Te Pūkenga

5 September 2025

Te Pūkenga - Proactive release of Regional ITP Viability reports

Purpose

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

Background

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

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

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

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

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

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

[1] Institute of Technology and Polytechnic (ITP)

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

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

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

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

Important points to note when reading these reports

Assumptions

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

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

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

Financial information and data

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

Financial viability metrics

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

Kaimahi (people/staffing)

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

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

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

Toi Ohomai

Financial Improvement Plan

18 November 2024

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Glossary	
EFTS	Equivalent full-time learner (student)
ELT	Executive leadership team
FIP	Financial improvement plan
FTE	Full time equivalent
ITP	Institutes of Technology and Polytechnics
KPI	Key performance indicator
MOP	Mix of provision
RIV Project	Regional ITP viability project
TEC	Tertiary Education Commission

Scope

CSO excerpt

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

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

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

TEC has also directed Te Pūkenga obtain Specialist Help under section 332 of the Education and Training Act 2020. This Specialist Help will focus on considering what is required to support a pathway to viability working in partnership with Te Pūkenga staff (requirements are further outlined later in this document).

Cabinet considered proposals on the future of regional business divisions (ITPs) and work-based learning divisions of Te Pūkenga presented by the Minister on 1 July 2024. These proposals are subject to a six-week consultation process which is proposed to begin in early August 2024.

Four phases of work are envisaged:

Phase 1 Discovery and Information Gathering - Initial Findings Report
- Confirm Phase 2 requirements

Phase 2 Operating Model and Financial Improvement Plan
- Decision / Government engagement

Phase 3 Implementation Plan Development

Phase 4 Implementation

This report covers Phase 2 and reflects the following scope:

- Design and propose a preferred operating model, including academic and non-academic staffing requirements.
- Identify what capital assets would be required to deliver the chosen operating model and support the proposed delivery. This should consider the divestment opportunities of any surplus assets or identified additional working capital.

Phase 2 to cover the following requirements:

- Provide analysis and assessment of ITP viability, the scale and scope of change required to achieve this, and identified key risks.
- Design and propose a preferred Operating Model (including academic and non-academic staffing requirements to meet regional vocational training needs)/Financial Improvement Plan / Merger Plan, including a Profit and Loss and Balance sheet to 2030 FY, and initiatives that underpin this
- Identify what property and capital assets would be required to deliver the chosen operating model and support the proposed delivery. This should consider the divestment opportunities of any surplus assets or identified additional working capital.
- Consider the key risks and provide financial analyses to support the proposed approach to making the entity viable, if possible.

Phase 2 also originally included undertaking engagement with key regional stakeholders to determine the impact of any proposed plans at a high level for regional vocational education and training. However, this section of the scope was withdrawn.

This report should be read in conjunction with the terms and conditions of the CSO dated 10 September 2024 and our Phase 1 report dated 4 September 2024.

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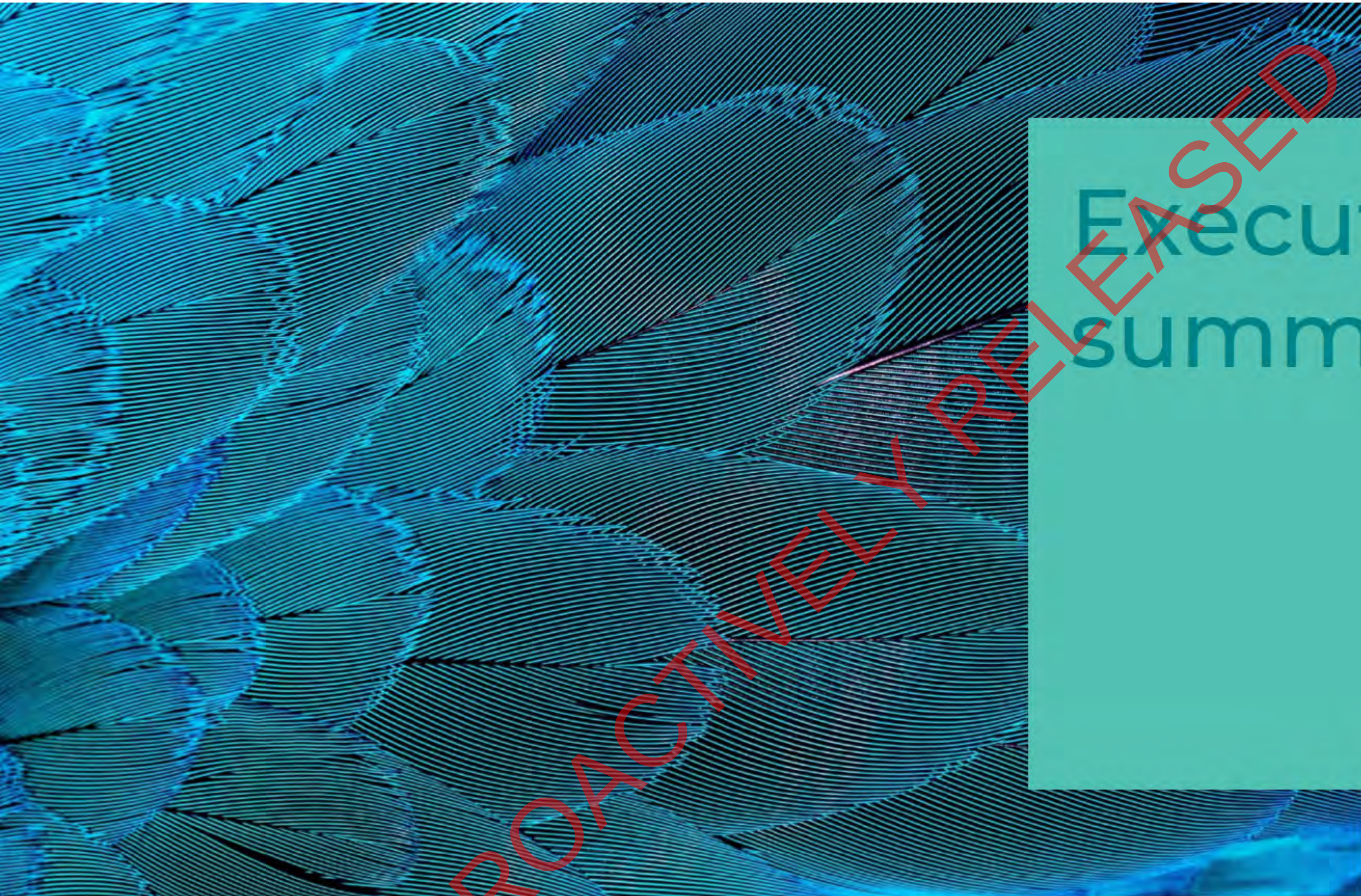

Executive summary

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Executive summary

Overview of engagement

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Following Phase 1, Toi Ohomai developed accurate programme profitability data. This has been beneficial to developing the Financial Improvement Plan (FIP) but further work is required around revenue retention and support cost integration into programme profitability.

Engagement with ELT

- We have worked closely with ELT and management during Phase 2 to develop programme performance data. Once the programme performance data had been prepared, further work was undertaken to categorise performing and underperforming programmes, select programmes for discontinuation and develop a plan around delivery site consolidation.
- Engagement during Phase 2 also involved developing an operating model review and support cost restructuring strategy.
- Engagement with the Toi Ohomai ELT has been productive. They have been committed in the review programmes and outcomes.
- From our engagement with ELT, it is apparent that Toi Ohomai has the necessary capability within its leadership team to effect change. However, ELT appear under resourced and further capacity could be required to execute the strategies.

Information gaps and risk

- As noted in our Phase 1 review, a lack of programme profitability data constrained the depth of analysis in that review. A programme profitability model has been developed in Phase 2, which will be a useful management for use on an ongoing basis. Toi Ohomai has not previously prepared programme profitability analysis so it took considerable time to reconcile the initial iteration to establish an accurate dataset. This caused delays to work on other initiatives.
- Two key areas remain a risk to the FIP:
  - Support cost integration into programme profitability. The relationship between programme profitability and support costs is not clearly defined or well understood. Processes that draw this relationship together need to be established to enable an ongoing review of programme profitability
  - Revenue retention. Revenue retention relates to learners from discontinued programmes retained in other programmes. We have been unable to gain comfort over the strategy to retain EFTS or verify the percentage of EFTS that have historically been retained from discontinued programmes.
- Financial forecasts for the FIP have capacity to absorb impacts of these risks to the extent outlined in this report.

Engagement strategy

- As noted in the scope, the focus of the engagement centred around designing and proposing a preferred operating model underpinned by the FIP.
- Through the engagement, we have narrowed the focus to four key financial improvement initiatives:
  - Site delivery consolidation and associated Mix of Provision (MOP) changes;
  - Support cost restructure
  - Operating model review; and
  - Property realisation.
- Toi Ohomai has not yet developed a financial monitoring framework for the FIP. We have commented on some key considerations around producing a financial monitoring framework. This should be developed following the support cost design phase, at the end of Q1 2025.

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Executive summary

Financial improvement initiatives

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Toi Ohomai's financial improvement plan is based on four inter-linked financial improvement strategies that have been developed during Phases 1 and 2.

Site delivery consolidation and MOP changes

- Plan developed to consolidate mix of provision to Windermere and Mokoia and discontinue unviable programmes
- 112 instances of programmes across 77 programmes to be discontinued
- $2.7 million forecast benefits

Support cost restructure

- Toi Ohomai has developed a strategy to consolidate siloed cost centres that would achieve $2.3 million in cost savings
- An additional $4 .1 million in support cost savings has been identified, with varying levels of execution risk

Property realisation

- Dispose surplus property across each campus
- Approximately $31.9 million forecast to realise across 2025 - 2027

Operating model review

- $2.7 million in cost savings have been targeted from an operating model review
- The targeted savings are unidentified and therefore we consider them to currently present a high execution risk
- Further work in Q1 2025 will consolidate the strategy and resulting benefits

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Executive summary

Financial improvement plan

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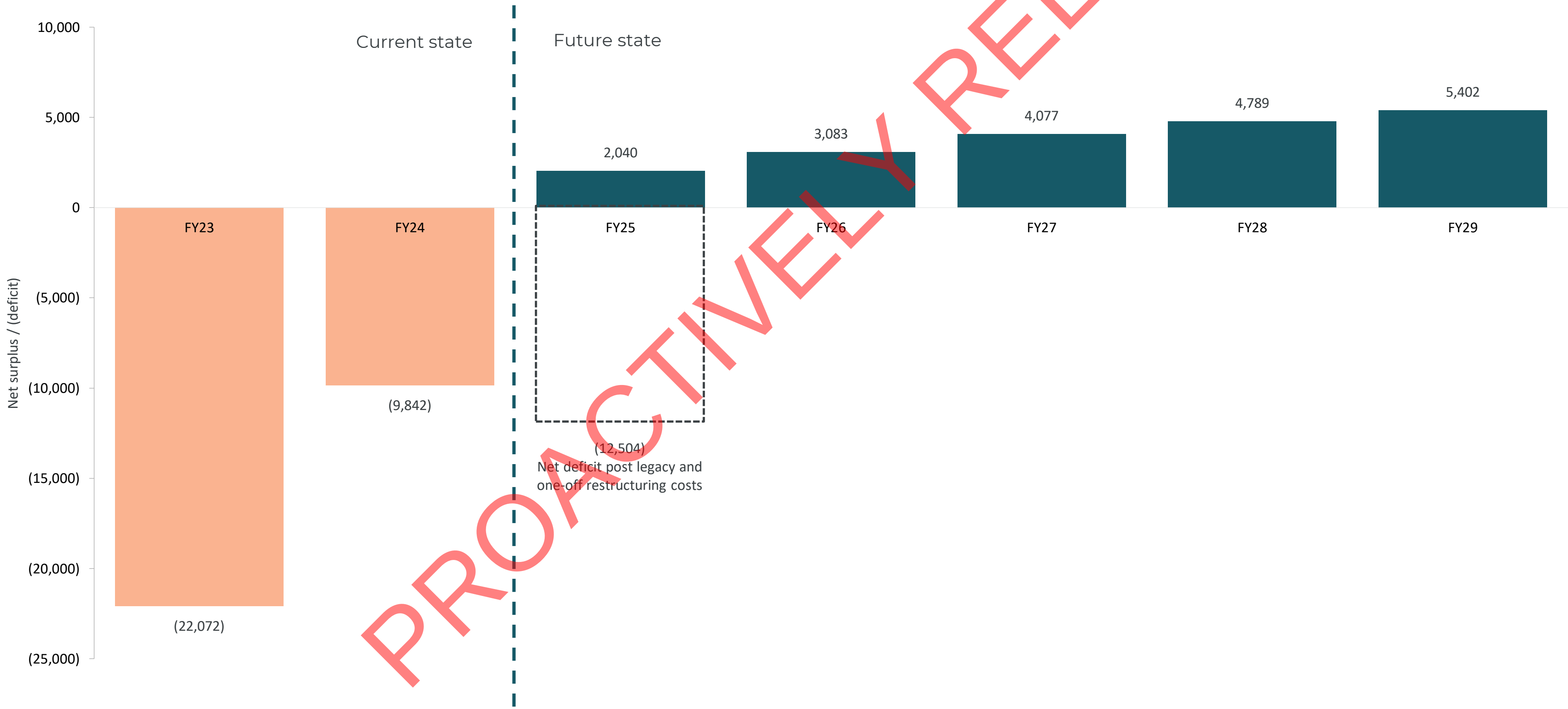
If successfully executed, the strategies outlined in this FIP would see Toi Ohomai become profitable, with a relatively modest net surplus of $2 million in the first year. The execution risk is currently high because some initiatives are targets or strategies, not fully developed plans. Planning work over Q1-2025 will firm up the FIP, the risk profile and timing (but we consider a turnaround cannot be completed by 1 January 2026).

Profit and loss FY23-FY29 ($000s)



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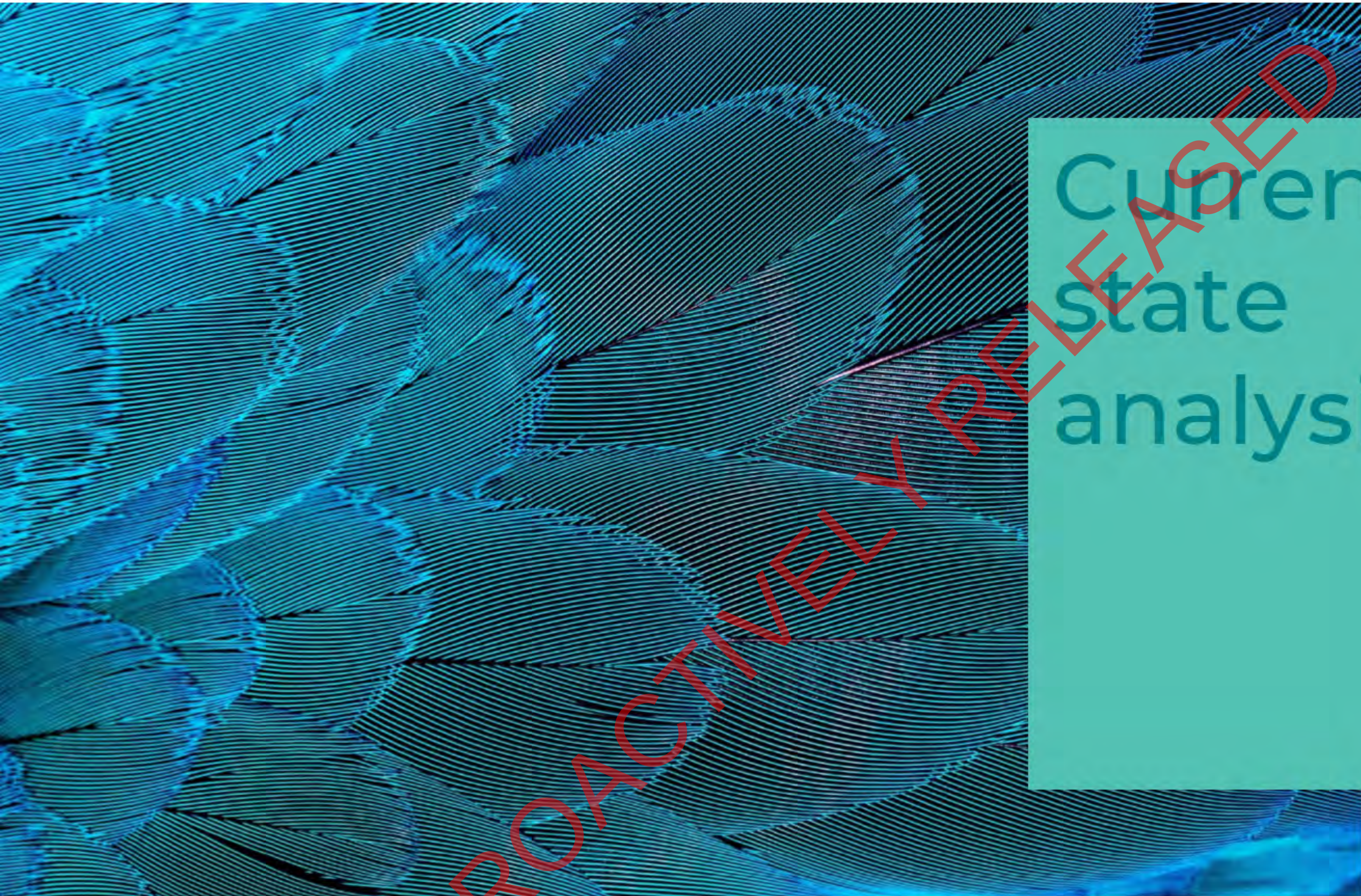

Current state analysis

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Current state analysis

FY24 key metrics

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Toi Ohomai is forecasting a net deficit of $10 million in FY24 on the back of a 10% increase in EFTS. Toi Ohomai's international programme remains critical to its success accounting for 12% of EFTS and 15% of revenue in FY24.

$10m
Loss
FY24 vs $22m loss FY23

304
Teaching FTEs
-31 (9%) vs 2023

307
Non-teaching FTEs
+25 (9%) vs 2023

3,955
Domestic EFTS
+229 (6%) vs 2023

519
International EFTS
+174 (51%) vs 2023

$221m
Fixed assets
-6m (3%) vs 2023

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Current state analysis

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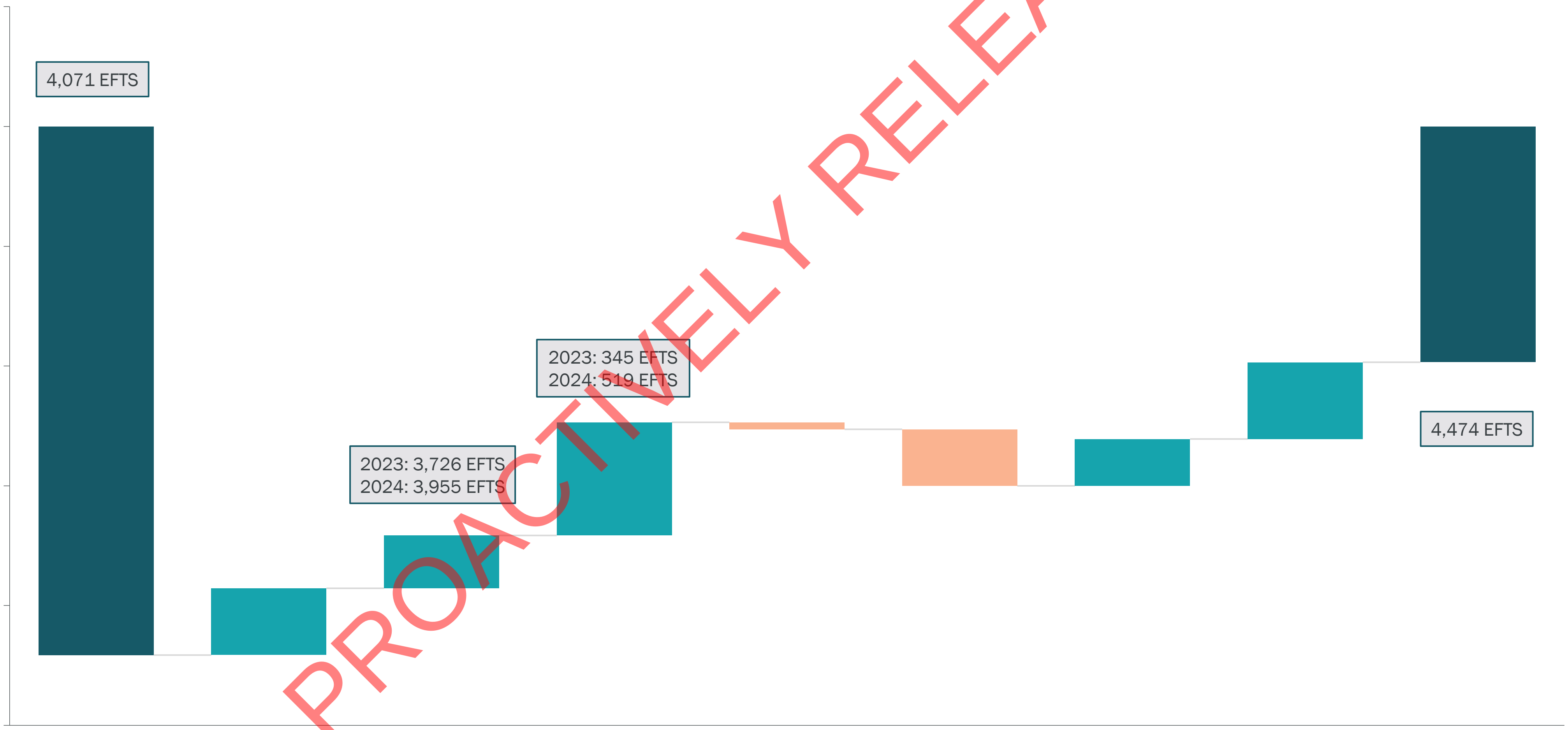
Financial overview – trading waterfall

The FY24 reforecast (incorporating September YTD actual results) projects a $9.8 million net deficit, $12.2 million lower than the FY23 net deficit. This was driven by higher revenue (increased domestic and international EFTS) and other expense savings, offset by an increase to personnel expenses.



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Current state analysis

Financial overview - trading

TOI-OHOMAI Institute of Technology

Toi Ohomai is achieving improved operating and financial metrics in FY24 but is still delivering a loss. The objective of the Regional ITP Viability ('RIV') project is to formulate a strategy to bring Toi-Ohomai to a financially viable state as a standalone ITP. Doing so requires a material improvement in Toi-Ohomai's performance (approximately $12 million), which is a significant undertaking.

Profit and Loss FY23 and FY24 reforecast ($000s)

Revenue	FY23 Actual	FY24 Re-forecast	Variance
Government Funding	32,565	35,356	2,791
Domestic Student Fees	13,792	16,000	2,208
International Student Fees	6,780	11,500	4,720
Research Funding	1,114	1,274	160
Other Teaching Income	3,483	2,687	(796)
Interest Income			
Trading Income	6,595	6,835	240
Other Income	417	742	325
Total Revenue	64,746	74,394	9,648
Expenses			
Personnel Expenses	53,776	56,132	(2,356)
Teaching Delivery	7,113	7,737	(624)
Infrastructure	7,569	7,111	458
Administration	7,547	5,911	1,636
Restructuring Costs	1,327	68	1,259
Unusual and Non-Recurring Items	937	461	476
Total Expenses	78,269	77,420	849
EBTIDA	(13,523)	(3,026)	10,497
Net interest	870	651	(219)
Depreciation and amortisation	9,419	7,467	1,952
Net Surplus/Deficit	(22,072)	(9,842)	8,764
Domestic EFTS	3,726	3,955	229
International EFTS	345	519	174
Total EFTS	4,071	4,474	403

Government funding, domestic and international student fees are up due to increased student numbers and higher funding and fee rates

Other teaching income is forecast to reduce due to the closure of the Waipā sawmill

Personnel expenses are higher due to increased remuneration rates (+4%), pay parity for nurses and the repatriation of some Te Pūkenga costs

Infrastructure and administration costs are lower due to active management of expenses and reduction in discretionary spend

Depreciation and amortisation is lower as some assets have reached the end of their useful life

International and domestic EFTS are forecast to be 51% and 6% above FY23 levels respectively

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Current state analysis

Financial overview – balance sheet

TOI-OHOMAI Institute of Technology

Toi Ohomai has a high fixed asset base, primarily comprised of assets at Mokoia and Windermere, and a low level of liabilities. Realising surplus land and buildings is expected to commence in 2025, starting with vacant land in Taupō and Tauranga houses.

Balance sheet ($000s)

Assets	Dec-23	Sep-24	Variance
Cash	4,897	7,244	2,347
Trade & Other Receivables	12,722	2,798	(9,924)
Prepayments	1,290	922	(368)
Fixed Assets	227,032	221,007	(6,025)
Long Term Assets	94	94	0
Total Assets	**246,035**	**232,065**	**(13,970)**
Liabilities			
Trade & Other Payables	3,961	3,018	(943)
Other Current Liabilities	2,079	2,082	3
Revenues in Advance	21,621	14,737	(6,884)
Other Non-Current Liabilities	628	628	0
Total Liabilities	**28,289**	**20,465**	**(7,824)**
Accumulated Funds	217,746	211,600	(6,146)
Equity	**217,746**	**211,600**	**(13,970)**

Fixed assets are primarily comprised of the land and buildings in Mokoia and Windermere. s 9(2)(b)(ii), s 9(2)(j) [redacted] (Bongard, Waipā, Whakatāne, and Taupō) s 9(2)(b)(ii), s 9(2)(j) [redacted]

Location	Sep-24 ($000s)
Bongard	s 9(2)(b)(ii), s 9(2)(j) [redacted]
Mokoia	
Other	
Taupō	
Waipā	
Whakatāne	
Windermere	
Total fixed assets	**221,007**

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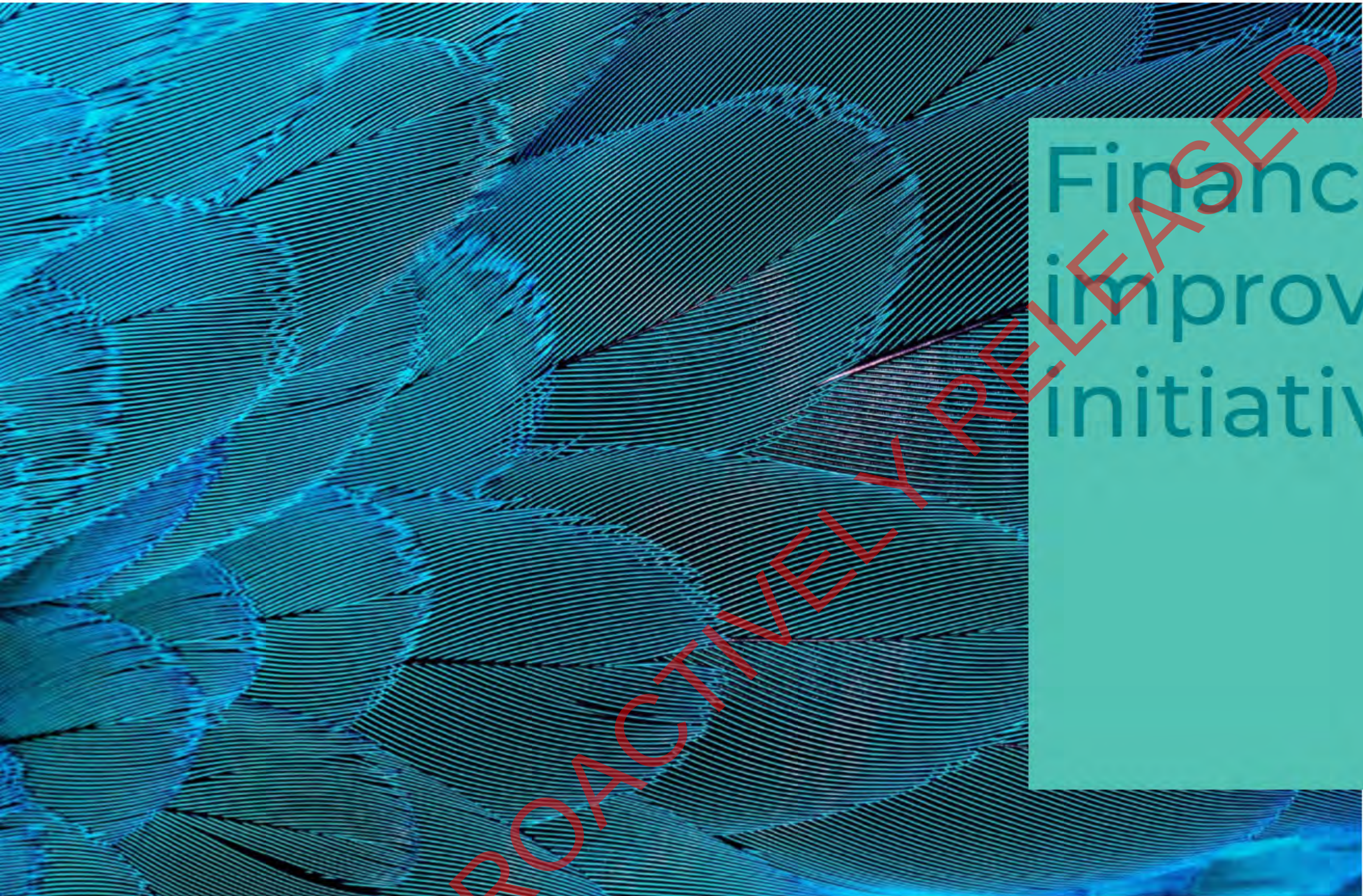

Financial improvement initiatives

Financial improvement initiatives

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The FIP targets $11.8 million in financial benefits. $2.7 million is from changes to the MOP that are reasonably certain. The largest component is a $9.1 million reduction in support costs, $2.7 million of which is based on a future redesign of the operating model that is to be developed in Q1-2025. Only once that is done will it be possible to quantify the benefits and confirm that the FIP will result in Toi Ohomai being a financially viable standalone ITP.

Delivery site consolidation and MOP changes

- Toi Ohomai has developed a plan to consolidate delivery to Windermere and Mokoia. Early exit of other campuses is targeted due to poor utilisation and losses being incurred. Focusing on the two core campuses is important to Toi Ohomai returning to a financially viable position.
- Management have identified 112 instances of delivery across 77 programmes for discontinuation. 36 programmes will be discontinued entirely across all delivery sites.
- Changes to the MOP, combined with other savings from consolidation could achieve $2.7 million cost savings.

55 FTE impacted

$2.7m savings

Support cost restructure

- Since the merger of Bay of Plenty Polytechnic and Wairiki Institute of Technology in 2016, Toi Ohomai has not captured cost savings that are available from synergies between the two pre-existing institutes.
- Management have identified student support divisions operating independently where roles and services are duplicated. A strategy has been developed to restructure student support functions which would deliver $2.3 million in savings.
- Other support cost centres have also been reviewed to deliver cost savings of $4.1 million.

24 FTE impacted

$6.4m savings

Operating model review

- In order to reach a financially viable state, support costs need to be reduced. A strategy to redesign the operating model has been developed that would result in overlapping roles and activities being merged and a reduction in functions that are no longer necessary.
- The targeted savings from this review have a substantial impact on improving financial viability. We consider the concept is viable but the targeted savings remain unspecified so they attract a high execution risk. We have factored in a risk allowance of $1.5 million to reflect this execution risk and the other risks noted in this paper.

15 FTE impacted

$2.7m savings

Property realisation

- In addition to the early exit of the Taupō, Whakatāne and Waipā campuses, Toi Ohomai also intends to dispose of surplus Windermere campus land, Oropi Road land and the property at Bongard Road.
- The FIP forecasts asset realisations of $10 million, $15 million, and $6 million in 2025, 2026 and 2027 respectively.
- The Holiday Park which has been generating a positive contribution will be exited due to the lease ending in 2027. s 9(2)(b)(ii) [redacted]

Asset realisations

FY25: $10.2m
FY26: $15.3m
FY27: $6.4m

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Financial improvement initiatives

Delivery site consolidation and MOP changes

TOI-OHOMAI Institute of Technology

Most of the $2.7 million in restructuring benefits recognised from these initiatives has been well-reviewed and has a lower execution risk. Revenue retention currently has a high execution risk so requires further planning work to be undertaken.

Restructuring benefit	Description	Execution risk	Benefit captured ($)
01 Delivery site consolidation	• Regional consolidation of delivery to Mokoia and Windermere. • Discontinuation of delivery in Whakatāne, Waipā, and Taupō. • s 9(2)(b)(ii), s 9(2)(ba)(ii) [redacted] We are comfortable that the cost savings from this initiative will be realised and therefore consider this a lower execution risk.		$1.8 million
02 Mix of provision changes	• As noted above, staff have identified 77 programmes for discontinuation which are delivered in 112 instances. • 54 instances of these programmes are delivered at the discontinued sites. • Staff have undertaken a detailed review of FTE and personnel costs underlying the savings that will be achieved from the mix of provision changes. As such, we assess these changes to have a low execution risk		-$1.8 million
03 Optimisation	• Toi Ohomai has identified some programmes that are underperforming but can be improved by changing delivery models. • Savings from programme optimisation have been calculated based on the FTE reduction across the optimised programmes. • Staff have reviewed programmes in detail for optimisation to provide confidence that execution risk is low.		$0.9 million
04 Revenue retention	• Revenue retention reflects learners from discontinued programmes retained in other programmes. • We have been unable to gain comfort over the strategy to retain EFTS or verify the percentage of EFTS that have historically been retained from discontinued programmes. Given the uncertainty of this benefit, we consider there is a high execution risk to its achievement.		$1.9 million
Total savings			$2.7 million

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Financial improvement initiatives

Delivery site consolidation and MOP changes

TOI-OHOMAI Institute of Technology

Toi Ohomai has reviewed programmes that are low/negative contribution or low EFTS to see if there is a clear path towards achieving a high contribution or increasing the number of EFTS. 112 instances of programmes have been identified for discontinuation with 36 programmes discontinued entirely across the delivery sites.

Programme profitability review across Phases 1 and 2:

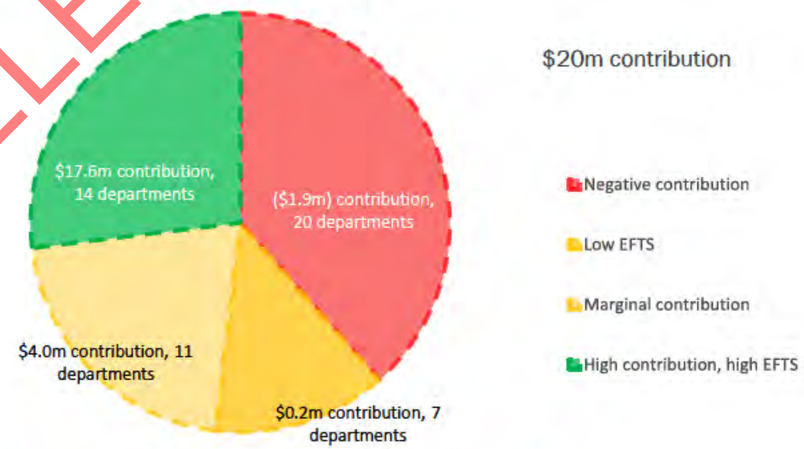
Phase 1

- The Phase 1 programme profitability dataset presented profitability by department, by site. This constrained the level of analysis we were able to undertake as we were unable to assess specific programme profitability below department level. We categorised departments within sites by:
  - Negative contribution ('Red'). Red departments would be reviewed for discontinuation.
  - Low contribution (<30%) or low EFTS (< 10 EFTS) ('Amber' departments). Amber departments would be reviewed for discontinuation if material improvement is not achievable.
  - High contribution (>30%) and high EFTS ('Green' departments). Green departments would be reviewed for continuous improvement.

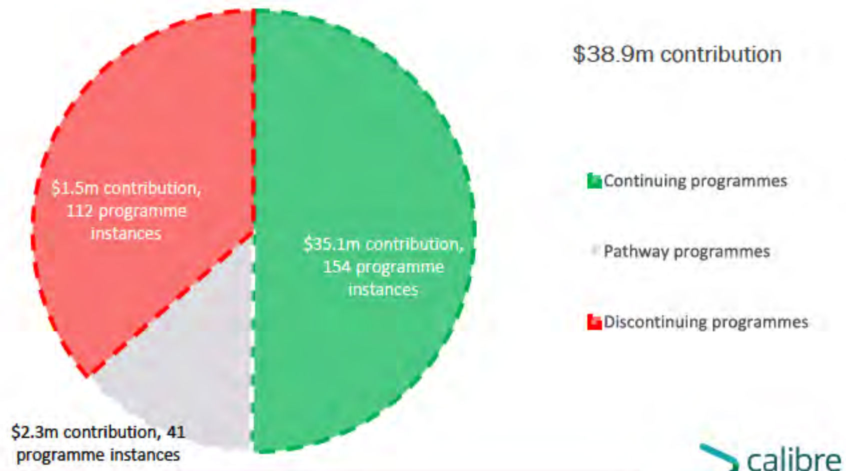
Phase 2 and Toi Ohomai overlay

- During Phase 2 Toi Ohomai produced specific programme profitability analysis reflecting 2025 budgeted profitability. We applied the above categorisation methodology to the programme profitability analysis.
- Using the categorisations that we applied, Toi Ohomai undertook a detailed review of practical implications of restructuring the programmes:
  - Some red and amber programmes were identified that can be improved by restructuring the delivery mode ('optimisation'). These programmes have been moved to the green category.
  - Amber programmes without a clear trajectory to profitability or viable number of EFTS were moved to red.
  - Pathway programmes were separated out from the red, amber and green categories. Some pathway programmes have been moved to red, others are subject to ongoing review.

2023 department profitability



2025 budgeted programme profitability



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Financial improvement initiatives

Support cost redesign

The ELT have identified $6.4 million in support cost savings to be delivered from a restructure of student support services and reductions in other cost centres. Strategies have been developed to deliver these cost savings, which provides greater confidence about the executability of these initiatives.

Support cost and operating model redesign

- Further detail on the specific cost savings is in Appendix 2. We have factored in a risk allowance for restructuring benefits that we consider have execution risk.

Operating model	Description	Financial implication	Execution risk
Scalable cost savings	• The reduced mix of provision will result in decreased variable programme related costs. • A detailed review has been undertaken to identify scalable costs, therefore we consider this a low execution risk.	$0.8 million	
Research restructure	• Narrowing the scope of research to focus only on funded research activity. This would result in the cost centre being breakeven.	$0.6 million	
Other cost savings	• Reduction in transport services, depreciation, support staff reduction and other savings. • Targeted other cost savings have been reviewed in detail so we consider these to have low execution risk.	$1.9 million	
Student support restructure (refer page 18)	• Staff have identified overlapping of staff functions and inefficiencies where cost savings can be achieved. • Actions have specified in detail to achieve savings for two of the cost centres (health and library). As such, we consider there to be medium execution risk.	$2.3 million	
Facilities restructure	• The facilities budget has had a significant increase in property maintenance over the past 2 years. Staff consider that the budgeted spend is excessive and cost savings can be achieved. • We consider this a medium execution risk as cost savings are achievable but remain unidentified.	$0.8 million	
Total savings		$6.4 million	

Financial improvement initiatives

Support cost redesign

TOI-OHOMAI Institute of Technology

The cost centres delivering student services in Toi Ohomai currently operate in silos. This has resulted in a number of areas where functions and services overlap. The ELT have developed a strategy to restructure these functions into three student support divisions, which is forecast to deliver $2.2 million in cost savings.

Student support restructure and health centre ($2.3 million savings)

Execution risk:

- ELT at Toi Ohomai have identified cost centres operating as silos with inefficiencies where staff functions overlap or are surplus to requirement. There are currently 22 sub-divisions that employ 97 FTE. Staff have indicated this could be reduced by 31 to 66 FTE and consolidated into three key student support divisions.
- The illustration below shows how the sub-divisions are planned to be consolidated into the three student support divisions.
- During Phase 2, staff have specified in detail where FTEs could be reduced in the library and health cost centres. Collectively these cost centres employ 24 FTE. This has provided confidence that approximately 25% of the $2.2 million savings are achievable. The balance remains subject to further review but the strategy is viable..

Current structure

29 FTE
Programme compliance
Accessibility
Referencing
Learner functions
Health
Heads of department
EF

37 FTE
Student services
RDL
Info/library
Student data
Pathways/Step up
Heads of department
C&E

32 FTE
Quality assurance
Facility library
Academic development
TEEL
KSA
Heads of department
Academic services
Development

Revised structure

Health, wellbeing and learner support
19 FTE (9 roles discontinued)

Information resourcing, data, partnerships and pathways
25 FTE (12 roles discontinued)

Kaiako success, academic development and quality, digital
23 FTE (9 roles discontinued)

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Financial improvement initiatives

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Operating model review

Actions to capture savings targeted in the Operating model review are presently unidentified and represent a large scale of change. We consider the strategy is viable and the targeted savings are reasonable but currently carry a high execution risk. It will be possible to assess the achievability of these targets following the design work to be undertaken in Q1-2025.

Operating model review ($2.7 million savings)

Execution risk:

- A strategy has been developed to deliver $2.7 million in cost savings through a fundamental redesign of the operating model for support functions.
- The savings are targeted to be achieved in marketing, international, Māori success, MPTT, finance, PCW, facilities, digital and other cost centres. Staff expect the savings would be achieved equally through personnel and other costs.
- The indicative FTE reductions would result in a 17% FTE reduction across the cost centres that are captured in the review. Māori success and MPTT have high percentage FTE reductions relative to the other cost centres. These are areas where significant overlap within functions exist.
- The total other costs incurred in these cost centres is $16.1 million. A reduction of $1.35 million would reflect an 8% reduction to these cost centres. We also note that facilities, international, Māori success, digital and MPTT have approx. $1.2 million cost saving reductions forecast separately. Therefore further savings from these cost centres may prove challenging.
- Given the timeframe of this review, management have not been able to identify specific actions to capture these savings. As such there is currently a low degree of certainty in achieving them. The targets do however appear reasonable in the context of Toi Ohomai's current model and the changes to delivery sites and the MOP.

Indicative personnel cost savings

Cost centre	Current FTE	Indicative FTE reduction	*% FTE reduction*	Indicative savings ($)
Marketing	15	2	*14%*	s 9(2)(a) [redacted]
International	11	2	*18%*	
Māori Success	4	1	*25%*	
MPTT	2	1	*50%*	
Finance	13	1	*8%*	
PCW	13	1	*7%*	
Facilities	13	2	*16%*	
Digital	17	3	*18%*	
Other cost centres	N/A	2	*N/A*	
Total savings	87	15	*17%*	1,350,000

Indicative other cost savings

Cost centre	Current other costs ($)
Marketing	923,575
International	2,617,010
Māori Success	138,650
MPTT	166,000
Finance	545,313
PCW	389,653
Facilities	7,887,548
Digital	3,462,215
Total other cost	16,129,964
Indicative cost saving	1,350,000
% saving assumed	*8%*

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Financial improvement initiatives

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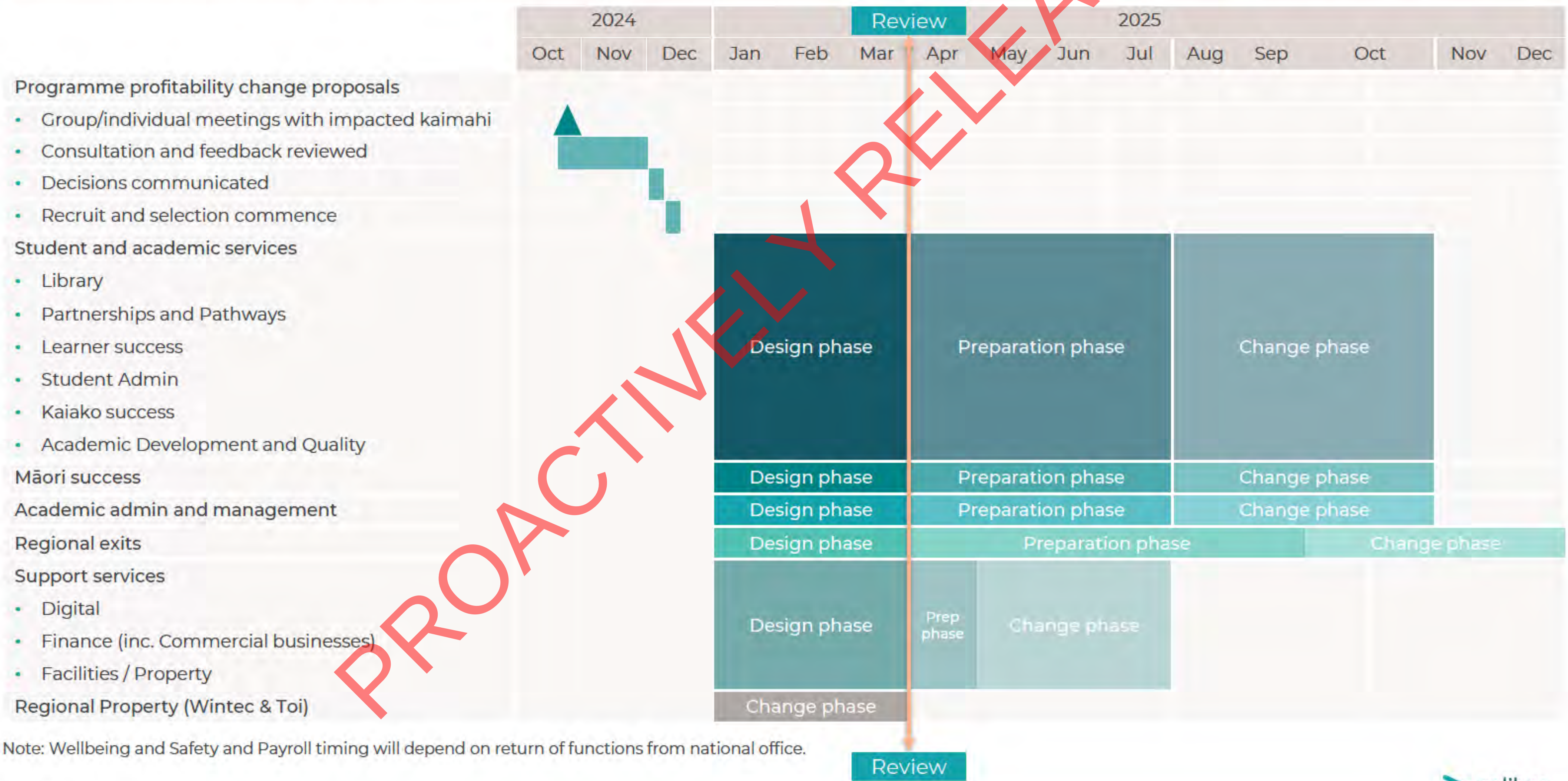
Implementation timing

Programme profitability improvements will be executed by the end of 2024. Designing a new operating model for support service during the first quarter of 2025 is the key outstanding workstream required to firm up the FIP. Once that work is done, the financial improvement plan as a whole should be critiqued and reviewed to test the financial outcomes that are achievable.



Note: Wellbeing and Safety and Payroll timing will depend on return of functions from national office.

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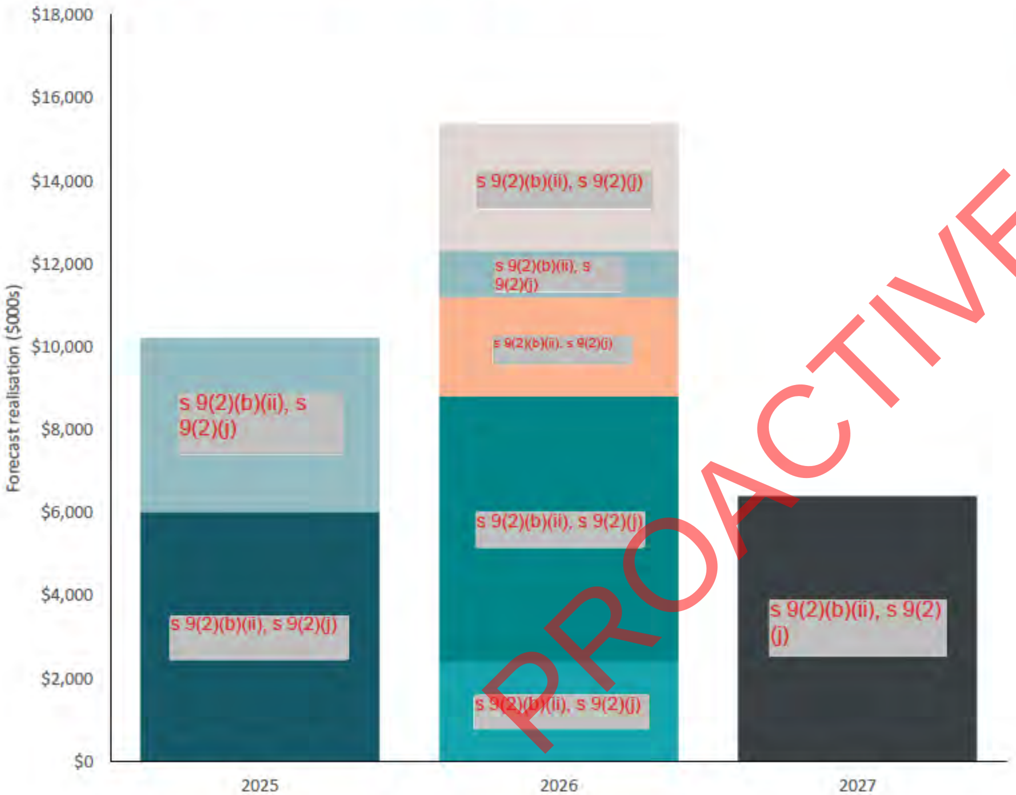
Property realisation

Property realisation

- The FIP forecasts asset realisations of $10 million, $15 million, and $6 million in 2025, 2026 and 2027 respectively.
- Forecast realisations and timing to dispose of assets reflect analysis prepared by Te Pūkenga.
- The Holiday Park business and buildings are owned by Toi Ohomai, but the land is owned by Rotorua District Council. The lease on the land expires in 2027 and the lessor is not looking to renew. As such, we have forecast the business to be sold in 2026.
- Sale of assets that are Crown owned have been discounted by 20% to reflect the Crown clawback payment required.

Forecast asset realisation 2025-2027



Properties for disposal	Location	Owner	TP est. value	Realisable value	Timing to realise
s 9(2)(b)(ii), s 9(2)(j)					2025
					2025
					2026
					2026
					2026
					2026
					2026
					2027
Total				31,997	

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Financial forecasts

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Financial forecasts

FY25 key metrics post FIP implementation

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Post restructuring initiatives, Toi Ohomai is forecasting a net surplus of $2.0 million. This achieves the baseline objective of returning Toi Ohomai to profitability but with a relatively low tolerance for variances in performance over time.

$2.0m
Surplus
FY25 vs $10m loss FY24

249
Teaching FTEs
-55 (18%) vs 2023

268
Non-teaching FTEs
-38 (13%) vs 2024

3,390
Domestic EFTS
(565) (14%) vs 2024

593
International EFTS
+74 (14%) vs 2024

195
Instances of programmes
-112 (36%) vs 2024

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Financial forecasts

Profit and loss 2025 - 2029

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Toi Ohomai is now projected to generate a net surplus of $2.0 million post restructuring and be profitable from 2026. As noted, a progress review following Q1-2025 would provide an early indication as to whether Toi Ohomai is on track to achieve the financial improvement targets. At that level, profitability remains low but key financial metrics trend positively over time.

Profit and loss FY25-FY29 ($000s)

Revenue	2025	2026	2027	2028	2029
Government Funding	39,471	40,345	41,237	42,150	43,083
Fees (Domestic & international)	32,292	33,328	34,402	35,513	36,664
Other Income	6,036	6,173	6,313	6,457	6,605
Total Income	77,799	79,846	81,953	84,121	86,352
Expenses					
Personnel Expenses	48,115	49,173	50,255	51,361	52,490
Other Expenses	20,788	21,245	21,713	22,190	22,679
Depreciation & Amortisation	6,856	6,344	5,908	5,780	5,780
Total Expenses	75,759	76,763	77,876	79,331	80,950
Net Surplus (post-restructuring)	2,040	3,083	4,077	4,789	5,402
Legacy & Restructuring Costs					
Non-continuing Expenses	(9,353)	(150)	-	-	-
Programme Teach-out	(586)	(293)	-	-	-
Redundancy (provision)	(3,604)	-	-	-	-
Consultancy & other	(1,000)	-	-	-	-
Net Surplus / (Deficit)	(12,504)	2,640	4,077	4,789	5,402
Depreciation	6,856	6,344	5,908	5,780	5,780
Capex	(4,302)	(3,826)	(3,584)	(2,984)	(3,226)
Free cashflow pre-asset sales	(9,949)	5,159	6,401	7,586	7,956
Free cash flow - Scenario A	(9,949)	3,158	2,683	2,100	655
Free cash flow - Scenario B	(9,949)	1,325	(447)	(2,284)	(4,943)

Performance metrics

Toi Ohomai	Target	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Personnel to Revenue ratio	<60%	75.5%	61.8%	61.6%	61.3%	61.1%	60.8%
EBITDA Margin	11%+	-3.4%	11.4%	11.8%	12.2%	12.6%	13.0%
Net Operating Surplus Margin	2%+	-13.1%	2.6%	3.9%	5.0%	5.7%	6.3%
Academic SSR	19:1	12.86	16.01	16.06	16.11	16.16	16.21
Allied to Academic Staff Ratio		n/a	n/a	n/a	n/a	n/a	n/a
Domestic Students		3,669	3,390	3,390	3,390	3,390	3,390
International Students		519	593	605	617	629	642
Total Students		4,187	3,983	3,995	4,007	4,019	4,032
Staff – Academic Total		326	249	249	249	249	249
Staff – Non Academic Total		285	268	268	268	268	268
Staff – Total FTE		611	517	517	517	517	517
Total Programmes delivered		307	307	195	195	195	195
Programmes discontinued		-	112	-	-	-	-

Illustrative downside scenarios assumed from 2026:
(a) Domestic EFTS are 2.5% lower p.a. and International 2% one-off; and
(b) Domestic EFTS are 5% lower p.a. and International 5% one-off.

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Financial forecasts

Balance sheet 2025 - 2029

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The balance sheet extrapolates the forecast 2025 year-end position, adjusted for a $20 million recapitalisation. Toi Ohomai's asset base steadily increases due to free cash flow surpluses and cash from asset sales retained.

Balance sheet FY25-FY29 ($000s)

Assets	2025	2026	2027	2028	2029
Cash - capitalisation and trading	22,080	26,985	33,328	40,861	48,750
Cash - asset sales	10,217	25,597	31,997	31,997	31,997
Trade & Other Receivables	1,934	2,188	2,245	2,298	2,366
Prepayments	758	758	758	758	758
Inventory					
Other Current Assets	94	94	94	94	94
Long Term Assets	202,923	185,025	176,300	173,504	170,950
Total assets	238,006	240,646	244,722	249,512	254,914
Liabilities					
Trade & Other Payables	3,401	3,401	3,401	3,401	3,401
Revenues in Advance	17,998	17,998	17,998	17,998	17,998
Other Current Liabilities	2,079	2,079	2,079	2,079	2,079
Other Non-Current Liabilities	628	628	628	628	628
Total liabilities	24,106	24,106	24,106	24,106	24,106
Equity	213,900	216,540	220,617	225,406	230,808

- The 2025 balance sheet adjusts for a $20 million recapitalisation.
- Cash is forecast to increase through the forecast period as a result of positive free cash flow from 2026 onwards and asset disposals.
- Fixed assets decrease substantially through the forecast period as surplus assets are disposed. Capex requires further investigation as it is currently forecast at 58% of depreciation.

Recapitalisation 2025

Capital requirements	$000s	Comments
Forecast cash 1 January 2025	-5,127	Reflects the August reforecast cash balance
Digital deferred capex	1,343	The difference between 2025 capex & 2026-29 avg. capex
Redundancy (est.)	3,604	Reflects Toi- ' b y
Change project management / support	1,000	Given the scale of change required, we have adopted a $1 million provision for additional support
2025 cash required	6,200	Cash outflow excluding items accounted for separately
25% capital buffer	3,037	Capital buffer is calculated as 25% on the preceding items
Working capital est.	10,000	Working capital funding is calculated using the 2024 intra-month requirement. This approximates 1 month of forecast expenses
Potential capital requirement	20,057	Estimated $15 - $20m

- We estimate approximately $20 million will be required to recapitalise Toi-Ohomai.

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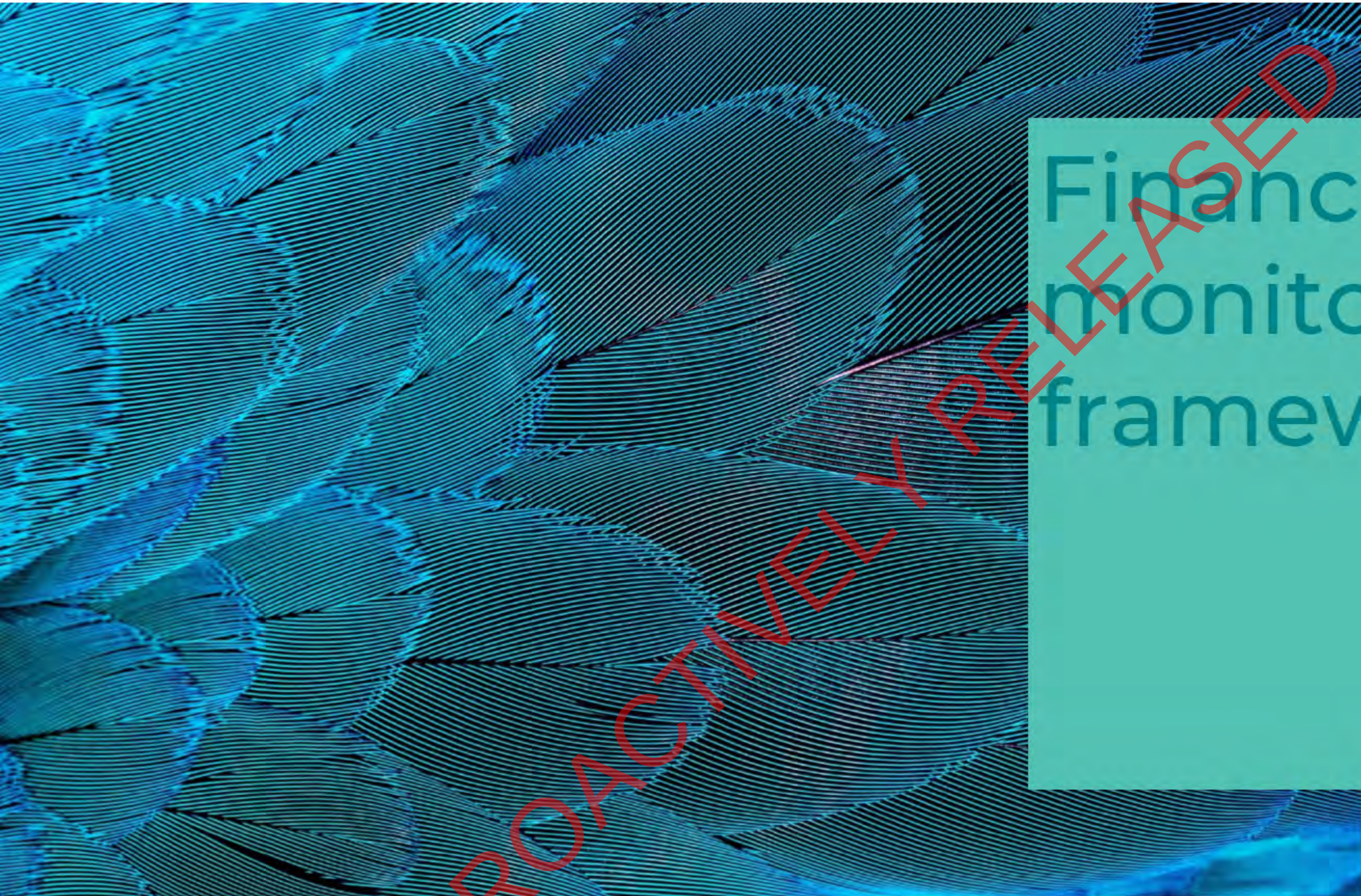

Financial monitoring framework

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Financial monitoring framework

Financial management practices

TOI-OHOMAI Institute of Technology

Toi Ohomai is planning to establish a financial monitoring framework in 2025 to help achieve sustainable financial viability. It is important that KPIs are tailored to the programme profitability, support cost savings and property realisation initiatives identified in this report and then reviewed post Q1-2025. Further work is also required to understand the relationship between support cost savings and programme profitability.

Establish a financial monitoring framework	• Toi Ohomai is planning to establish a financial monitoring framework in 2025. It is important that the financial monitoring framework addresses the programme profitability strategy, support cost savings and property realisation addressed in this report. • The financial improvement initiatives should also be integrated into Toi Ohomai's planning and reporting cycle. This would ensure ELT remain informed on programme performance and can make timely decisions. • Timing of programme profitability and reporting is important to enable decisions around continuation of programmes. Delays to programme profitability analysis can result in enrolments being taken for an already-unprofitable programme and therefore incurring avoidable cost.
Ongoing financial viability	• To ensure ongoing financial viability, we consider it important that Toi Ohomai develops detailed KPIs as part of the financial monitoring framework. We have commented on KPIs on page 30. It is important these KPIs are also incorporated into governance and reporting. • Analysis of support costs is required to establish a connection with programme delivery (teaching and learning direct costs). The relationship between programme profitability and support costs is not clearly defined. We have commented on this at detail on pages 28-29.
Capability and capacity	• ELT is integral to implementing the financial improvement initiatives. From our work in Phase 2, all ELT members have shown a commitment to identifying restructuring benefits to provide long-term financial improvement. • Toi Ohomai ELT appear under resourced relative to the scale of change required under the FIP. Further capacity may be required to execute some of the financial improvement initiatives in 2025. • We consider a progress review undertaken following Q1-2025 would provide an early indication of whether Toi Ohomai is on track to achieve the financial improvement initiatives outlined in this report. By this date, we would expect to see progress being made in support cost savings and programme profitability changes.

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Financial monitoring framework

Financial management practices

TOI-OHOMAI
Institute of Technology

The management of support cost functions and programme delivery (teaching and learning direct costs) has not been integrated historically.

The operating environment and organisational culture has not drawn together the mix of provision and the other costs associated with programme delivery (i.e. support costs). Each has been managed separately.

- The relationship between programme profitability and support costs is not clearly defined or well understood.
- There is minimal allocation of support costs to programmes/departments so it is not possible to establish a fully costed net profit/loss position within programmes.
- This division has led to an operating environment and organisational culture where the link has not been recognised in financial management planning and practices.

Developing Toi Ohomai's management, planning and reporting processes to support ongoing active management of programme profitability and support costs together will help Toi Ohomai remain a financially viable standalone ITP.

- Financial systems and practices that draw this relationship together need to be established to enable an ongoing review of programme profitability at a fully-costed net profit and loss level.
- Programme profitability analysis should be integrated into the annual financial planning process. We suggest this occurs at the start of the process to establish the contribution that will be available to fund support costs. The planning process will then involve changes to both reach a balanced position and to optimise profitability.
- This has been a focus of the FIP work e.g. identifying where support costs are variable to the mix of provision, ākonga and kaimahi numbers
- Efficiencies have been targeted by managing the combined impacts of the mix of provision and programme profitability to enable support costs to be funded and (where necessary) restructured.

Financial monitoring framework

Financial management practices

Integrating support costs with programme profitability analysis would assist decision making and help Toi Ohomai remain financially viable as a standalone institution.

01

As a first step, deeper analysis and financial modelling needs to be undertaken to identify the nexus between programmes and support costs

- We have not been able to undertake this analysis within the scope of this review.
- We expect such a project would establish principles that could be applied across the ITP sector, although each ITP would need to tailor the allocation methodology to its business model.

02

Toi Ohomai will then be able to establish programme performance metrics (e.g. contribution hurdle, etc.) against which programmes can be measured

- Assessing pre-establishment, giving confidence that programmes will contribute positively to Toi Ohomai's financial position; and
- Assessing on an ongoing basis (while programmes are being offered), as a leading indicator to highlight where intervention might be necessary to maintain the financial health of a programme.

03

Aligning programme profitability and support costs in this way will also instill accountability across the organisation and help identify inefficiencies at a support cost level

- Toi Ohomai's ELT will need to be accountable for its overall financial performance and position.
- Programme leads can be held accountable for ongoing programme performance. This should be a continuous process, not one that only occurs in the planning process.
- Cost centre leads will be able to actively manage their departments throughout the year to maintain an efficient cost structure.

Financial monitoring framework

Financial management practices

TOI-OHOMAI Institute of Technology

KPIs should be developed that centre around programme profitability, support cost savings and property realisation. It is important that Toi Ohomai incorporates KPIs into existing governance and reporting structures to enhance their effectiveness.

Site consolidation and mix of provision changes

Strategic goal:

- Ensuring long term financial viability

KPI considerations:

- KPIs should consider ongoing profitability of programmes and address the contribution hurdle required once support cost analysis has been integrated into programme profitability.

KPIs suggestions

- Domestic / International EFTS growth targets
- Achieve X% contribution hurdle (predicated on support cost analysis being integrated into programme profitability)
- X% EFTS from discontinued programmes retained in continuing programmes
- Optimisation benefits of X% identified/achieved
- Student to staff ratios (tailored to specific programmes/departments)
- X% enrolment conversion (tailored by EFTS categories in specific programmes/departments)

Operating model review and support cost restructure

Detailed KPIs will be required post Q1-2025 review

Strategic goal:

- Ensuring long term financial sustainability

KPI considerations:

- Short term KPIs should be centred around achieving the operating model and support cost savings identified in this review.
- Once support cost analysis has been integrated into programme profitability, long-term support cost savings KPIs can be established

KPI suggestions:

- Cost savings from operating model review and support cost restructure identified by [date] and implemented by [date]
- Support cost % of revenue
- Support costs to EFTs ratio
- Once support cost analysis has been integrated into programme profitability, support cost savings KPIs can be defined

Property realisation

Strategic goal:

- Maximise asset sales realisation and utilisation rates of remaining properties

KPI considerations:

- Short term KPIs targeted at maximising realisations from sales
- Long term focus should be on utilising properties effectively

KPI Suggestions

- Market value exceeded for asset disposals
- Asset disposal achieved by [X date] (tailored by asset/property)
- Utilisation of X% (tailored to specific locations)

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Financial monitoring framework

Key risks of financial improvement plan

TOI-OHOMAI Institute of Technology

Implementing and achieving the financial improvement initiatives poses several risks at a project level to the financial viability of Toi Ohomai. However, post restructuring the risks will shift to maintaining an ongoing financially viable state.

Key risks	Risk description	Risk rating	Mitigation
Programme profitability change implementation	• Programme profitability change implementation doesn't generate the required savings		• ELT are currently undertaking change proposals. As part of these proposals Toi Ohomai will confirm specific FTE reductions that can be achieved. • Detailed optimisation review has taken place and therefore we consider the change implementation should achieve the required savings.
Property realisation	• Property realisation doesn't achieve required cost savings		• s 9(2)(b)(ii), s 9(2)(ba)(ii) [redacted] We are confident that the cost savings from this initiative will be executed and therefore consider this a low execution risk.
Lag impact of programme review	• There is a risk that programmes become unprofitable and delays to reviewing these result in losses being incurred before the programme is discontinued • Future inaccuracies in programme profitability data.		• Toi Ohomai is yet to establish a financial monitoring framework but we anticipate that this will be designed to ensure programme profitability is integrated into the planning cycle
Management capacity	• Resourcing constraints to implement change proposals and achieve cost savings.		• ELT have broad sector experience and therefore capability to effect change is low risk. However, ELT appear under resourced and further capacity could be required to execute the strategies.
ELT	• ELT is integral to executing the financial improvement initiatives outlined in this report		• Toi Ohomai should look to confirm ELT positions, especially the Chief Executive position, as early as possible.
Scale of change	• The scale of change will be disruptive for kaimahi over a 12-month period (but is essential to return Toi Ohomai to profitability)		• Kaimahi engagement and communications strategy should be developed.

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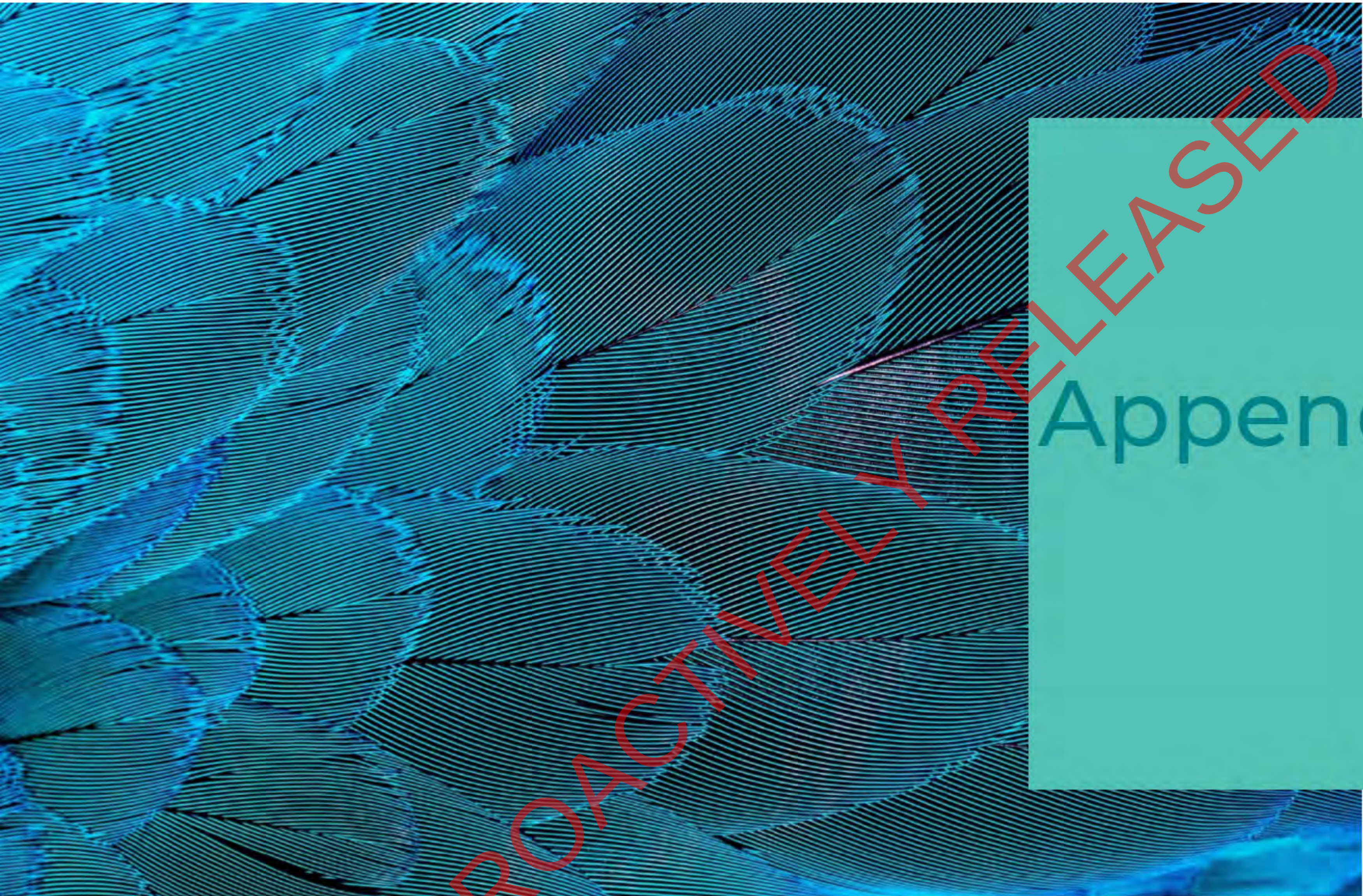

Appendices

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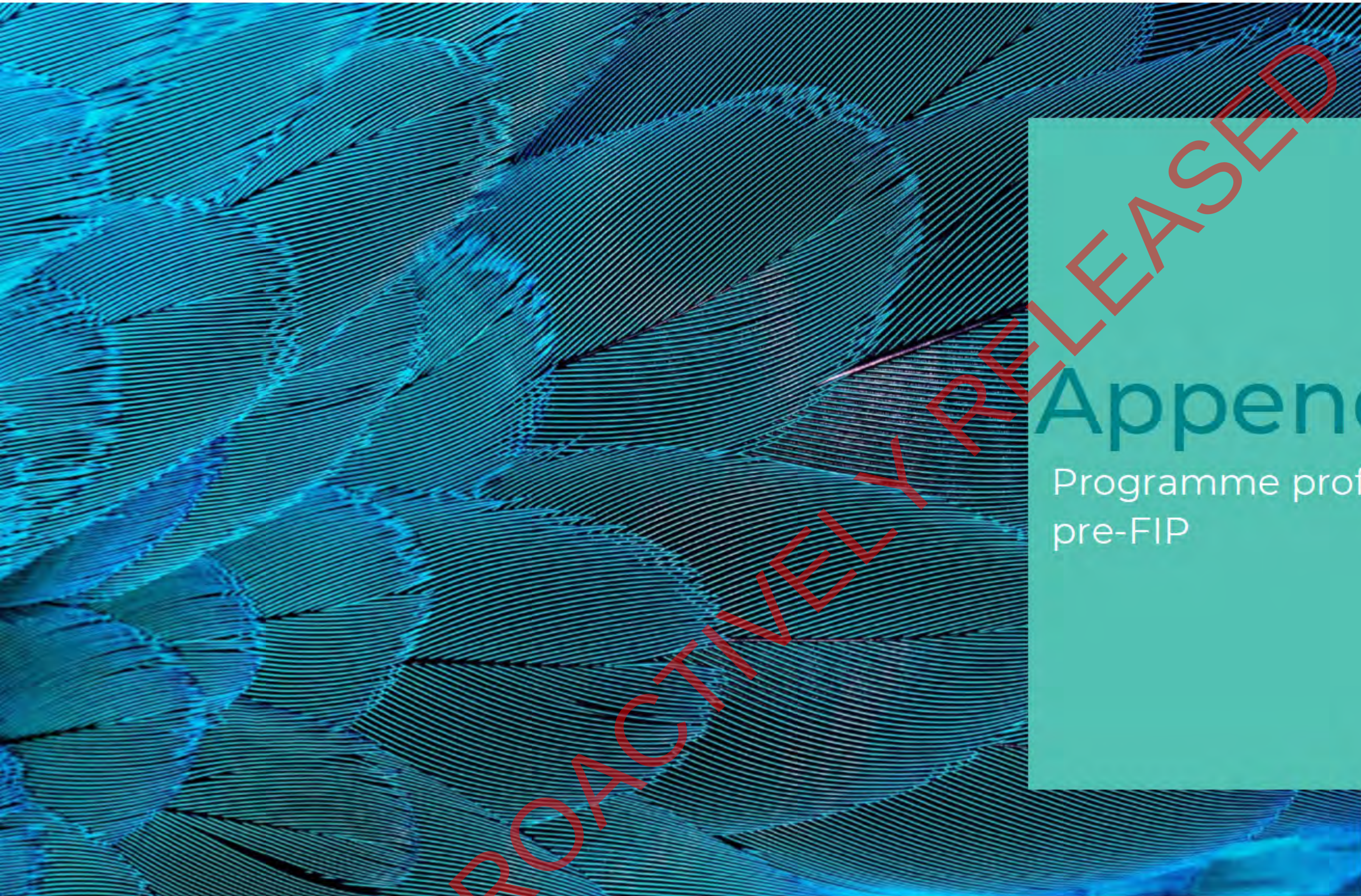

Appendix 1

Programme profitability
pre-FIP

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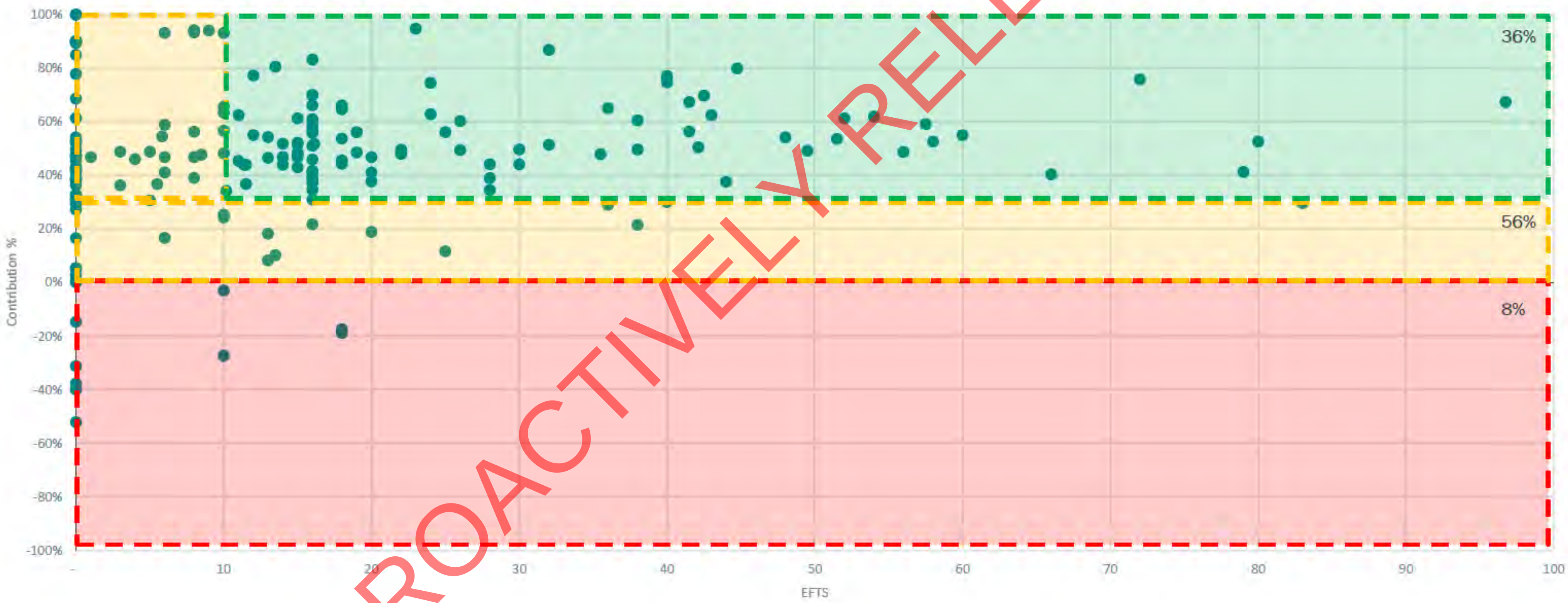
Appendix 1

Programme profitability pre-FIP

TOI-OHOMAI Institute of Technology

The composition of programmes in 2025 (pre-restructuring) was forecast to be 8% of programmes in red (contribution <0%), 56% in amber (<10 EFTS or <30% contribution) with 36% in green (contribution >30%, EFTS >10).

Contribution by programme 2025



Negative margin programmes that should be reviewed for discontinuation

Low margin or low EFTS programmes that should be reviewed for discontinuation if material improvement not achievable

Programmes with high EFTS (>10) and high margin (>30%) that should be reviewed for continuous improvement

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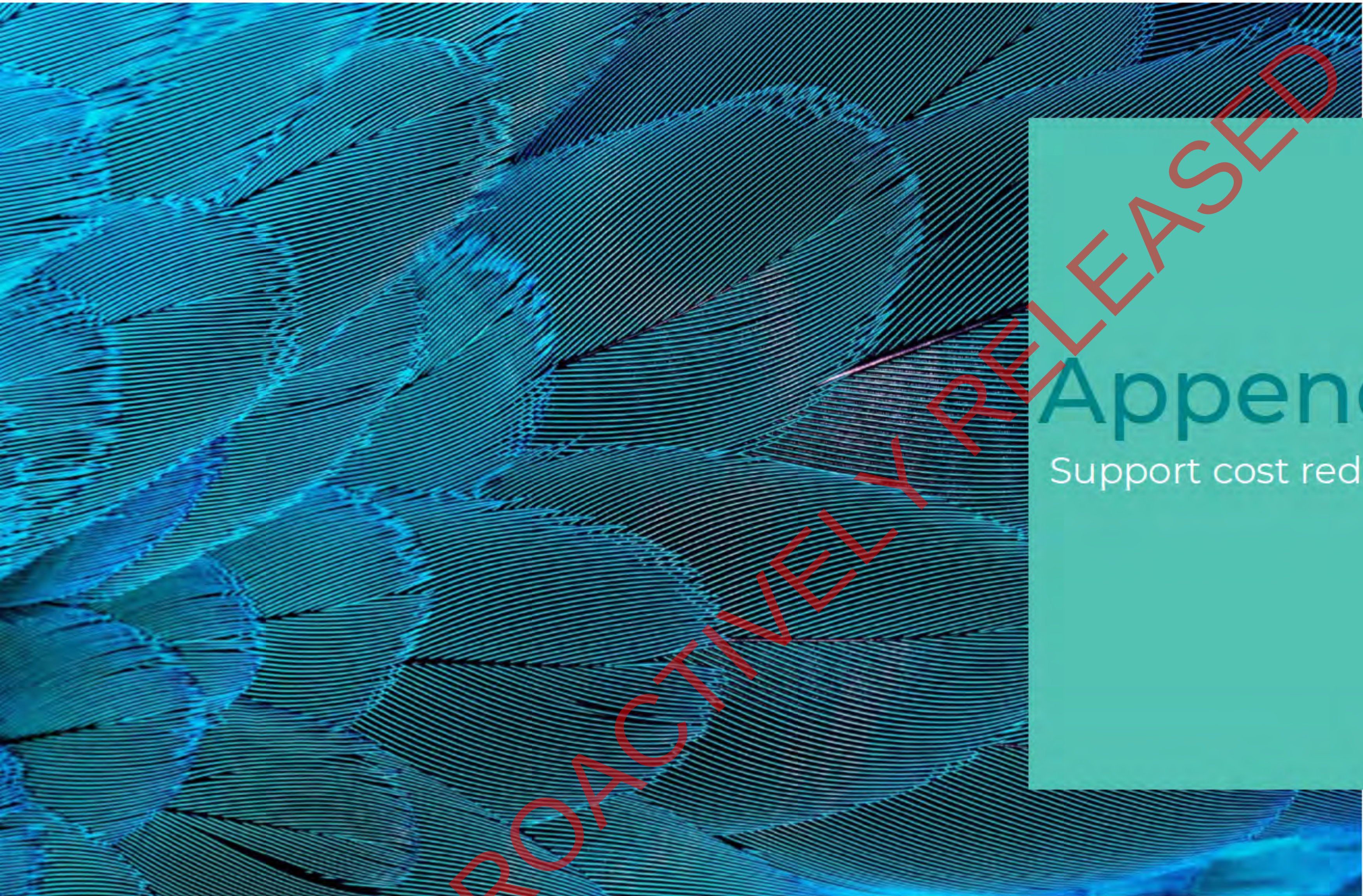

Appendix 2

Support cost redesign

Appendix 2

Support cost redesign

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Scalable cost savings ($0.8 million savings)

- As a result of the reduced mix of provision, a number of costs that are variable to the programme offering will reduce.
- Staff have undertaken a detailed review of some of the scalable costs and identified where current services can be discontinued.
- As noted on page 19, the operating model review reflects further savings in international, Māori success, digital and MPTT. Therefore, the percentage of savings assumed may be challenging.

Scalable costs	Total cost	$000s	*% savings assumed*
IT (digital)	3,462	200	*6%*
Student and learning support	1,604	120	*7%*
Library	910	111	*12%*
Māori Success and MPTT	305	90	*30%*
Café	301	68	*23%*
International	2,617	38	*1%*
Other	1,077	158	*15%*
Total	10,275	784	*8%*

Execution risk:

Facilities ($0.8 million savings)

- The facilities cost centre has a budget of $7.9 million. Staff have indicated that approximately 10% of this budget can be saved through a reduction in property maintenance. However, staff have not identified specifically where the cost savings will be achieved.
- As noted on page 19, separate savings have been identified as part of the Operating Model review. Therefore, additional savings from this budget may be challenging.

Execution risk:

Research ($0.6 million savings)

- The research centre is forecast to receive $0.6 million in funding but has $1.2 million in personnel and other costs forecast in 2025.
- After review of this cost centre, staff have identified areas where research is being undertaken on an unfunded basis. ELT intend to narrow the scope of the research cost centre to areas that are funded in 2025.
- This will result in the cost centre being breakeven and saving $0.6 million.

Execution risk:

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Appendix 2

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Other cost savings ($1.9 million increased cost)

- Staff have identified $0.3 million cost savings in transport. The budget originally reflected 2 separate providers being utilised for both terms. Three specific bus routes will be continued under only one provider for semester 1 2025. This reduced service delivers $0.3 million cost savings.
- Staff have identified s 9(2)(b)(ii) reduction that could be achieved in either the PCW or finance cost centre. This will generate s 9(2)(b)(ii) million savings.
- Toi Ohomai is currently obligated to pay s 9(2)(a) to Worksafe under an enforceable undertaking. For the purposes of the financial forecast, we have reflected this as a non-recurring cost that would not be incurred in a target year.
- Depreciation savings of $0.8 million have been estimated by staff. The 2025 budget factored in a reduction in useful life over some assets. The finance team have reviewed the useful life of these assets and determined they will remain as-is, therefore resulting in a lower depreciation expense.
- Following submission of the early childhood education (**ECE**) budget, an additional $0.2 million of revenue was identified that could be achieved.
- The revenue improvements are detailed as follows:

ECE revenue ($000s)	2025 budget	Revised revenue	*Revenue uplift*
MOE increased funding	1,000	1,100	*100*
Childcare fee rate uplift	200	280	*80*
WINZ increased subsidy	90	120	*30*
Total	1,290	1,500	*210*

- Staff have also undertaken a review of the ECE staff costs and identified s 9(2)(b)(ii) FTEs that could be reduced, providing s 9(2)(b)(ii) million savings.

Execution risk:

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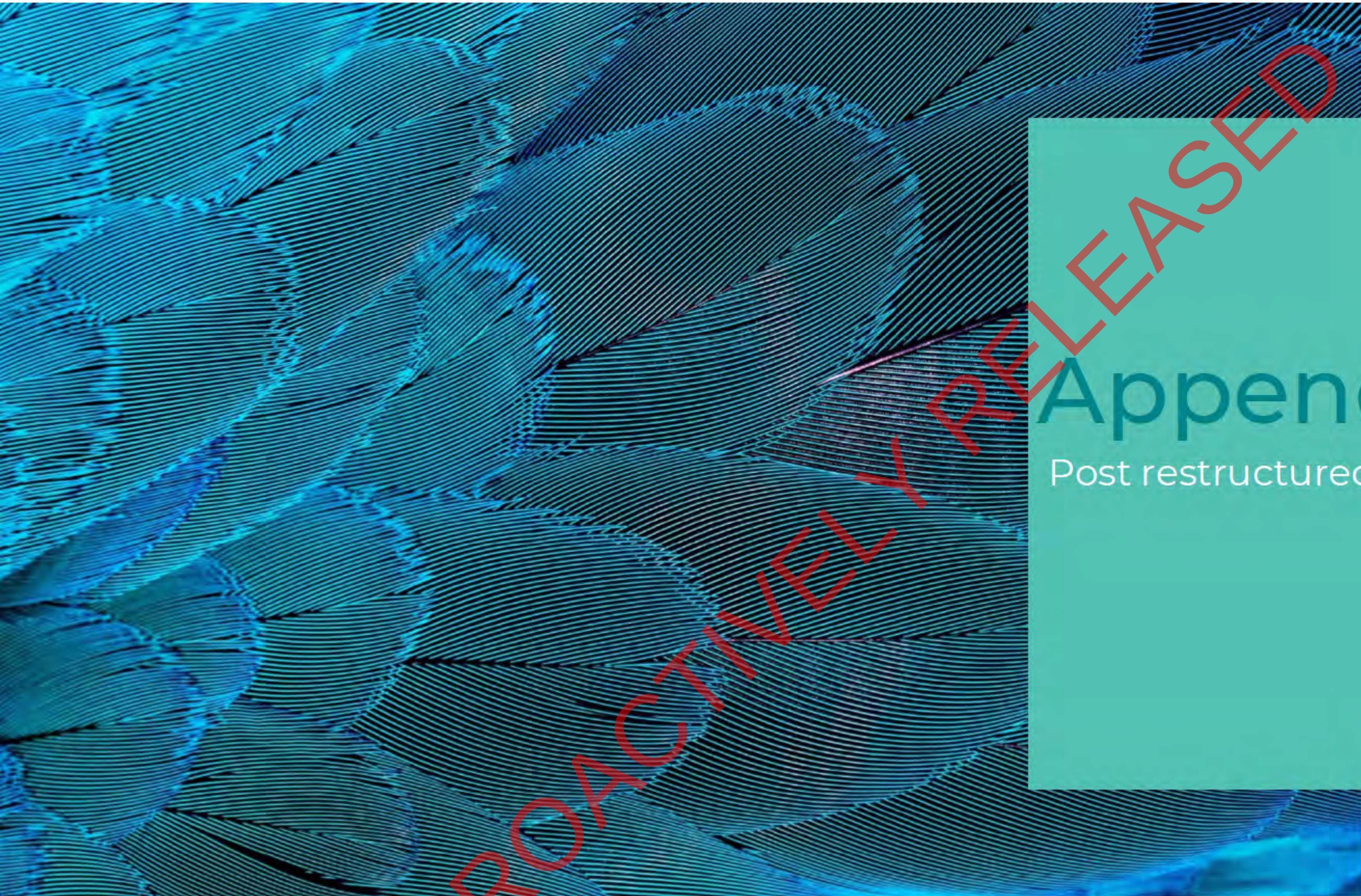

Appendix 3

Post restructured state

Appendix 3

Organisational Structure (post restructuring)

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Implementing the financial improvement initiatives will result in a significantly restructured Toi Ohomai. The organisational structure following these changes is expected to reflect the chart below.

- Executive Leadership Team – 8 FTEs
  - Academic staff – 304 FTEs pre-restructure v 249 post FTEs restructure
    - Nursing – 395 EFTS – 22 FTEs
    - Te Kura Māori – EFTS – 17 FTEs
    - Legal Study – 338 EFTS – 17 FTEs
    - Foundations – 222 EFTS – 14 FTEs
    - Education – 195 EFTS – 16 FTEs
    - Beauty – 152 EFTS – 14 FTEs
    - Business – 157 EFTS – 32 FTEs
    - Tourism – 165 EFTS – 21 FTEs
    - Construction - Trade – 70 EFTS – 27 FTEs
    - Engineering – 78 EFTS – 19 FTEs
    - Other departments – 1,915 EFTS – 50 FTEs
  - Support cost centres – 234 pre v 207 post FTE
    - Learning Support – 19 FTEs
    - People & Culture – 13 FTEs
    - Marketing – 15 FTEs
    - Childcare centre – 17 FTEs
    - Finance – 13 FTEs
    - Facilities – 13 FTEs
    - Other support centres – 125 FTEs
  - Faculty (other) – 65 pre v 53 post FTE
    - 53 FTEs

- In 2024 Toi Ohomai employed 304 FTEs to deliver 163 programmes.
- Post restructuring, 249 FTEs would be required to deliver 127 programmes (55 FTE reduction (18%))

- $2.5 million in support cost centre savings have been identified. This is achieved by a 26 FTE reduction
- Learning Support, Childcare centre and Marketing employ the largest number of FTEs with 19, 17 and 15 FTEs respectively

- 21 Academic Leads
- 13 Faculty Administrators
- 9 Technicians
- 10 Other

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Appendix 4

Key modelling assumptions

Appendix 4

Key modelling assumptions

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By applying the financial improvement initiatives to the budget and overlaying variable assumptions, we have produced a financial forecast for FY25-FY29.

01 2025 budget (input)	02 Financial improvement initiatives	03 Variable assumptions	04 Growth factors	05 Financial forecasts (output)
The 2025 budget was used as the base input to the financial forecast. The 2025 budget was reviewed and approved by Toi Ohomai ELT in June 2024.	The financial improvement initiatives ('initiatives') have been overlaid into the 2025 budget. These initiatives reflect structural changes that will impact revenue and costs.	Following the initiatives, variable assumptions have been identified. Variable assumptions are direct drivers of revenue or cost.	We have incorporated growth factors for forecasting the 2026-2029 PnL and balance sheet. The growth factor for most components is consistent with forecast inflation.	The layers of change in steps 1-5 result in a financial forecast from 2025-2029.
Revenue	• Change to MOP • Revenue retention	• EFTs numbers • Domestic, international and govt. funding per EFT • Interest rate	• Dom. EFTs flat, Intl EFTs 2% • All other revenue components forecast to grow at 2.2% (inflation)	
Expenditure	• Change to MOP • Programme optimisation • Teach out cost • Support cost centre savings	• FTE numbers • Salary per FTE	• All expenditure components forecast to grow at 2.2% (inflation)	
Balance sheet	• Asset disposals and site consolidations • Recapitalisation		• Capex is aligned with Toi Ohomai's forecast IT and property capex spend	

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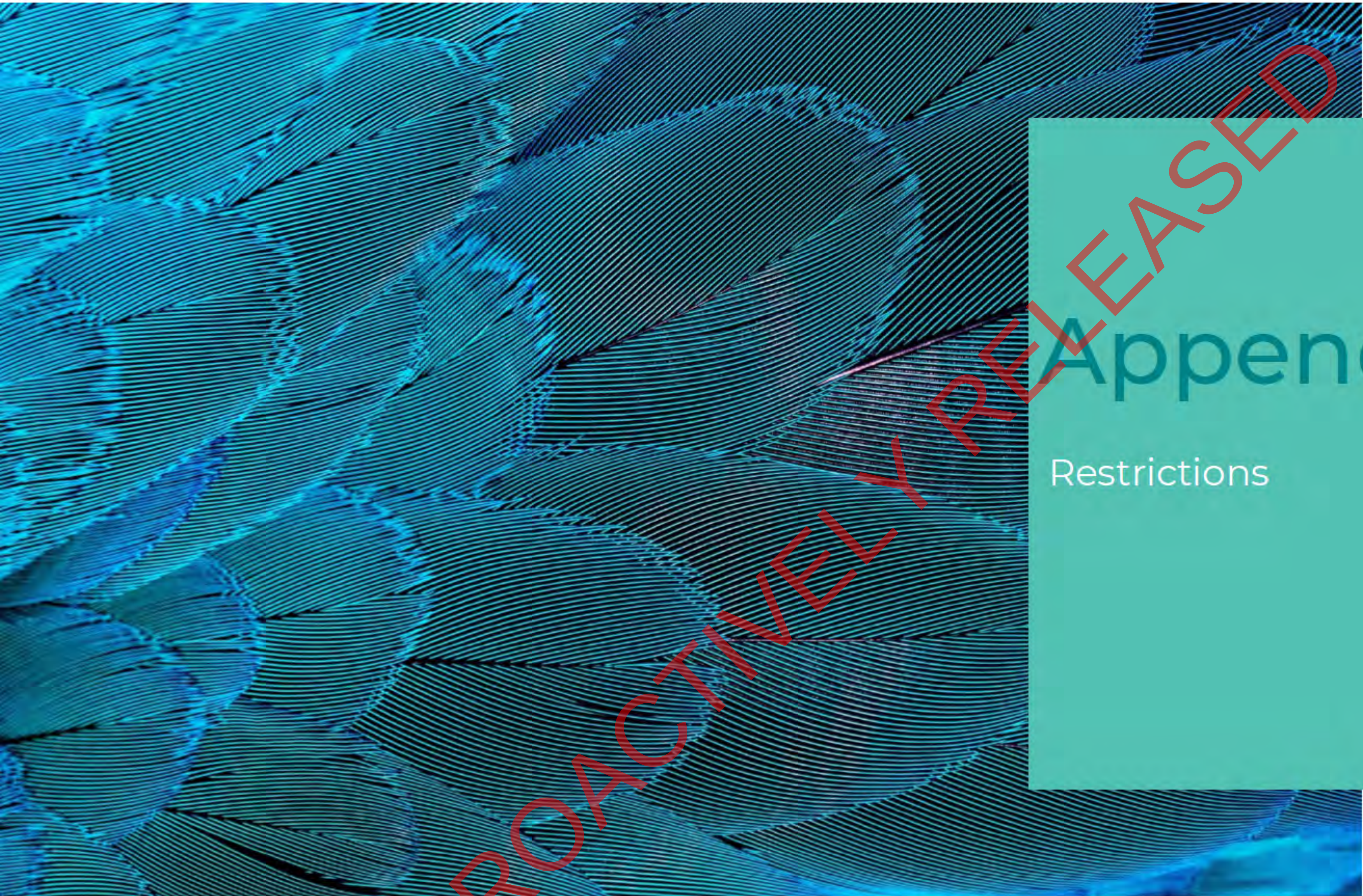

Appendix 5

Restrictions

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Restrictions

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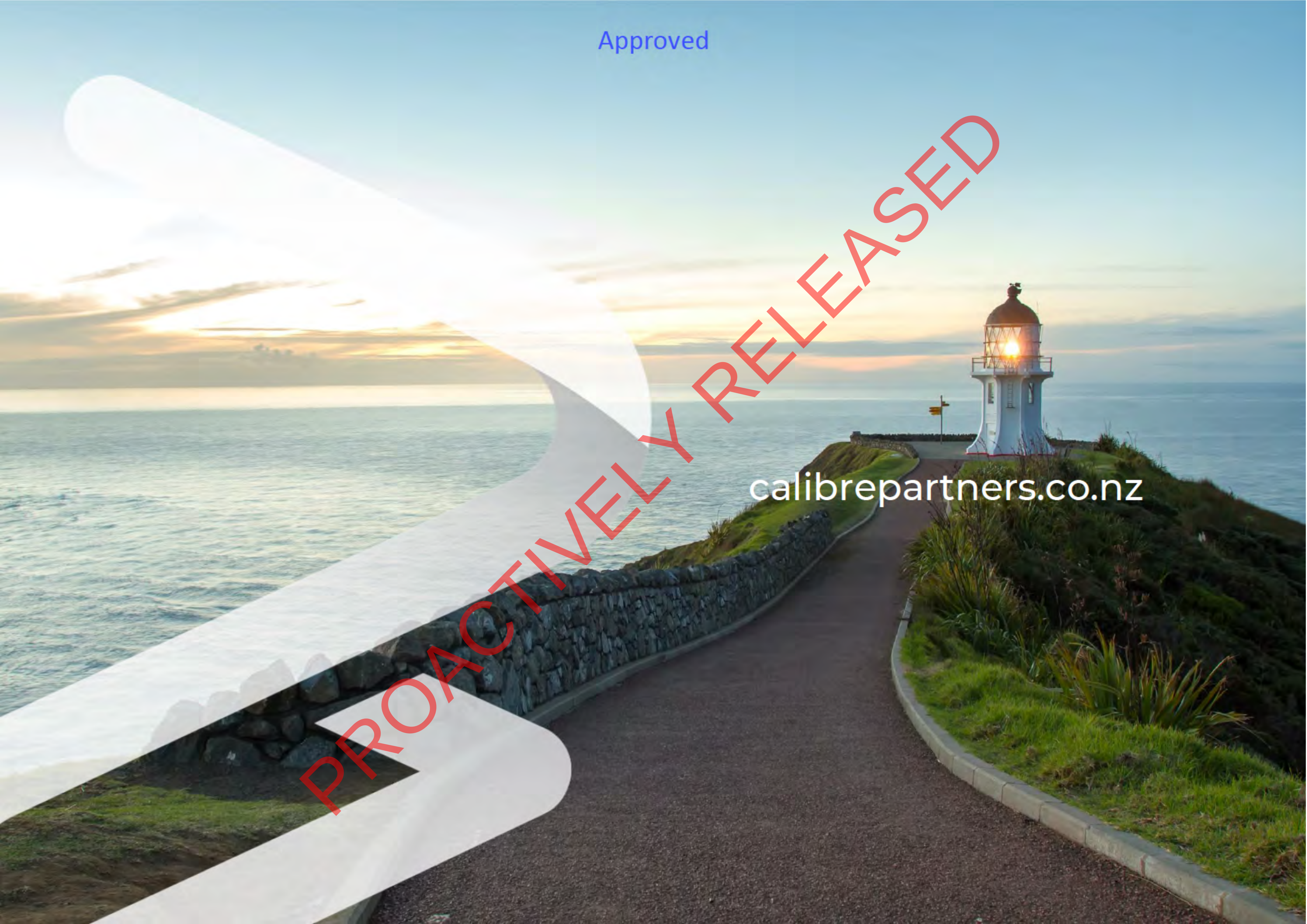
In preparing this report we have relied on information provided to us by others. We have not independently audited or verified that information and express no opinion on its accuracy, completeness or reliability. We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in light of any information existing at the date of this report that becomes known to us after that date.

The information provided to us may include forecasts of future revenues and expenditures, profits and cashflows. Forecasts by their very nature are uncertain, and some assumptions inevitably will not materialise. Therefore actual results achieved may vary significantly from those in any forecasts. the

In addition to the above, this report is submitted pursuant to a CSO that is dated 10 September 2024 and the terms and conditions that are outlined therein.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