an employee engagement survey (Culture Amp) and it was pleasing to see that we exceeded industry norms in Aotearoa New Zealand and Australasia, with clear opportunities to raise the bar even higher in the year ahead.

I would like to close by expressing my gratitude to the entire N4L team, the Leadership Advisory Group, the Ministry of Education and our 100 or so partners from the private technology sector. Through our collaborative partnership, we are delivering digital learning experiences that support ākonga in thriving in today's digital world.

Nāu te rourou, nāku te rourou, ka ora ai te iwi.

With your basket and my basket, the people will thrive.

Larrie Moore
CEO

Ngā tauanga o te tau

Our year in numbers

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



Maintained our 90%+ customer satisfaction rating with schools and kura since launch.

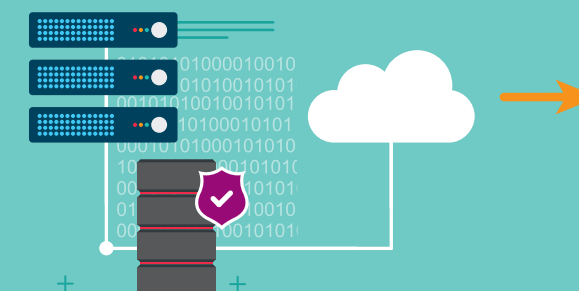
Customer Support cases handled

39,365



Total data consumption

46.55 PETABYTES



Security blocks

158 MILLION



An attempt on the network to send users to malicious websites.

Safety blocks

3.6 BILLION



An attempt to access a website that has been blocked based on the category the website is associated with.

Ngā tauanga o te tau

Our year in numbers

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



Website blocks

12.6^{BILLION}



A combination of safety blocks and additional blocks requested by the school or kura.



Users on network

900^{THOUSAND}

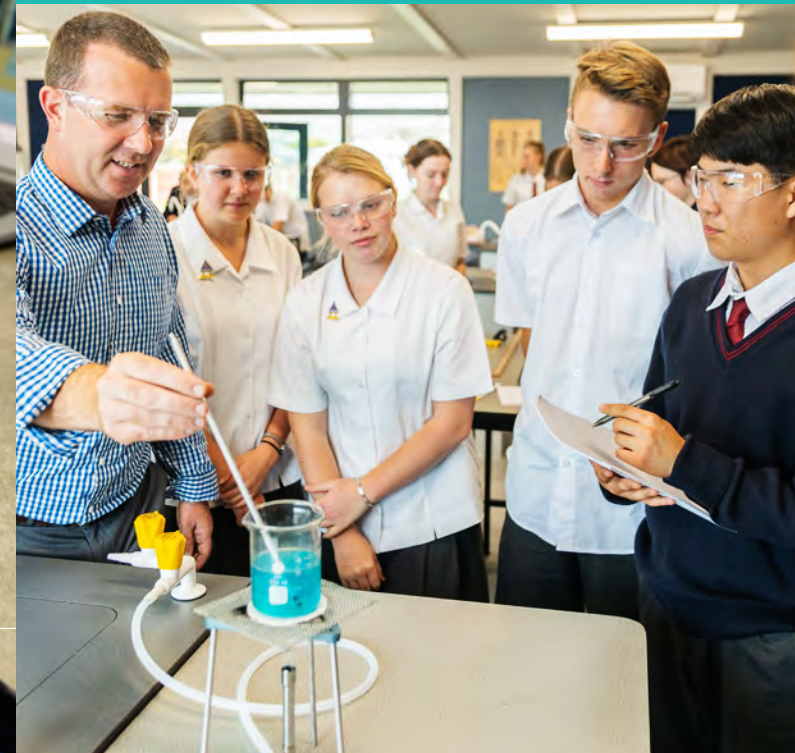


Security Operations Centre

279^{CASES}



Cases where we have engaged schools and worked together to remediate a security incident.





Te Ipurangi i Whakahaeretia Managed Internet

Data consumption per student in NZ

51.7 GIGABYTES



Daily business internet traffic

25% SHARE



The N4L Managed Network is responsible for nearly 25% of the country's daytime business internet traffic.

Whakahounga kura | School upgrades

Our Managed Internet service supports all state and state-integrated schools and kura across Aotearoa New Zealand.

In response to increased school demand in the past year, N4L increased the network connection capacity for 56 schools, utilising a mix of 1GB ultra-fast, 2GB hyperfibre and 4G wireless technologies. In the same financial year, planning began for the Satellite for Schools programme, scheduled to replace the old Digital Microwave Radio technology, in up to 40 schools during 2023/24. The satellite service will provide higher speeds and greater reliability to schools where fibre and wireless are not a viable option.

Whakamahere mō te Anamata | Planning for the future

N4L's Managed Internet service relies on network equipment provided by Fortinet, which is currently deployed in every school and kura throughout Aotearoa New Zealand. By mid-2026, close to 50% of this equipment will reach its end-of-service date, rendering it unable to provide the essential filtering and firewall services required for the online safety of educators and students.

To ensure a smooth transition from old to new equipment, N4L has formed a project team, which includes representation from the Ministry of Education, and commenced a competitive procurement process with the goal of completing the equipment upgrade by mid-2026.



Rangahau whakapūaho | Case study

Eskdale School



Eskdale School's recovery fast-tracked after Cyclone Gabrielle

Following Cyclone Gabrielle in January 2022, Eskdale School faced a significant challenge. While their school buildings remained intact, the flooding deposited half a metre of silt on their field and playground, disrupting essential systems such as power, sewage and internet connectivity. In response, the school decided to relocate its 300 ākonga to facilities at Petane War Memorial Domain.

With funding from the Ministry of Education, N4L collaborated with its private sector partners, Spark, Chorus and New Era, to connect Eskdale School's temporary site to N4L's Managed Internet service.

"The support N4L provided was excellent," recalls Eskdale School's Principal, Tristan Cheer.

"They made things happen really quickly - which isn't always possible for a school trying to get things sorted. I was really impressed just by how much of a bespoke solution N4L were able to come up with for our situation. They stepped up and made things happen, so our kids could get back to learning, get some normality, and teachers could get back to doing their job."

"Having N4L manage our Wi-Fi means we are able to leverage their technical resources when something is not working as expected. They are often immediately able to quickly pinpoint the cause of the issue and fix it. The team at N4L have always been prepared to listen to any concern we have had and, in responding transparently and proactively, they have made us feel more of a partner than a customer."

Don Hastie, Rangitoto College

Te Ahokore i Whakahaeretia Managed Wi-Fi

Equipment Support and Equipment Replacement

191 EQUIPMENT SUPPORT



189 EQUIPMENT REPLACEMENT



191 refers to schools with extended warranty and licences support. 189 refers to new Wi-Fi networks installed.

Devices on network at any given time

817 THOUSAND



Devices include desktops, laptops, mobile devices or tablets.

Whakahounga ahokore | Wi-Fi upgrades

Over the past year, N4L successfully delivered key aspects of the Ministry of Education's Te Mana Tūhono school Wi-Fi replacement programme. N4L's Customer Support team provides support and assistance to schools whose old network equipment is failing and licenses and warranties are expiring, while N4L's Delivery team is replacing schools' outdated equipment with next-generation Wi-Fi technology.

Despite weather events, school closures and stock shortages due to disruptions in international supply chains in 2022/23, N4L successfully completed 189 full and 293 partial Wi-Fi equipment replacements during the year.

Ngā whakamātautau NCEA tuihono | NCEA online exams

In early-2023, New Zealand Qualifications Authority (NZQA) convened a working group of staff from NZQA, Ministry of Education and N4L to investigate barriers to uptake of digital external assessment. The group found the need for improvements to be made to the digital external assessment system, as well as a better understanding of decision-making processes in schools. The group also found some technology-related barriers including: concerns about a lack of universal access to educationally-appropriate devices and connectivity outside the school, the robustness of schools' digital infrastructure (prevalent in schools not yet in receipt of N4L's Managed Wi-Fi), lack of onsite IT support service, and limits on schools' physical infrastructure (for example, adequate power points for charging). There is ongoing work underway to address these findings.





Whakamaru ā-ipurangi i whakahaeretia

Managed cybersecurity

Safe & Secure Internet
recommended settings compliance



95%
OF SCHOOLS

Events processed per second by
Security Operations Centre



310
THOUSAND

An event is an action that takes place on the network. Each one is analysed and they may or may not be security-related.

Ipurangi Haumaru me te Whakamaru | Safe & Secure Internet

Safe & Secure Internet provides a strong level of protection against identifiable internet threats and objectionable content. Our recommended settings for Safe & Secure Internet cover: firewall rules, harmful content filtering, Domain Name System filtering, Distributed Denial of Service protection and Google SafeSearch.

By 30 June 2023, 95.4% of state and state-integrated schools and kura in New Zealand had agreed to opt-in to N4L's Safe & Secure Internet and apply the recommended settings. Over 2023/24, N4L will continue to work with schools to lift this number.

Pokapū Mahi Whakamaru | Security Operations Centre

N4L's Security Operations team proactively monitors schools' internet and Wi-Fi networks, providing notifications of threats and vulnerabilities, identifying areas for improvement and collaborating with schools and kura to help resolve or mitigate incidents.

In 2022/23, the N4L Security Operations team handled 424 significant attacks (approximately 2 attacks every school day). These attacks targeted networks in schools and kura, encompassing various incidents such as phishing, business email compromise, malware, ransomware, Distributed Denial of Service and unusual remote activity.



Rangahau whakapūaho | Case study

Kelston Girls' College



N4L's Email Protection service providing valuable security for schools

When Francois Coetzee, the Deputy Principal at Kelston Girls' College, arrived at school one morning, he discovered something very wrong with the number of emails he and his team were receiving.

"We usually go through our emails in the morning and Sarah, our Principal, said she had an extra 4,500 emails in our inbox," Coetzee recalls. "That obviously created a major issue for us."

Kelston Girls' College had become the unfortunate target of 'email bombing'. A type of Distributed Denial of Service attack, email bombing is often used as a smokescreen tactic by cyber criminals to disrupt an organisation and cause distractions while a harmful security breach is carried out.

Coetzee notes Kelston Girls' College was particularly concerned about the confidentiality of its health and financial records. "Cybersecurity is extremely important for us to have, to give us that comfort that our information is safe."

As Kelston Girls' College had already signed up for N4L's Email Protection service, the Security team were able to circumvent the attack, and they even developed a special custom filter for the Principal's account.

"Our IT provider, N4L and Kelston Girls' College just 'made it work' and within a few hours we were all good to go," Coetzee says.

"N4L has removed a lot of the hassle that schools have faced around the internet and networking."

Doug Crutch, Arahoe School

"Personally I have always found the N4L support invaluable. You are very proactive and focused on resolving issues as quickly as possible. Many times you have been lifesavers when the stress levels are going through the roof."

Daryl Aim, Natone Park School

820.9 million emails processed by the network

321.5 MILLION
DELIVERED



499.4 MILLION
BLOCKED



Cyber threats detected on the network



Phishing Business Email
Compromise Malware
Ransomware Distributed
Denial of Service Data and
privacy breaches Unusual remote
activity Misuse of school technology

Parenga Īmēra | Email Protection

In 2022/23, N4L persisted in providing its enterprise-grade inbound Email Protection solution to help shield schools and kura from the rising tide of email-based cyber threats. During the financial year ending on 30 June 2023, 1,474 schools had benefited from this service. N4L aims to increase this number further in 2023/24 in collaboration with the Ministry of Education and schools, contingent on funding availability.

Uru Whakamaru | Secure Access

The Secure Access service allows N4L to establish multiple virtual local area networks (VLANs) to accommodate various user groups such as educators, students, professional learning and development partners and guests. N4L successfully delivered Secure Access to 89 schools during 2022/23, with a total of 453 schools now migrated to Secure Access since the programme of work commenced.





Whakarato ratonga

Service delivery

Case Satisfaction



Ngata kiritaki | Customer satisfaction

N4L maintains a track record of customer satisfaction, with satisfaction scores consistently exceeding 90% since our inception in 2012. This achievement is partly attributed to the quality of our products, but equally important is the comprehensive support service we provide. This encompasses targeted communications, face-to-face engagement, and our award-winning Customer Support, Network, and Security Operations teams, which offer expert support for incidents affecting schools nationwide.

Supporting our engagement with customers is our CRM (Customer Relationship Management) system and monitoring platforms. Together, these tools enable our Service Delivery teams to proactively manage scheduled maintenance and demand-driven upgrades to services. This proactive approach ensures that issues are addressed before they fail, without schools having to think about it.

Te whakamana i ngā kaiako ki ngā māramatanga tūāpapa raraunga me te whakangungu pūkenga | Empowering educators with data-driven insights and skills training

MyN4L

A significant volume of data is generated from the products and services we provide to schools. This data has the potential to offer educators actionable insights on topics like cybersecurity, cybersafety, and educational success. MyN4L has been co-designed with stakeholders to deliver clear dashboards and timely notifications to educators, enabling them to gain a deeper understanding of the data, while leveraging it effectively for the benefit of their school and learners.

A minimum viable experience has been field-tested during the year and the lessons learned from the test will be incorporated into the final product, which is set to be launched in 2024.

Digital literacy

N4L is investigating the provision of cybersecurity training to teachers across Aotearoa New Zealand, utilising the tools of one of our partners, Fortinet, who have deployed a programme in the USA and Australia to train teachers in cybersecurity. This leverages insights from a Fortinet 2023 Cybersecurity Skills Gap Report, which found that 83% of breaches can be attributed to lack of cybersecurity skills or awareness. With a significant Bring Your Own Device fleet in New Zealand, and vastly varying capabilities across our nearly 2,500 schools and over 900,000 users, the education sector is highly vulnerable to security attacks, compromises and consequences. Supporting our teachers to become more cyber aware is a significant line of defence to help keep ākonga safe.



Rangahau whakapūaho | Case study

Maungatūroto school



N4L support is on hand for smaller rural schools

As a school in rural Northland with just over 200 ākonga on its roll, Maungatūroto Primary School doesn't have a dedicated IT Manager. In fact, the role of IT Manager falls to Year 2 teacher, Katie Schubel.

Katie does an excellent job juggling IT responsibilities along with her duties as a kaiako, but when extra guidance is needed, N4L's Customer Support team is always simply a phone call away.

Having a team of experts so readily available is a real boost to a school of their size, explains Maungatūroto Principal, Margie Hutchinson.

"Since we do not have a dedicated IT person, the most significant advantage for us with N4L is the 0800 number. We ring them and, within 15 minutes, they have solved our problem every time," she says.

N4L's School Relationship Manager, Marnie Sutherland, also stays in touch with Maungatūroto to ensure the school is receiving all the support it needs.

When Maungatūroto added N4L's Secure Access service, Marnie supported them with the upgrade by attending meetings in person with Katie and New Era, a supplier from N4L's IT Panel.

Principal Hutchinson is pleased to report that the migration went very smoothly. "Katie was able to get everybody on within an afternoon really, so it was short and it was sweet," she says.

"N4L have been clear communicators, have great products and are timely with new updates. Appreciate your support."

Linda Savage, Te Hapara School

Te āwhina i te N4L kia tautoko i ngā kura auraki me ngā kura Māori |
Helping N4L support schools and kura

Technology Partners



IT Panel

Aiscorp	Isometric Solutions	RepairIT
Cyclone Computer Company Ltd	MB3	Smart Computer Systems Ltd
Entity Hub	New Era Technology	TTS
Fusion Networks Ltd	Norrcom	
Glenn Cook Technologies	Our School Ltd	
GoCloud	pcMedia Technologies Ltd	

Installer Panel

ACL Communications Ltd	Exell Group Services Limited	Pacific Building Services Ltd
Aotea Electric Canterbury	Foveaux Communications Ltd	Saco Cabling
CableNet	Gilcom Communications	Teltrac Communications Limited
Chris Dunn	Glenn Cook Technologies	Vitel Cabling
CT Group Ltd	Neltech Communications	Waikato Cabling Communications Limited
ENZEC Limited	Online Communications	

“I am very grateful to be able to have N4L as they are always able to answer any questions I have and are very supportive of our school.”

Ann Malcolm, Mangaweka School

PURPOSE

Help all ākonga thrive in today's digital world

MISSION

We put you in control with smart ideas,
simply delivered, so you can focus on learning

VALUES

Do the right thing | Succeed together | Innovate for impact

VISION

All kaiako and ākonga are empowered to teach
and learn safely online

Te Rōpū Whakahaere

Senior Leadership Team



Larrie Moore
CHIEF EXECUTIVE OFFICER

Larrie Moore is an experienced CEO in both private and public sectors. He brings 15 years of CEO expertise spanning international markets and New Zealand. Notably, he has led several groundbreaking initiatives in New Zealand's telecommunications industry, such as introducing the country's first mobile 3G network for Vodafone, the launch of Orcon Internet's first ADSL2+ fixed network and the creation and launch of the 2degrees mobile brand, driving innovation and competition in the telecommunications sector. At N4L, he has presided over the establishment of a clear culture, strategy and expansion of services, including ultra-fast and hyper-fibre, wireless, satellite, Wi-Fi6, content filtering and cybersecurity for schools. His leadership has earned industry recognition on a number of occasions, underscoring his ability to assemble and lead high-performing teams, set a clear purpose and strategy, and deliver.



Kim Hegarty
CHIEF PEOPLE OFFICER

Kim Hegarty possesses extensive experience as a strategic HR business partner. With a proven track record, she has adeptly aligned HR practices with the strategic objectives of local and international organisations, significantly contributing to their success. Previously, Kim held the role of Head of HR for Balfour Beatty's Rail business during a transformative phase and played pivotal roles in HR within British Telecom's technology division and The Crown Estate's Offshore Energy portfolio. Her HR career commenced in Bay of Plenty's local Government, affording her a well-rounded HR perspective across diverse sectors. Kim's expertise in harmonising HR with strategic goals makes her a valuable asset in N4L's mission to deliver digital infrastructure to all learners.



Gavin Costello
CHIEF DIGITAL OFFICER

Gavin Costello is an accomplished technology leader with over 20 years of experience. He has led teams in the development and management of technology solutions and held senior in-country and international roles. Before joining N4L in July 2018, Gavin led the product and mobile terminals team that contributed to establishing 2degrees as the third-entrant telecommunications provider in New Zealand. Gavin is responsible for our engagement with the Ministry of Education and our panel of technology partners. He has been named among the country's most respected IT leaders and innovators, ranking 12th in the CIO50 for 2021.



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, where she was responsible for the end-to-end student journey for its 16,000 students. Michelle is responsible for our engagement with the education sector peak bodies, schools and kura, and N4L's Installer and IT Panels.



Gill Mahony
CHIEF FINANCIAL OFFICER

Gill Mahony is a seasoned Chartered Accountant who began her career with KPMG, serving on their audit team. Over the following decade, she dedicated her efforts to corporate roles, specialising in shared services, financial systems implementations and leading finance teams. Transitioning into the not-for-profit sector, Gill played a crucial role in achieving high-quality employment outcomes for individuals with disabilities. Her extensive experience underscores her valuable contribution to ensuring project deliverables are achieved on time and within budget. Additionally, she plays a vital role in helping N4L establish fair commercial terms with its partners and customers.



Alexander (Sandy) Brown
CHIEF GOVERNMENT AFFAIRS 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 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 one, having previously worked as an academic, teaching at the Massachusetts Institute of Technology and the University of Canterbury. Sandy is responsible for our engagement with The Treasury, N4L's monitoring agency and relationships with our other stakeholders in the public sector.

Te Poari Urungi

Board of Directors



Jeremy Banks
CHAIR

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:

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



Sharon Cresswell
DIRECTOR

Sharon Cresswell's experience is predominantly in assurance and risk management, having been a partner at PricewaterhouseCoopers (PwC) for 16 years. She has also assisted clients in strategy development and implementation, and process improvement. Since retiring from PwC in 2019, Sharon has provided interim Chief Financial Officer and GM Corporate Services support to businesses as they recruit into these roles.

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:

- Acting Chief Financial Officer, Pinnacle Midlands Health Network
- Acting GM Finance, The Lines Company Ltd
- Director, Wool Impact Ltd
- Coaching professional clients
- Children at St Peter's School, Cambridge



Clare Curran
DIRECTOR

Hon Clare Curran joined N4L in November 2021. Clare runs her own consultancy and sits on several boards focused on addressing homelessness and poverty. In her day job, she manages a not-for-profit in Dunedin providing support for people in mental distress and lowering the rates of suicide. Prior to that, she was the Member of Parliament for Dunedin South for 12 years and Minister of Digital Services across Government, Broadcasting, Communications and Digital Media from 2017-2018. Prior to being an MP, she was a small business owner, consultant and media specialist. She has extensive experience in the field of communications and a deep understanding of its criticality to effective policy work, campaigns, marketing and change management.

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

- Principal, Curran Consultants
- Digital Transformation expert consultant, UNDP - Bangkok Regional Hub
- Chair, Dunedin Night Shelter Trust
- Co-General Manager, Life Matters Suicide Prevention Trust
- Director, Good Shepherd NZ
- Member, University of Otago Council
- Trustee, The Hocken Collection
- Chair, Ōtākou Mental Health Network
- Student (Communications Design), Otago Polytechnic (Son)
- Teacher, Bayfield High School, Dunedin (Sister)
- Executive Producer, NHNZ (Sister)



Ming-chun Wu
DIRECTOR

Ming-chun Wu joined the N4L Board in November 2022. A qualified teacher with past experience in the Ministry of Education, Ms Wu works as a public sector consultant, specialising in strategy development and stakeholder management. She has previously held senior management roles at Te Puni Kōkiri / Ministry for Māori Development, the Ministry of Business, Innovation and Employment and other Government departments.

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

- Board member, Pharmacy Council of NZ
- Board member, NZ Plumbers, Gasfitters and Drainlayers Board
- Board member, NZ Chinese Medicine Council
- Board member/Trustee, Wellington Community Fund
- Board member, Altrusa International District Fifteen
- Director, Axia Consulting Ltd
- Director, Zhao Sheng Company Ltd



Elle Archer
DIRECTOR

Elle Archer (Ngāti Tamaterā, Ngāti Maru, Ngāti Paoa, Ngāti Raukawa, Ngāti Porou, Ngāi Tūhoe and Ngāpuhi) joined the N4L Board in November 2022. Ms Archer has extensive governance and strategic foresight skills and experience, with 15 years spent in development, delivery, maintenance and review of technology-based services, and digital transformation projects. She has also worked for more than a decade in underground infrastructure and education, while leading the regional efforts for digital equity and inclusion for Waitaha/Canterbury in connection with the national portfolio of works.

Ms Archer currently works as a Senior Consultant at ELG Global, as well as guest presenting at the University of Canterbury.

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

- Starlink installer, Ngai Tahu Marae Resilience Programme
- Kaiwhakahaere: Digital Strategies, Ngā Iwi o Ngāti Tamaterā
- Managing Director, ELG Global
- Chair, Te Matarau - The Māori Tech Association
- Chair, DECA Constellation, Waitaha Regional Digital Equity Steering Group
- Chair, Selwyn District Council Welfare Committee
- Director, Archland Investments
- Director, Trade Specialists
- Board Trustee, Ako Ōtautahi - Learning City Christchurch
- Board Trustee, Central Plains Water Trust
- Independent Director, GovHack NZ/AU
- Sponsored Professional Body Researcher, Institute of Directors NZ



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

Retired directors

Colin MacDonald, QSO, Chair (term ended 30 June 2023)
Dame Karen Poutasi, DNZM, Deputy Chair (term ended 31 October 2022)

Tauākī Mana Urungi 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 Hinonga Karauna 2004 | Crown Entities Act 2004

Under section 45OA of the Public Finance Act 1989, some of the provisions of the CEA apply to the Company by virtue of it being listed in Schedule 4A of that Act. These include sections 139, 149, 150 and 151 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 Kamupene 1993 | 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 in how it goes about its day-to-day operations. The earlier reports from the Chair and Chief Executive of the Company, together with the Statement of Performance, contain information concerning the operations and performance of the Company for the financial year covered by this report, including an assessment against the intentions, measures, and standards set out in the Statement of Intent prepared at the beginning of the financial year.

Toitūtanga | Sustainability

N4L is committed to environmental sustainability, with a focus on renewable energy, waste reduction, sustainability and pursuing carbon neutrality. Our small fleet of nine vehicles are hybrids suitable for the range of rural and remote communities we serve. N4L works with e-waste management partners to ensure that, as used electronic equipment is received from schools across Aotearoa New Zealand, it is recycled or disposed of in an environmentally conscious and sustainable manner.

"I think N4L is a great support for school - truly appreciate all your assistance."

Caroline Deazley-Gilligan, Our Lady of Lourdes School

Tauākī Tutukitanga

Statement of Performance

Te Poari Urungi | Board of Directors

The Board currently comprises six 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 2022/23 year, the Board had two standing committees.

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 and audit environment.

"Thank you for always being there for us. Your support keeps our school running and running well."

Sharron Robins, Koraunui School

"Thank you for all you do for NZ schools."

Judith Ford, St Joseph's School Kaikoura

Te Komiti mō te HR me te Utu | HR and Remuneration Committee

The role of the Committee is to perform, on behalf of the Board, such tasks in respect of the recruitment and remuneration of the CEO and the Direct Reports to the CEO. The Committee is also responsible for advice to, and support for, the CEO on a broad range of matters relating to Human Resources within N4L including implementation of and monitoring against the company's performance management framework.

- N4L’s remuneration and human resources policies;
- The performance and remuneration of the Chief Executive Officer; and
- The recruitment of members of the Senior Leadership Team.

Managed Internet: Connection

Key metric	Performance (2021/22)	Performance (2022/23)	Target (2022/23)
Percentage of eligible schools (defined as state schools and state-integrated schools) connected to the internet by N4L.	Q1: 100.0% Q2: 100.0% Q3: 100.0% Q4: 100.0%	Q1: 100.0% Q2: 100.0% Q3: 100.0% Q4: 100.0%	99.9%
Percentage of schools that voluntarily disconnect from N4L’s internet service.	Q1: 0.0% Q2: 0.0% Q3: 0.0% Q4: 0.0%	Q1: 0.0% Q2: 0.0% Q3: 0.0% Q4: 0.0%	Less than 0.5%

Managed Internet: Availability of internet services for schools

Key metric	Performance (2021/22)	Performance (2022/23)	Target (2022/23)
Network availability (Metro schools)	Not reported	Q1: Metro: 99.998% Q2: Metro: 100.0% Q3: Metro: 100.0% Q4: Metro: 99.994% Annual Metro: 99.998%	> 99.863%
Network availability (Non-Metro schools)	Not reported	Q1: Non Metro: 99.998% Q2: Non Metro: 99.999% Q3: Non Metro: 99.975% Q4: Non Metro: 99.995% Annual Non Metro: 99.992%	> 99.817%

Managed Wi-Fi: Equipment Support

Key metric	Performance (cumulative) (2021/22)	Performance (cumulative) (2022/23)	Target (2022/23)
School licences renewed before expiry based on the Ministry-provided list.	Q1: 46 Q2: 141 Q3: 224 Q4: 284	Q1: 72 Q2: 114 Q3: 151 Q4: 191	184

Managed Wi-Fi: Equipment Replacement

Key metric	Performance (cumulative) (2021/22)	Performance (cumulative) (2022/23)	Target (2022/23)
Number of schools with hardware replaced.	Q1: 77 Q2: 180 Q3: 240 Q4: 286	Q1: 34 (+19)^ Q2: 70 (+74)^ Q3: 119 (+153)^ Q4: 189 (+293)^	247

^In addition to the 189 full installations, we have completed an additional 293 access point-only installations. This was necessary due to a global shortage of switch equipment from the Ministry of Education's supplier.

Managed cybersecurity: Secure Access

Key metric	Performance (cumulative) (2021/22)	Performance (cumulative) (2022/23)	Target (2022/23)
Number of schools provided with Secure Access services.	Q1: 57 Q2: 119 Q3: 169 Q4: 281	Q1: 18 Q2: 71 Q3: 89 Q4: 89	250

The rollout of the Secure Access service was paused by the Ministry of Education and N4L until February 2024 to allow time for N4L to resolve stability issues with the Ministry's supplier.

Managed cybersecurity: N4L's Safe & Secure Internet settings

Key metric	Performance (2021/22)	Performance (2022/23)	Target (2022/23)
Percentage of schools meeting N4L's Safe & Secure Internet cybersecurity standard.	Q1: 91.0% Q2: 93.1% Q3: 93.1% Q4: 94.8%	Q1: 93.8% Q2: 94.1% Q3: 95.2% Q4: 95.4%	92.5%

Managed cybersecurity: Cybersecurity framework and controls

Key metric	Performance (2021/22)	Performance (2022/23)	Target (2022/23)
Implement N4L's cybersecurity framework, aligned with guidance from the National Cyber Safety Centre.	Not reported	Current cybersecurity threat level remains as "Guarded". Zero major security breaches. Zero data breaches.	Continuous improvement of controls' effectiveness against NIST/ NZISM N4L cybersecurity framework.

Service delivery: Customer satisfaction

Key metric	Performance (2021/22)	Performance (2022/23)	Target (2022/23)
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.	93.5%*	91.2%	90% 'satisfied' or 'very satisfied' response from respondents

*change in measurement compared to 2022/23

Service delivery: Support services

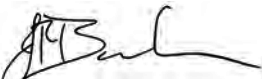
Key metric	Performance (2021/22)	Performance (2022/23)	Target (2022/23)
The number of minutes to acknowledge a service request (measured per month).	Q1: 91% Q2: 90% Q3: 80% Q4: 79%	Q1: 90% Q2: 94% Q3: 88% Q4: 90% FY: 88%	80% of all requests under 8 Support Hours
Percentage of total calls taken within 30 seconds.	Q1: 94% Q2: 88% Q3: 83% Q4: 85%	Q1: 97% Q2: 96% Q3: 90% Q4: 95% FY: 93%	At least 85%
The number of minutes to resolve an incident (measured per month).	Q1: 93% Q2: 97% Q3: 92% Q4: 95%	Q1: 97% Q2: 98% Q3: 87% Q4: 96% FY: 93%	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

Tauākī Haepapa

Statement of Responsibility

The Board is responsible for the preparation of N4L's Financial Statements and Statement of Performance, and for judgments 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 2023.

Signed on behalf of the Board



Jeremy Banks

Chair

30 October 2023



Sharon Cresswell

Chair, Audit and Risk Committee

30 October 2023

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. We have consistently communicated a vision for N4L and have created a culture in which our people feel valued. Our 2022 engagement survey results supported us to be confident that our vision and purpose were well understood and our employees felt aligned to our vision. Survey results highlighted an immense pride in working for N4L and what our team achieves, and positive feedback on our managers keeping teams safe, caring about wellbeing and being great role models. We launched new values in 2022/23 which had been co-designed with our team and included team-based discussions and activity as part of implementation. Our engagement survey results gave us a high level of confidence that our people connected with our new values and understood them.

We've continued our partnership with Tuputoa to participate in their internship program aimed at young Māori and Pasifika leaders. In 2022/23, we participated in pilot technology pathways with Tuputoa in Salesforce and Cybersecurity. We are 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 that celebrate meaningful cultural events that reflect the ethnic diversity of our team and the communities we serve.

• **Recruitment, selection and induction:**

N4L uses a variety of different ways to recruit staff, including direct advertising via an applicant tracking system, recruitment companies who provide services under All of Government (AoG) contracts and employees' own networks. A variety of processes, including structured interviews, 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 and advertises roles on social media. Our comprehensive induction and onboarding approach supports individuals to join N4L in a way that's efficient, engaging and supports 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. During 2022/23, one in seven of our employees had a career move within N4L. Roles are advertised internally to give employees the opportunity for growth within the company. N4L provides structured support to our line managers and supports the development of technology expertise through the Udemy platform. All individuals who have resigned are offered the opportunity of an exit interview. Any 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 enables staff to balance work commitments with other aspects of their lives. In 2022/23, we implemented Smart and Simple Working, which was co-designed with a group of employees. Our approach emphasised the importance of considering individuals, teams, N4L and those we serve when making decisions about where and when to work, and outlined occasions that we expected people to come together for. Teams had discussions on why coming together is important, what they'd come together for and what that meant in terms of a rhythm. 92% of our people told us that they felt genuinely supported to make use of flexible working arrangements.

• **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 recognition 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 complaints should they arise.

• **Safe and healthy environment:**

Our Health and Safety Committee is a respected and pivotal employee voice forum. N4L's Health and Safety Committee encourages participation from all employees in creating a safe and supportive environment. Our annual plan ensures we're actively controlling hazards, embracing health and wellbeing campaigns that engage our people and continuing to invest in proactive resilience. Senior leaders take accountability for reviewing risks, being confident that controls are adequate and being adhered to, and quarterly sponsorship of the health and safety plan.

Inclusion and diversity

Our approaches to recruitment and selection, development moves and pay review align to best practice and have HR and Senior Leadership Team involvement to support our commitment to be inclusive and achieve diversity. At the end of June 2023, 35% of our employees were female. Our Senior Leadership Team has a 50% gender balance.

"Had amazing service from N4L and the team with getting our Wi-Fi points organised. Looking forward to the same help, support and guidance as we move to the next phase. Also great support with our cyber safety evening which was very well received."

Stephen Grady, Greenhithe School



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 2023

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 42 to 62, that comprise the statement of financial position as at 30 June 2023, 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 that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 31 to 34.

In our opinion:

- the financial statements of the Company on pages 42 to 62:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 Standards; and
- the performance information on pages 31 to 34:
 - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2023, 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 October 2023. 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.



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 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 that 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 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.



Building a better working world

- 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 2 to 30, 35 to 37, and 63 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

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) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

Emma Winsloe

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



Ngā tauākī pūtea

Financial statements

Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 Actual \$000	2022 Actual \$000
Income from Non-Exchange Transactions	3	49,688	44,761
Income from Exchange Transactions	3	853	615
Total Income		50,541	45,376
Expenditure			
Network Services	4	15,798	16,348
Transition Support	5	3,640	2,777
Board Operations	18	223	180
Audit Fees		70	68
Other General and Overhead Expenses	6	31,176	24,954
Total Expenses		50,907	44,327
Net Surplus/(Deficit)		(366)	1,049
Total Comprehensive Income/(Loss) for the Period		(366)	1,049

The accompanying notes form part of these financial statements.

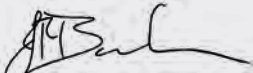
Statement of Financial Position

As at 30 June 2023

	Notes	2023 Actual \$000	2022 Actual \$000
Assets			
Current Assets			
Cash and Cash Equivalents	7	3,703	3,878
Receivables – Non-Exchange Transactions		5,952	6,606
Term Deposits	7	1,550	1,527
Other Current Assets	8	528	454
Total Current Assets		11,733	12,465
Non-Current Assets			
Property, Plant and Equipment	9	2,859	2,397
Intangible Assets	10	1,553	522
Total Non-Current Assets		4,412	2,919
Total Assets		16,145	15,384
Represented by			
Liabilities			
Current Liabilities			
Accruals	11	2,503	2,357
Payables under Exchange Transactions		3,116	2,960
Deferred Revenue	17	3,815	2,976
Lease Incentive – Current		27	27
Provisions	15	55	42
Total Current Liabilities		9,516	8,362
Non-Current Liabilities			
Lease Incentive – Non-Current		16	43
Provisions – Non-Current	15	8	8
Total Non-Current Liabilities		24	51
Total Liabilities		9,540	8,413
Equity			
Share Capital and Reserves		6,605	6,971
Total Shareholders' Funds		6,605	6,971
Total Liabilities and Shareholders' Funds		16,145	15,384

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 30 October 2023.



Jeremy Banks
Director



Sharon Cresswell
Director

Statement of Changes in Equity

For the year ended 30 June 2023

	Share Capital	Retained Earnings/ (Deficit)	2023 Actual \$000
Opening Balance 1 July 2022	14,000	(7,029)	6,971
Net Surplus/(Deficit)	-	(366)	(366)
Total Comprehensive Income/(Loss) for the Period	-	(366)	(366)
Closing Balance 30 June 2023	14,000	(7,395)	6,605

Statement of Changes in Equity

For the year ended 30 June 2022

	Share Capital	Retained Earnings/ (Deficit)	2022 Actual \$000
Opening Balance 1 July 2021	14,000	(8,078)	5,922
Net Surplus/(Deficit)	-	1,049	1,049
Total Comprehensive Income/(Loss) for the Period	-	1,049	1,049
Closing Balance 30 June 2022	14,000	(7,029)	6,971

Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 Actual \$000	2022 Actual \$000
Cash Flows from Operating Activities			
Receipts from Customers		52,074	44,238
Interest Received		103	20
Other Receipts		1	-
Payments to Suppliers and Staff		(48,178)	(41,909)
Net Cash Inflow from Operating Activities	13	4,000	2,349
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,931)	(1,270)
Purchase of Intangible Assets		(2,222)	(365)
Purchase of Term Deposits		(2,022)	(2,007)
Receipt of Term Deposits		2,000	1,500
Net Cash Outflow from Investing Activities		(4,175)	(2,142)
Net Increase/(Decrease) in Cash			
		(175)	207
Opening Balance		3,878	3,671
Closing Balance	7	3,703	3,878

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 and 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 2022 to 30 June 2023, and were approved by the Board on 30 October 2023.

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 with, 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 the accounting policies of N4L in the year ended 30 June 2023. All accounting policies and disclosures are consistent with those applied in the previous financial year.

The External Reporting Board has issued amendments to the following standards to incorporate requirements and guidance for the not-for-profit sector. These amendments apply to PBEs with reporting periods beginning on or after 01 July 2022. The updated accounting standards were applied and there were no changes.

Standard	Title	Application date
PBE FRS 48	Service Performance Reporting	1 July 2022

(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 six 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 reliability. 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 2022/2023 as approved by the Board on 23 June 2022. 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 six 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 result 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

	2023 \$000	2022 \$000
Income from Services to Schools	30,509	28,942
Income from Services to Government	19,178	15,819
Other Income	1	-
Total Income from Non-Exchange Transactions	49,688	44,761
	2023 \$000	2022 \$000
Interest Income	103	20
Equipment Sales	750	595
Total Income from Exchange Transactions	853	615

Income from services to schools represents income from the provision of core network services to schools. These services for state and state-integrated 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 license upgrades and equipment replacement for school Wi-Fi networks. 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

	2023 \$000	2022 \$000
Network Provider Services	15,798	16,348
Total	15,798	16,348

Network provider services expenses represent payments to the network provider for the provision of the Managed Network service.

5. Transition Support

Transition support expenses represent payments to Information and Communication Technologies (ICT), installers and other third party providers engaged to transition schools to N4L's services.

6. Other General and Overhead Expenses

	2023 \$000	2022 \$000
Personnel Costs	22,876	18,432
Professional Advisory Fees	1,584	1,837
Marketing and Communications	341	309
Travel	316	113
Facility Costs	927	744
IT and Telecommunications	1,780	1,211
Depreciation	1,470	986
Other	1,882	1,322
Total	31,176	24,954

Personnel Costs

	2023 \$000	2022 \$000
Salaries, Wages and Short-Term Employee Benefits	18,888	14,326
Defined Contribution Plans	508	369
Contractor Costs	3,480	3,737
Total Personnel Costs	22,876	18,432

N4L had 165 (2022: 140) full-time equivalent employees and 16 contractors (2022: 28) as at 30 June 2023. Employer contributions to defined contribution plans relate to contributions to KiwiSaver.

7. Cash and Term Deposits

	2023 \$000	2022 \$000
Cash at Bank	3,703	3,878
Term Deposits	1,550	1,527
Total Cash and Term Deposits	5,253	5,405

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

	2023 \$000	2022 \$000
Sundry Debtors	18	97
Prepayments	510	293
Accrued Revenue	-	64
Total Other Current Assets	528	454

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

9. Property, Plant and Equipment

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

	Computer Equipment	Office Furniture	Office Equipment	Leasehold Improvements	Total \$000
Cost					
Balance at 1 July 2021	2,721	327	83	527	3,658
Additions during the year	1,062	78	2	128	1,270
Disposals	-	-	-	-	-
Balance at 30 June 2022	3,783	405	85	655	4,928
Accumulated Depreciation					
Balance at 1 July 2021	1,017	237	68	223	1,545
Disposals	-	-	-	-	-
Depreciation charge for the year	859	37	6	84	986
Balance at 30 June 2022	1,876	274	74	307	2,531
Net book value at 30 June 2022					
Net book value at 30 June 2022	1,907	131	11	348	2,397
Cost					
Balance at 1 July 2022	3,783	405	85	655	4,928
Additions during the year	1,835	43	8	45	1,931
Disposals	(16)	-	-	-	(16)
Balance at 30 June 2023	5,602	448	93	700	6,843
Accumulated Depreciation					
Balance at 1 July 2022	1,876	274	74	307	2,531
Disposals	(17)	-	-	-	(17)
Depreciation charge for the year	1,322	34	5	109	1,470
Balance at 30 June 2023	3,181	308	79	416	3,984
Net book value at 30 June 2023					
Net book value at 30 June 2023	2,421	140	14	284	2,859

10. 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.

	Software & Licences	Domain Names	Total \$000
Cost			
Balance at 1 July 2021	1,179	4	1,183
Additions during the year	365	-	365
Balance at 30 June 2022	1,544	4	1,548
Amortisation			
Balance at 1 July 2021	290	4	294
Amortisation charge for the year	732	-	732
Balance at 30 June 2022	1,022	4	1,026
Net book value at 30 June 2022			
Net book value at 30 June 2022	522	-	522
Cost			
Balance at 1 July 2022	1,544	4	1,548
Additions during the year	2,222	-	2,222
Balance at 30 June 2023	3,766	4	3,770
Amortisation			
Balance at 1 July 2022	1,022	4	1,026
Amortisation charge for the year	1,191	-	1,191
Balance at 30 June 2023	2,213	4	2,217
Net book value at 30 June 2023			
Net book value at 30 June 2023	1,553	-	1,553

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:

	2023 \$000	2022 \$000
Balance at 1 July	14,000	14,000
Shares Issued	-	-
Balance as at 30 June	14,000	14,000

No shares issued during the 2023 financial year (2022: 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

	2023 \$000	2022 \$000
Net Surplus	(366)	1,049
Add/(Less) Non-Cash Items		
Depreciation & Amortisation	2,658	1,721
Total Non-Cash Items	2,658	1,721
Add/(Less) movements in Working Capital Items		
Accounts Receivable	654	(1,394)
Prepayments	(218)	(92)
Other Receivables	80	(97)
Accrued Revenue	64	206
Accounts Payable, Other Payables & Deferred Revenue	1,063	920
Employee Entitlements	65	36
Net movement in Working Capital Items	1,708	(421)
Net Cash Inflow from Operating Activities	4,000	2,349

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, Wellington and Christchurch. 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. The Christchurch premises' lease expires on 31 May 2025 with a right to renew for 3 years.

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 2023 and 2022 are, as follows:

	2023 \$000	2022 \$000
Not later than one year	890	837
Later than one year but not later than five years	618	1,253
Later than five years	-	-
Total Commitments	1,508	2,090

Other commitments

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

17. Deferred Revenue

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

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 all 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.

16. Contingencies

Contingent Liabilities

The company has no contingent liabilities as at 30 June 2023 (2022: \$nil).

Contingent Assets

The company has no contingent assets as at 30 June 2023 (2022: \$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 (2022: 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 2023, no changes were made to the Management team. The number of directors fluctuated between five and seven across the year, with the enduring number being six directors.

During the year ended 30 June 2023, 1 employee received compensation in relation to cessation of their employment \$61k. (2022: \$0k). No contractors received compensation in relation to cessation of their contracts (2022: \$0k).

There were 6 employees in the Management team who received remuneration over \$100k during the 2023 financial year (2022: 6).

The Chief Executive Officer was paid \$504,812 in fixed remuneration and benefits (2022: \$463,033), which included short-term benefits of \$20,673 (2022:\$19,503) for KiwiSaver, healthcare and a car park. There were no short or long-term incentives.

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.

K Poutasi’s term as a Board Member ended on 31 October 2022, and C MacDonald’s term ended on 30 June 2023.

19. Employee Remuneration

	2023 No. of employees	2022 No. of employees
\$100,000 - \$109,999	18	14
\$110,000 - \$119,999	10	6
\$120,000 - \$129,999	9	5
\$130,000 - \$139,999	10	1
\$140,000 - \$149,999	3	2
\$150,000 - \$159,999	6	1
\$160,000 - \$169,999	3	5
\$170,000 - \$179,999	3	2
\$180,000 - \$189,999	3	3
\$190,000 - \$199,999	2	0
\$200,000 - \$209,999	0	2
\$210,000 - \$219,999	2	0
\$220,000 - \$229,999	2	1
\$240,000 - \$249,999	0	1
\$260,000 - \$269,999	3	0
\$270,000 - \$279,999	1	0
\$290,000 - \$299,999	0	2
\$320,000 - \$329,999	1	1
\$350,000 - \$359,999	0	1
\$360,000 - \$369,999	1	0
\$460,000 - \$469,999	0	1
\$500,000 - \$510,999	1	0

Key Management Personnel Compensation

	2023 \$000	2022 \$000
Management Team		
Remuneration and Short-Term Benefits	1,931	1,772
Defined Contribution Plans	57	48
Total	1,988	1,820
Full-time Equivalent Members	6	6
Board Members		
Remuneration	180	159
Full-time Equivalent Members	6	6

Board Member Remuneration

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

	2023 \$000	2022 \$000
Karen Poutasi - Deputy Chair	10	29
Jeremy Banks	23	23
Colin MacDonald - Chair	46	46
Sharon Cresswell	23	23
Anthony Briscoe	23	23
Clare Curran	23	15
Ming-chun Wu	16	-
Elle Archer	16	-
Total Directors’ fees	180	159

20. Events after Balance Date

The Ministry of Education exercised their rights to renew a number of statements of works. The following were renewed for one year:

Variation of Equipment Replacement SoW on 2 August 2023

Variation of Secure Access SoW on 2 August 2023

Variation of Equipment Support SoW on 2 August 2023

Variation of Cybersecurity Pricing & Services Review form and Service Schedule on 2 August 2023

Variation of Cybersecurity in Schools - Tacticals SoW on 2 August 2023

Variation to Te Haratau SoW on 18 August 2023

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. 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.

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 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

The supply-chain issues which started during Covid-19 continue to impact the Equipment Replacement programme. There has been shortages of switches which has meant the Equipment Replacement programme has included an access point only upgrade for some schools. This has ensured schools were still able to receive benefits from the programme with improved infrastructure, rather than delaying the upgrade in full. Switches will be upgraded for these schools as stock supplies ease.

24. Explanation of major variances to unaudited forecast

The forecast numbers are taken from the Company’s Statement of Performance Expectations 2022/23 (SPE). The forecast loss of \$1.3m was due to expected expenditure required on the Managed Network replacement project, along with expenditure to address retention risk in a tight and specialised labour market. The Managed Network expenditure was not required in the 2022/23 year, and other costs were offset by additional unbudgeted revenue and associated margin.

Statement of Comprehensive Income

For the year ended 30 June 2023

	Ref	2023 Actual \$000	2023 Forecast (Unaudited) \$000
Income from Non-Exchange Transactions	A	49,688	47,093
Income from Exchange Transactions		853	454
Total Income		50,541	47,547
Expenditure			
Network Services		15,798	15,745
Transition Support	B	3,640	2,737
Board Operations		223	226
Audit Fees		70	67
Other General and Overhead Expenses	C	31,176	30,129
Total Expenses		50,907	48,904
Net Surplus/(Deficit)		(366)	(1,357)
Total Comprehensive Income/(Loss) for the Period		(366)	(1,357)

2023 Actual delivered a comprehensive income of \$991k 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. Two major SoW's a) Network Upgrade Enablement and b) NZQA, along with other small SoW's, were signed post SPE which contributed to a positive variance to revenue. Increase in equipment sales to schools and ICT's over and above the SPE target also impacted the revenue favourably.

B – Transition support

Transition support expenses were higher than SPE forecast, primarily driven by cost associated with increase in revenue. It represents payments to Information and Communication Technologies (ICT), installers and other third-party providers engaged to transition schools to N4L's services.

C – Other and General overheads

Other and General overheads were higher due to higher personnel-related costs associated with increase in revenue and lower travel costs.

Statement of Financial Position

As at 30 June 2023

	Ref	2023 Actual \$000	2023 Forecast (Unaudited) \$000
Assets			
Current Assets			
Cash and Cash Equivalents	D	3,703	4,591
Receivables – Non Exchange Transactions	E	5,952	4,362
Term Deposits		1,550	-
Other Current Assets		528	305
Total Current Assets		11,733	9,258
Non-Current Assets			
Property, Plant and Equipment		2,859	3,205
Intangible Assets	F	1,553	459
Total Non-Current Assets		4,412	3,664
Total Assets		16,145	12,922
Represented by			
Liabilities			
Current Liabilities			
Accruals		2,503	2,716
Payables under Exchange Transactions		3,116	2,647
Deferred Revenue	G	3,815	2,511
Lease Incentive – Current		27	27
Provisions		55	43
Total Current Liabilities		9,516	7,944
Non-Current Liabilities			
Lease Incentive – Non-Current		16	43
Provisions – Non-Current		8	8
Total Non-Current Liabilities		24	51
Total Liabilities		9,540	7,995
Equity			
Share Capital and Reserves		6,605	4,927
Total Shareholders’ Funds		6,605	4,927
Total Liabilities and Shareholders’ Funds		16,145	12,922

D – Cash and cash equivalents

Cash and cash equivalents is lower than forecast, primarily due to lower cash receipts than forecasted for in the SPE.

F – Intangibles

During the year, N4L purchased and amortised software primarily in relation to the Security Operations Centre.

E – Receivables – Non-Exchange transactions

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

G – Deferred revenue

Deferred revenue has risen due to revenue not yet earned.

Statement of Changes in Equity

For the year ended 30 June 2023

	Share Capital	Retained Earnings / (Deficit)	2023 Actual \$000	2023 Forecast (Unaudited) \$000
Opening Balance 1 July 2022	14,000	(7,029)	6,971	6,284
Net Surplus/(Deficit)	-	(366)	(366)	(1,357)
Total Comprehensive Income/(Loss) for the Period	-	(366)	(366)	(1,357)
Closing Balance 30 June 2023	14,000	(7,395)	6,605	4,927

Statement of Cash Flows

For the year ended 30 June 2023

	Ref	2023 Actual \$000	2023 Forecast (Unaudited) \$000
Cash Flows from Operating Activities			
Receipts from Customers		52,074	56,137
Interest Received		103	29
Other Receipts		1	-
Payments to Suppliers and Staff		(48,178)	(52,808)
Net Cash Inflow from Operating Activities	H	4,000	3,358
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,931)	(4,090)
Purchase of Intangible Assets		(2,222)	-
Purchase of Term Deposits		(2,022)	-
Receipt of Term Deposits		2,000	-
Net Cash Outflow from Investing Activities		(4,175)	(4,090)
Net Increase/(Decrease) in Cash			
Opening Balance		3,878	5,323
Closing Balance		3,703	4,591

H Net increase/ (decrease) in cash

Cash Flow for the year was higher than SPE primarily due to higher than expected cash flows from Operating Activities.

Papatohu
Directory

Shareholders:

Minister of Finance (Hon Grant Robertson) and
Minister of Education (Hon Jan Tinetti)

Responsible Minister
for the Company:

Minister of Education (Hon Jan Tinetti)

Registered office:

C/- Simpson Grierson HSBC Tower
195 Lambton Quay
Wellington 6140

Contact address:

PO Box 37118
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

Solicitors:

Bell Gully

Bankers:

Westpac New Zealand Limited

Senior Management:

Larrie Moore, Chief Executive Officer
Michelle Leadsom, Chief Customer and Brand Officer
Gavin Costello, Chief Digital Officer
Gill Mahony, Chief Financial Officer
Alexander (Sandy) Brown, Chief Government Affairs Officer
Kim Hegarty, Chief People Officer

Board of Directors:

Jeremy Banks, Chair
Sharon Cresswell
Clare Curran
Ming-chun Wu
Elle Archer
Anthony Briscoe

Colin MacDonald, Chair (term ended 30 June 2023)
Karen Poutasi, Deputy Chair (term ended 31 October 2022)

**Network for Learning
Auckland Head Office**
The Textile Centre
Level 2, 117 – 125 St Georges Bay Road
Parnell, Auckland 1052

Christchurch Office
3/2 Musgrove Close
Wigram
Christchurch 8025

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