

nzist new zealand
institute of
skills and
technology

2025

Annual Report

Te Pūrongo ā-Tau

NZIST – New Zealand Institute of Skills and Technology

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Note: effective 22 October 2025 our legal name changed from Te Pūkenga to New Zealand Institute of Skills and Technology (NZIST). To avoid confusion our new name and branding is used throughout this annual report, but it should be noted that much of the content relates to Te Pūkenga.

Strategic Framework | Te anga rautaki

<p>Our mission</p> <p>Tō tātou tirohanga whānui</p>	<p>All ākonga into great mahi, with the right skills and qualifications, faster, and with less debt.</p> <p>Ka whai huarahi whakahirahira te katoa o ngā ākonga me ngā pūkenga e tika ana, ngā tohu e tika ana, ka rapa te whai, ā, ka iti iho te noho nama.</p>		
<p>Our purpose</p> <p>Tō tātou pūtake</p>	<p>NZIST provides excellent and quality education opportunities that support learners, employers and communities to gain the skills, knowledge and capabilities Aotearoa needs now and for the future. Learners and their whānau are at the centre of all we do.</p> <p>E tuku ana e NZIST ngā huarahi mātauranga hiranga, tino kounga hoki hei tautoko i ngā ākonga, ngā kaitukumahi me ngā hāpori ki te whiwhi i ngā pūkenga, mōhiotanga, āheinga hoki kei te hiahia e Aotearoa i āiane, mō āpōpō hoki. Noho ai ngā ākonga me ō rātou whānau hei pūtake mō ā mātou mahi katoa.</p>		
<p>Our values</p> <p>Ō tātou uara</p>	<p>We reach out and welcome in</p> <p>Manawa nui</p>	<p>We learn and achieve together</p> <p>Manawa roa</p>	<p>We strengthen and grow the whole person</p> <p>Manawa ora</p>
<p>Strategic objectives</p> <p>Hoaketanga ā-rautaki</p>	<p>Support the network to maximise ākonga success, equity and well-being.</p>		<p>Maintain a trusted, and sustainable regional network.</p>
<p>Outcomes</p> <p>Whāinga matua</p>	<ul style="list-style-type: none"> • Ākonga success and employment outcomes improve. • Equity of access and success for priority learners. • Ākonga feel supported and confident in their learning experience. • Rangahau and research is effectively supported. • Employer confidence is maintained. • Consistent quality of education and training across the network. • Quality infrastructure across the network. • Financial performance meets or exceeds budget. 		

Chair and Chief Executive's report

Te pūrongo a te Heamana me te Kaiwhakahaere Mātāmua

We are pleased to present the 2025 Annual Report of the New Zealand Institute of Skills and Technology (NZIST). This report reflects a year of purposeful transition alongside our continued commitment to learners, employers, and communities across the motu.

It was also the year in which we accelerated the work required to prepare NZIST for disestablishment, in response to the Government's decision to establish a new vocational education and training system from 1 January 2026. Our responsibility was to maintain the continuity, quality, and credibility of vocational education and training while positioning our business divisions for success as independent entities.

Viability and transition

Following the Government's announcement in late 2023 of its intention to disestablish NZIST, we worked closely with our business divisions to strengthen their financial readiness to operate as standalone institutes of technology and polytechnics (ITPs), or as work-based learning entities.

From the beginning of 2025, business divisions implemented significant change programmes to improve their viability. These included programme reviews and closures, workforce reductions, property rationalisation, and other cost control measures. These decisions required professionalism and sustained effort from staff across the network. By year end, most ITP business divisions had completed, or were close to completing, the initiatives identified in their viability plans.

NZIST continued to reduce its national office footprint. Permanent and fixed term staffing decreased by approximately 43%, reflecting the disestablishment of some functions and the transfer of others back to the business divisions.

In parallel, we worked with the Tertiary Education Commission and other system partners to design and deliver transition arrangements that minimised disruption for learners and staff. These arrangements enabled the transfer of programmes, training activities, staff, intellectual property, data, IT systems, and other assets to the business divisions transitioning from NZIST. This built on the decentralisation of key functions back to business divisions, that began in 2024.

As a result of this collective effort, ten ITP business divisions and all work-based learning business divisions successfully exited NZIST on 1 January 2026.

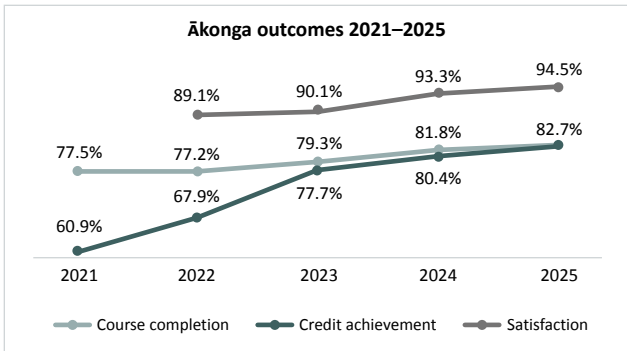
Continuing to deliver

Even with a significant focus on viability and transition we continued to deliver high quality vocational education and training to 215,000 learners and worked alongside 21,600 employers.

Improving international and domestic degree and postgraduate level enrolments, coupled with cost savings made by business divisions as part of their financial viability plans, resulted in a \$58.1M surplus in our Education and Training output (see p.15). However, this improvement was offset by significant unbudgeted disestablishment costs, particularly the decision to exit the Dixon St, Wellington campus, resulting in overall deficit of \$22.3M.

For the third consecutive year learner satisfaction, net promoter, and well-being scores obtained from our national survey have exceeded targets. Alongside positive learner sentiment, course completion and credit achievement also increased for a third consecutive year to reach their highest level under NZIST. This achievement was complemented by record success and participation rates for Māori and Pacific learners, underscoring our commitment to equity.

These are strong results, and the trends are worth highlighting (see figure overleaf) as this is our last annual report reflecting the full complement of business divisions. The success of NZIST in these areas is undeniable and is attributable to the excellent work of our kaimahi to insulate learners from the potential distraction of ongoing sector change, and an unwavering commitment to putting ākonga at the centre of everything we do.



We are incredibly proud of Richard Hope, senior academic staff member in Automotive Trades at Ara, who was awarded the **2025 Te Tohu Kaiako o Te Tau a Te Pirimia | Prime Minister’s Tertiary Educator of the Year**. He was also recognised with a **General Individual Award** in the Diversity and Inclusion category, reflecting his exceptional contribution to inclusive vocational education through leadership and innovation.

Other highlights included the continued growth of the Hangarau Matihiko micro-credential in partnership with Apple, now in its third year, and the final New Zealand Qualifications Authority approval of the Diploma in Enrolled Nursing. Developed collaboratively by eleven

ITP business divisions, the unified programme will enable streamlined learner pathways and seamless transitions across the sector.

International engagement also remained strong, with memoranda of understanding and other agreements signed during Prime Ministerial Trade Missions to India and China, creating opportunities for articulation pathways, joint programmes, research collaboration, and student and teacher exchanges. Another successful ITP Rangahau and Research Symposium showcased the depth and diversity of vocational education research across the sector.

Acknowledgement

2025 was a complex and demanding year for staff across the NZIST network. Business divisions were asked to deliver significant change while continuing to serve learners, employers, iwi partners, and communities. The end of the year also marked the end of an era as we bid farewell to nearly 8,500 kaimahi who transitioned to new entities. Their mahi has been integral to the successes that NZIST has overseen, laying strong foundations for the future vocational education and training system. We are enormously grateful for the professionalism and commitment shown by all our kaimahi over the past six years and wish them all the very best.



Sue McCormack



Gus Gilmore

Sue McCormack
Acting Chair |
 Heamana ō-naianeī,
 NZIST Council

Gus Gilmore
Chief Executive |
 Tumuaki,
 NZIST Council

Governance | Kaitiakitanga

Members of Council | Te Kaunihera

Member	Start date	Term end	Appointed by
Sue McCormack Acting Chair	1 April 2023	31 March 2027	Minister of Education
Sam Huggard	1 April 2020	31 March 2026	Minister of Education
Tagaloatele Professor Peggy Fairbairn-Dunlop	1 April 2021	31 March 2025	Minister of Education
Jordan Gush	4 October 2021	31 December 2025	Interim Learner Committee nomination
Heath Sawyer	4 October 2021	31 December 2025	Interim Staff Committee nomination
Dr Teorongonui (Josie) Keelan	2 November 2021	31 March 2027	Interim Māori Advisory Committee nomination
Jeremy Morley	1 September 2022	N/A	Minister of Education
Bill Moran	1 April 2023	31 March 2027	Minister of Education

Committees of the Council | Ngā Komiti a te Kaunihera

In 2025, NZIST had three committees:

- Appointment and Remuneration Committee
- Finance, Risk and Audit Committee
- Wellbeing and Safety Committee

As required by the Education and Training Act 2020, NZIST Council also had three advisory committees: a staff committee, a students' committee, and a Māori advisory committee. These advisory committees were disbanded in October following enactment of the Education and Training (Vocational Education and Training System) Amendment Act 2025.

Te Poari Akoranga

Te Poari Akoranga is our Academic Committee. In 2025 it was co-chaired by Kieran Hewitson and Deborah Young.

Strategic Objectives Hoaketanga ā-rautaki

01 Support the network to maximise ākongā success, equity and well-being

Ākongā are at the core of what we do. We strive to maximise their outcomes, focusing on the ākongā journey. This objective relates to all ākongā-facing activity and outcomes, including educational and employment success, with a focus on equity and ākongā experience.

Supporting all learners to succeed

In 2025, business divisions assumed local responsibility for implementing strategic initiatives that were previously established and coordinated nationally, as well as beginning to develop their own unique approaches. A concerted shift toward proactive, early-stage intervention was the most prominent theme across the network. Divisions continued to deliver comprehensive induction and "pre-start" programmes designed to bridge the gap between enrolment and active learning. These initiatives focused on setting clear expectations, building digital literacy, and establishing immediate connections with pastoral support to prevent early withdrawal.

Equity initiatives saw a distinct move toward specialised support for neurodiversity and literacy. Recognising that traditional learning methods can be a barrier in trades training, divisions introduced screening tools, reader assistance technology, and dyslexia-friendly resources as standard practice. This was complemented by a deepening

of cultural responsiveness, where the integration of te reo Māori, tikanga, and specific Māori and Pasifika mentoring streams became a core component of the learning environment rather than an add-on.

Furthermore, the network demonstrated a commitment to holistic well-being, particularly acknowledging the isolation often felt by work-based learners. Divisions increasingly deployed face-to-face workshops and virtual study hubs to provide not just technical instruction, but also pastoral care and mental health support.

\$4.6M in funding from Te Whatu Ora was distributed across all business divisions to support mental health services. A total of 16,078 individual learners accessed mental health services throughout 2025, a 27.9% increase from 2024.

A total of 35,765 sessions were delivered in 2025; these were group-based, individual focused, or family/whānau inclusive. Sessions were delivered virtually and/or face-to-face. Of note is that 45.6% of all sessions in 2025 supported ākongā who fall within the 18 to 25 age band.



The impacts of these activities were evident across key Educational Performance Indicators (EPIs), with particularly strong outcomes for priority learners accessing targeted support. Several divisions reported equity gap reductions of 4-6 percent for Māori and Pacific learners, and completion rates for learners accessing holistic supports consistently exceeded 80 percent.

Employment outcomes

To maximise employment outcomes, the network focused on modernising delivery models to better align with industry realities. A major theme was the restructuring of programmes to minimise disruption to the workplace. This involved reducing block courses in favour of on-job assessment and introducing online/digital submissions to speed up result processing. The goal was to respect the employer's commercial needs while maintaining qualification rigor.

Divisions also aggressively targeted workforce diversity to address skill shortages. There were coordinated efforts across the network to build pipelines for underrepresented groups, including women in infrastructure, youth via trades academies, and reintegrating prisoners into the workforce. These initiatives moved beyond simple promotion to include hands-on experience and partnerships with community organisations to remove barriers to entry.

The transition from secondary school to employment was also strengthened through large-scale engagement events. By connecting students directly with employers through expos and micro-credentials, divisions acted as the bridge between education and industry, facilitating immediate apprenticeship and other “earn while you learn” opportunities for school leavers.

Maintain a trusted and sustainable regional network

To ensure the sector is well prepared for upcoming changes, and while NZIST remains a legal entity, we aim to foster a trusted and effective network. Meeting expectations and acting with integrity will help us maintain the trust of sector stakeholders, despite uncertainties about the future.

Financial sustainability and performance

The Vocational Education and Training (VET) Future State programme was successfully completed in 2025. This programme included two financial sustainability workstreams:

- Regional ITP Viability - Financial Improvement Plans (FIP) for each ITP business division were approved and successfully completed within 2025. The FIP achieved financial improvements, generating \$41.9 million of savings in year, with \$78.4 million of annualised savings forecast for 2026.
- WBL Viability – External consultants were engaged to review the financial outlook of each WBL business division to determine whether a FIP was required. Four business divisions progressed plans from mid-year to ensure viable operations were transitioned on 1 January 2026.

The overall financial result in 2025 has been achieved through:

- Growing international EFTS by 7%.
- Growth in domestic enrolments for ITP divisions, particularly at DQ7+ (4%).
- Controlling costs for WBL divisions, especially where enrolments were lower than planned.
- Intensive cost reduction measures including people, programmes and property driven from the Regional ITP Viability project.
- Accounting for the closure of the Dixon Street, Wellington campus at the end of 2025, with additional depreciation and an onerous lease expense to be incurred.

Employer confidence

A significant trend across WBL divisions in maintaining employer confidence was the strategic decision to upskill employers themselves. Recognising that the quality of an apprenticeship relies heavily on the workplace trainer, WBL divisions widely rolled out "Train the Trainer" initiatives. These workshops were designed to equip employers with coaching skills, assessment techniques, and the ability to support diverse learners, thereby transforming them from passive hosts into active educational partners.

Communication strategies also matured, shifting towards high-frequency, data-driven engagement. Divisions reported that regular site visits combined with transparent



progress reporting were key drivers of increased employer satisfaction scores. This proactive account management approach ensured that employers felt supported rather than burdened by the administrative aspects of training.

Regional networking remained a cornerstone of the network's value proposition. By hosting industry-specific competitions and conferences, divisions provided a platform for sectors to celebrate excellence and showcase new technologies. These events served a dual purpose: reinforcing the industry community and visibly demonstrating the quality of the training pipeline to stakeholders.

Rangahau and Research

The momentum and insight gathered from our 2023 and 2024 research reporting was built upon in 2025 through continued locally delivered and network-coordinated targeted interventions and support. We saw success in several external research funding rounds with kaiarangahau and researchers winning and completing research grants from a range of funding sources including Ministry of Business, Innovation and Employment (MBIE), Health Research Council (HRC), the Teaching and Learning Research Initiative (TLRI) and Ako Aotearoa.

We also continued to provide various dissemination opportunities through events such as the ITP Research Symposium and our catalogue of journals. This year's ITP research symposium was hosted over a week through five unique events that included the Pacific Research Stream, the Ika-a-Māui Stream in Hamilton | Kirikiriroa, the

Waiponamu OPSITARA stream in Dunedin | Ōtepoti and a Virtual stream | Ipurangi held online. These events were well attended by kaimahi, industry and wider education partners with over 275 presentations held over the week.

Quality infrastructure

Property

All High Priority Building Programme projects were in progress or complete by end of 2025. The majority of projects were completed, consisting of a range of asbestos clad buildings demolished, roof replacements, and remediation of cladding and seismic issues. Of the two remaining one seismic project is due for completion by March 2026 and one seismic solution is currently in design, with construction beginning 2027, and due for completion in 2029 due to its complexity.

Digital

The Data System Refresh (DSR) Readiness Programme was successfully completed, delivering full compliance for all business divisions against the TEC requirements for submission of the SDR (Single Data Return), reporting and ongoing student data collection.

A central Finance Management Information System (CiAnywhere) and a central Enterprise Performance Management tool (Workday Adaptive) were fully deployed and operational across seven business divisions as planned. A community of practice has been established to provide ongoing governance, knowledge sharing, and coordinated management of these platforms.

Service Performance
Ngā putanga ā-ratonga

Statement of Service Performance 2025

Tauākī tutukitanga ratonga

The strategic direction of NZIST as set out in governing legislation and Ministerial expectations as at the beginning of 2025 is in turn reflected in our Statement of Performance Expectations 2025 (SPE) and Investment Plan 2025. This statement of service performance includes all measures from the 2025 SPE and some additional data to expand upon and provide insight into factors contributing to the primary results. Contextual information relating to our strategic objectives and service delivery approach is presented on pp.8-11.

Appropriation reporting

Support for a single national vocational education institution

The appropriation is intended to enable Te Pūkenga - New Zealand Institute of Skills and Technology to establish and build the core infrastructure to deliver an integrated and collaborative network of vocational education.

The following table shows NZIST appropriations:

All in \$000s	To 30 June 2025		To 30 June 2024	
	Actual	Budget	Actual	Budget
Support for a Single National Vocational Education Institution	0	0	15,000	15,000

How will performance be assessed and End of Year reporting requirements

	To 30 June 2025		To 30 June 2024	
	Actual	Budget	Actual	Budget
Te Pūkenga submits reports that show it is meeting the targets and milestones from its funding agreement with the Crown	N/A	N/A	Achieved	Achieved

Budget figures include adjustments made through the supplementary estimates. The figures presented above are GST exclusive.



Statement of the cost of outputs

The Crown Entities Act 2004 requires that NZIST group performance reporting complies with generally accepted accounting practice in New Zealand (GAAP) and disclose actual revenue and expenses incurred, compared to budget, for each output class.

NZIST activities in 2025 fall into three classes of outputs:

- ▲ Education and training
- Research
- ★ Disestablishment

▲ Output class 1: Education and training	2025		2024	
	Actual	Budget	Actual	Budget
All in \$000s				
Revenue	1,442,693	1,501,885	1,419,196	1,394,010
Expenditure	1,384,631	1,498,969	1,394,020	1,434,216
Surplus/ (Deficit)	58,062	2,915	25,176	(40,206)

■ Output class 2: Research	2025		2024	
	Actual	Budget	Actual	Budget
All in \$000s				
Revenue	9,687	7,871	12,024	8,731
Expenditure	8,692	8,848	12,308	9,427
Surplus/ (Deficit)	995	(977)	(284)	(696)

★ Output class 3: Disestablishment	2025		2024*	
	Actual	Budget	Actual	Budget
All in \$000s				
Revenue	3,620	-	n/a	n/a
Expenditure	84,957	8,000	n/a	n/a
Surplus/ (Deficit)	(81,337)	(8,000)	n/a	n/a

*The *Transformation* output class reported in 2024 was discontinued and replaced with the *Disestablishment* output class via our 2025 SPE. While some of the activities are similar across the two output classes, the differences are sufficient to prevent sensible comparison. For completeness the 2024 results for the *Transformation* output class are presented below.

Output class: Transformation*	2025		2024	
	Actual	Budget	Actual	Budget
All in \$000s				
Revenue	0	0	8,888	11,500
Expenditure	0	0	17,122	64,000
Surplus/ (Deficit)	0	0	(8,234)	(52,500)

These figures are for the period 1 January 2025 to 31 December 2025 (2024: reporting period 1 January 2024 to 31 December 2024) as reflected in the Statement of Comprehensive Revenue and Expense, (p.32).

Performance reporting

The relationship between measures and Output Classes is indicated by the symbols as defined on page 15 (noting that for the *Disestablishment* output, 2024 comparator results were delivered under the previous *Transformation* output). 2024 comparator data reflects previously published results where available. Where new measures or methodologies have been added in 2025, no 2024 comparator is available – see *Measurement* on page 24. Certain measures relate specifically to learners studying at business divisions that were formerly ITPs (provider-based) or ITOs (work-based). SAC EFTS (Student Achievement Component Equivalent Full-Time Student) relates to provider-based learners only – although this funding mechanism has been replaced, it was used in our 2025 SPE measure definitions. STM (Standard Training Measure) and ITR (Industry Training Register) funding relates to work-based learning only. For measures not defined by TEC, method of calculation is provided in *Performance measure disclosure statements* (pp.25-26).

Objective 1: Support the network to maximise ākongā success, equity and well-being.				
Measure	2024 Actual	2025 Target	2025 Actual ¹	Commentary
▲ Participation – proportion of learners in priority groups:				While overall targets were not met, it is encouraging that Māori and Pacific learner participation increased on 2024, reaching an all-time high and reflecting the third consecutive annual increase in these measures. Disabled learner participation was slightly below target and the previous year. This result should be considered in light of advice from the data provider, Tertiary Education Commission (TEC), that limitations within its online reporting tool resulted in a significant number of records being returned with “Unknown” disability status, and therefore excluded from the calculation. Note: as per the methodology defined by TEC, an individual learner may be counted in the results for more than one priority group.
Māori learners	22.1%	24.0%	22.4%	
Pacific learners	9.6%	10.2%	9.8%	
Disabled learners	7.7%	7.5%	7.4%	
▲ Ākongā satisfaction with experience	93.3%	Maintain 2024 result	94.5%	All key metrics from ākongā surveys have improved on 2024 results, continuing a 3-year trend of outstanding outcomes in this area. These results are attributable to the excellent work of business divisions assuming responsibility for investments in learner success and engagement previously coordinated nationally.
▲ Ākongā well-being	92.3%	Maintain 2024 result	92.9%	
▲ Ākongā Net Promoter Score	34.8	Maintain 2024 result	37.9	
				Total size of the cohort undertaking learner surveys in 2025: n=227,728, while the total number of respondents n=36,295. Overall response rate is consistent with 2024 (15.9%). Nil and false rate <0.1%. Margin of Error 0.48% Confidence level of 95%
▲ Ākongā retention	82.6%	Maintain 2024 result	82.6%	A stable result is pleasing in light of national economic conditions in 2025 and counter-cyclical changes in enrolment and participation between WBL, and campus-based and online learning.
▲ Graduate employment rate:				While targets were not met, the reduction in employment rates is consistent with national economic conditions in 2025.
Provider-based	60%	Maintain 2024 result	55%	
Work-based	82%	Maintain 2024 result	81%	

¹Educational performance and enrolment data provisional only – see *Measurement* on p.24.

Objective 1: Support the network to maximise ākonga success, equity and well-being.

Measure	2024 Actual	2025 Target	2025 Actual ¹	Commentary
▲ Course completion (SAC funded):				<p>Targets were not set at the “Rohe” level for course completion and credit achievement – results are provided for comparison to 2024.</p> <p>Impressively, overall course completion and credit achievement exceeded targets, reaching all-time highs under NZIST and reflecting the third consecutive annual increase in these measures.</p> <p>Māori and Pacific success has also shown continued improvement, with equity rates reaching all-time highs under NZIST, although not reaching targeted levels. Equity measures the difference in course completion or credit achievement for Māori and Pacific learners compared with the non-Māori and non-Pacific cohort.</p> <p>We attribute these improvements in learner success to the range of long-term, national initiatives instigated by NZIST and continued locally by business divisions in 2025.</p>
All learners	81.8%	79.6%	82.7%	
Rohe 1 ²	83.9%	n/a	84.7%	
Rohe 2	81.9%	n/a	83.6%	
Rohe 3	79.7%	n/a	83.2%	
Rohe 4	85.7%	n/a	87.1%	
Māori learners	75.0%	75.0%	77.2%	
Pacific learners	74.5%	74.0%	77.2%	
Non-Māori and non-Pacific	84.9%	82.0%	85.3%	
▲ Equity in course completion (SAC funded):				
Māori learners	-9.9%	-7.0%	-8.1%	
Pacific learners	-10.4%	-8.0%	-8.1%	
▲ Credit achievement (ITR funded):				
All learners	80.4%	81.0%	82.7%	
Rohe 1	80.0%	n/a	81.0%	
Rohe 2	79.9%	n/a	79.9%	
Rohe 3	79.6%	n/a	85.8%	
Rohe 4	82.4%	n/a	85.5%	
▲ Equity in credit achievement (ITR funded):				
Māori learners	-13.8%	-7.0%	-13.0%	
Pacific learners	-13.4%	-8.0%	-12.4%	
▲ Cohort-based programme completion (ITR funded)	57.7%	65%	53.6%	<p>The 2025 cohort-based programme completion rate measures completion of 2020 New Zealand Apprentices, 2022 Industry Trainees at Level 4 and above, and 2023 Industry Trainees at Levels 1-3. Many of these cohorts suffered disruption from COVID-19, both through interrupted employment and training and assessment disruptions. These factors continue to be a factor in programme completions.</p>

¹Educational performance and enrolment data provisional only – see Measurement on p.24.

²Rohe 1: Auckland and Northland regions, Rohe 2: Bay of Plenty, Gisborne, Hawke's Bay and Waikato, Rohe 3: Manawatu- Wanganui, Marlborough, Nelson, Taranaki, Tasman and Wellington, Rohe 4: Canterbury, Otago, Southland and West Coast.

Objective 2: Maintain a trusted and sustainable regional network.				
Measure	2024 Actual	2025 Target	2025 Actual ¹	Commentary
■ Research staff productivity	52%	Maintain 2024 result	55%	<p>This research productivity measure provides a two-year perspective on research outputs for kaiako across the fourteen business divisions of NZIST that delivered degree-level programmes or higher in 2025. Six business divisions improved their research productivity, six remained stable, and two experienced a decline, leading to a 3% increase overall.</p> <p>The net result was that 788 kaiako produced at least two verified outputs across 2024 and 2025, 109 more than in the 2023-2024 period. This is a sizeable improvement in research productivity compared to the previous period.</p>
★ Employers Net Promoter Score	33	23.0	22	<p>Employer NPS reflects survey of employers with training agreements for formalised, work-based training provided by WBL divisions.</p> <p>Employers’ propensity to recommend business divisions has decreased, likely reflecting uncertainty in the sector due to vocational training reform.</p> <p>While not all WBL divisions participated in the 2025 survey, 71% of all WBL employers were surveyed (n=15,359), which we consider a representative sample. For NPS questions the response rate was 8% (n=1,260). Margin of error 3% and confidence level 95%.</p>
▲ No. of employers entering training agreements	24,136	29,000	21,632	<p>The decline in employers entering training agreements is consistent with the reduction in work-based learners seen across the sector over the past 3 years. This reflects the counter-cyclical enrolment trend between work-based and provider-based training in response to national economic factors.</p>
▲ Consistency in course completion and credit achievement across regional groups:				<p>Consistency of outcomes across regions and WBL divisions is within acceptable limits (albeit slightly outside target for credit achievement). This indicates that learners received comparable quality of teaching and learning across all NZIST divisions.</p>
Course completion	2.2%	Standard deviation of 2% (or less)	1.5%	
Credit achievement	1.1%		2.6%	
★ Completion of digital key systems	n/a	Completion of FMIS, EPM and DSR projects	Achieved	<p>The Data System Refresh (DSR) Readiness Programme was successfully completed, delivering full compliance for all 24 business divisions against the TEC requirements for submission of the SDR (Single Data Return), reporting and ongoing student data collection.</p> <p>A central Finance Management Information System (CiAnywhere) and a central Enterprise Performance Management tool (Workday Adaptive) are now fully deployed and operational across seven business divisions, as planned. A community of practice has been established to provide ongoing governance, knowledge sharing, and coordinated management of these platforms.</p>

¹Educational performance and enrolment data provisional only – see Measurement on p.24.

Objective 2: Maintain a trusted and sustainable regional network.				
Measure	2024 Actual	2025 Target	2025 Actual ¹	Commentary
★ High Priority Building Programme projects completed or in progress as per funding agreement	11	9	9	Most projects are complete consisting of a range of asbestos clad buildings being demolished, roof replacements, and remediation of cladding and seismic issues. Of the two in progress there is one seismic project due for completion March 2026 and one seismic solution currently in design, with construction beginning 2027.
▲ Achieve delivery targets (EFTS):				<p>Pleasingly overall delivery was very close to target with overs and unders reflecting the significant breadth of the NZIST portfolio of programmes.</p> <p>International numbers continued to grow steadily reflecting the increased confidence in business division offerings and the status of NZ education generally. Generally international enrolments were in degree level and higher qualifications.</p> <p>Domestic degree level enrolments have also steadily increased, reflecting pipeline growth from previous years but also significant first year intakes in 2025, a trend observed in other tertiary sectors too.</p> <p>Notably, domestic work-based delivery did not hit targeted levels as employment and general economic conditions tightened. However, as seen in the provider-based delivery result it is not unusual for a 'swing' towards retraining during such times. The ability of NZIST to 'flex' and adjust within its own funding portfolio for such conditions was a particularly positive outcome of a unified network.</p> <p>Foundation level enrolments continued to increase during the year, and some additional funding support was made available. However, requests from divisions for further funding in levels 1-2, YG and MPTT suggest that further delivery would have been possible if funding matched demand.</p>
Overall	92,792	91,729	91,102	
International	6,875	6,937	7,344	
Domestic	85,917	84,792	83,758	
DQ7+	16,265	16,330	16,966	
Youth guarantee	1,033	1,038	993	
DQ1-2	3,063	2,522	2,885	
DQ3-7 Provider Based (incl Extramural)	28,812	28,769	29,490	
DQ3-7 Work Based	33,220	33,204	30,021	
Other	3,524	2,929	3,403	
■ Total research revenue	\$12,024K	\$7,871K	\$9,687K	Although less than 2024, research revenue for 2025 exceeded expectations by 23%. This demonstrates the continued strength of rangahau and research within NZIST, underpinning the productivity gains achieved in 2025. Overall, this is a very positive result, especially given disestablishment activity, financial sustainability pressures and the significant reduction in public funding for research in recent years.
▲ Total international revenue	\$136.1M	\$163.0M	\$154.0M	The 2025 budget planned an ambitious 19% lift on 2024, continuing the push towards pre-COVID EFTS and revenue. Strong growth was evident for most business divisions, 13% overall, creating a strong pipeline for continued growth in 2026.
★ Overall financial result	\$16,658K	(\$6,062K)	(\$22,280K)	NZIST Group deficit reflects the impact of \$81.3 million of mostly unbudgeted disestablishment activities as shown in the <i>Statement of the cost of outputs</i> on page 15. The Education and Training output surplus has grown from \$25.2 million in 2024 to \$58.1 million in 2025.

¹Educational performance and enrolment data provisional only – see Measurement on p.24.

Statutory statements

<p>The extent to which the Council has eliminated unnecessary barriers to the progress of students; and</p> <p>the extent to which the Council has avoided the creation of unnecessary barriers to the progress of students; and</p> <p>an account of the extent to which the Council has developed programmes to attract students from groups in the community that are under-represented in the institution’s student body or disadvantaged in terms of their ability to attend the institution.</p>	<ul style="list-style-type: none"> • Learner Success Plan (LSP) and National Disability Action Plan (NDAP) activities were devolved to the business divisions in 2025. • 557 activities were either completed or in progress across 24 business divisions. • Activities were aligned to 5 strategic focus areas: <ul style="list-style-type: none"> • Priority learners • Holistic well-being • Cultural responsiveness • Learning support • Financial hardship • Measurable improvements were evident across key Educational Performance Indicators (EPIs), with particularly strong outcomes for priority learners accessing targeted support. Several divisions report equity gap reductions of 4-6 percentage points for Māori and Pacific learners, and completion rates for learners accessing holistic supports consistently exceeding 80%. • Participation rates for priority learners reached all-time highs in 2025.
<p>Summary of equal employment opportunities programme for 2025.</p>	<p>Council devolved responsibility for EEO programmes back to the business divisions in 2024 and this continued in 2025. Local EEO programme focus areas include:</p> <ul style="list-style-type: none"> • Remuneration and recruitment practices • Leadership capability • Embedding EEO into policies • Enabling equity and inclusion in everyday work • Building cultural competency • People and Culture team capability
<p>Account of the extent to which the Council was able, during the year to which the report relates, to meet the equal employment opportunities programme for that year.</p>	<p>Satisfactory progress has been made in meeting local EEO programmes. Highlights include:</p> <ul style="list-style-type: none"> • Equity and inclusion training for People and Culture kaimahi • Unconscious bias training and other relevant EEO training programmes • Inclusion of EEO themes in staff surveys

Educational Performance Indicator Commitments (EPIC)

The following table represents our full EPI commitments for 2025 as agreed with TEC. While the EPIC in its entirety is not formally included in our SSP, there are several measures that were included in our 2025 SPE as indicated in the table below and that are therefore presented in the SSP tables above. We include the full table here as a supplement to our SSP.

Performance Indicator	2024 Actual	2025 Target	2025 Actual	Included in SPE measures (Y/N)
First year retention rate:				No – replaced with overall ākongā retention measure
Levels 4 to 7 (non-degree):				
Non-Māori and non-Pasifika	66.8%	66.0%	63.5%	
Māori	55.4%	59.0%	46.7%	
Pasifika	44.1%	59.0%	44.4%	
Level 7 degree:				
Non-Māori and non-Pasifika	77.4%	71.0%	78.1%	
Māori	68.8%	63.0%	69.7%	
Pasifika	68.7%	64.0%	68.9%	
First-year apprenticeship retention:				
All	70.0%	79.0%	70.9%	
Māori	66.8%	78.0%	67.3%	
Pasifika	64.2%	74.0%	69.0%	
Course completion (SAC funded):				Yes
Non-Māori and non-Pasifika	84.9%	82.0%	85.3%	
Māori	75.0%	75.0%	77.2%	
Pasifika	74.5%	74.0%	77.2%	
Credit achievement:				Yes – All levels only
All	80.4%	81.0%	82.7%	
Māori (level 4 and above)	72.4%	62.0%	76.0%	
Pasifika (level 4 and above)	71.7%	70.0%	74.3%	
Provider-based expected number of graduates at level 1 to 3:				No
Non-Māori and non-Pasifika	8,174	11,000	8,905	
Māori	3,841	5,171	4,564	
Pasifika	1,398	1,552	1,615	

Performance Indicator	2024 Actual	2025 Target	2025 Actual	SPE measure
Work-based programme completion:				Yes – All levels only
All levels:				
All	57.7%	65.0%	53.6%	
Māori	51.7%	64.0%	48.8%	
Pasifika	54.5%	64.0%	50.8%	
Levels 1 to 3:				
All	62.8%	67.0%	72.1%	
Māori	57.8%	67.0%	67.7%	
Pasifika	60.2%	67.0%	68.9%	
Levels 4 and above:				
All	52.8%	68.0%	45.0%	
Māori	44.2%	66.0%	37.8%	
Pasifika	46.2%	66.0%	38.1%	
Proportion of total SAC eligible EFTS at level 1-3:				
Non-Māori and non-Pasifika	56.8%	56.5%	56.6%	
Māori	33.7%	32.0%	33.7%	
Pasifika	12.5%	12.0%	12.9%	
Proportion of total SAC eligible EFTS at level 4-7 (non-degree):				No
Non-Māori and non-Pasifika	72.6%	71.0%	72.1%	
Māori	19.7%	21.0%	20.6%	
Pasifika	9.3%	10.0%	9.2%	
Proportion of total SAC eligible EFTS at level 7 degree:				No
Non-Māori and non-Pasifika	71.6%	69.0%	71.2%	
Māori	17.9%	20.0%	18.2%	
Pasifika	12.3%	13.0%	12.4%	

Performance Indicator	2024 Actual	2025 Target	2025 Actual	SPE Measure
Proportion of total SAC eligible EFTS at level 8-10:				No
Non-Māori and non-Pasifika	78.0%	76.0%	74.5%	
Māori	13.2%	15.0%	15.9%	
Pasifika	9.5%	11.0%	10.5%	
Work-based learning participation rates at level 4 and above:				No
Māori	19.1%	25%	18.7%	
Pasifika	8.0%	8%	8.0%	
Under 25	43.8%	20%	49.0%	
Progression rate from levels 1-3:				No
Non-Māori and non-Pasifika	37.8%	41.0%	37.0%	
Māori	39.6%	41.0%	37.4%	
Pasifika	33.9%	41.0%	33.1%	
The amount of external research income earned (\$M)	12.0	7.9	9.69	Yes
The number of international student EFTS	6,875	8,800	7,344	Yes
The number of research degrees completed	80	170	158	No

Note: all educational performance and enrolment data is provisional – see Measurement on p.24.

Statement of Service Performance policies, critical judgements and assumptions

Reporting entity

This Statement of Service Performance is prepared for NZIST group for the year ended 31 December 2025. This statement was authorised by NZIST Council on 30 April 2026.

The relevant legislation governing the requirement of the reporting of NZIST service performance is the Education and Training Act 2020 (s.306) and the Crown Entities Act 2004 (ss.150 - 156).

NZIST is a Tertiary Education Institution. Its purpose is to perform its legislated functions in the vocational education and training sector, giving effect to its Charter (now repealed) for the benefit of communities and Aotearoa New Zealand. NZIST is designated as a public benefit entity (PBE) for financial reporting purposes.

No significant activities were undertaken by divisions of the NZIST group.

Basis of preparation

Statement of compliance

The Statement of Service Performance for NZIST has been prepared in accordance with the requirements of the Education and Training Act 2020 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The Financial Statements and Statement of Service Performance have been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period.

Critical reporting judgements, estimates and assumptions

Detailed disclosures as they relate to individual performance measures can be found in the Performance measure disclosure statements.

Output class selection

Prior to 2023, due to complexities associated with transition to one organisation, NZIST elected to report activities under a single output class – Teaching and Learning. In our 2023 SPE we broadened this classification to include two additional classes: Research and Establishment and Transition. In 2024, the Establishment and Transition output class was amended to Transformation, capturing activities funded via Vote Education budget appropriations. In 2025, this was further amended to 'Disestablishment' aligned with Government decisions to disestablish NZIST.

Performance measure selection

During 2024, a process was carried out by NZIST Council, executive leadership and subject matter experts to identify performance measures underpinning a simplified strategic framework, based around two strategic objectives for 2025. This process aimed to identify appropriate objectives and performance measures in the context of the Government intention to disestablish NZIST.

The performance measures include both quantitative and qualitative methods of measuring progress towards the key objectives and intended outcomes. These are coupled with a range of Educational Performance Indicators (EPIs) that cover the 2025 period, which were issued by the Tertiary Education Commission (TEC) as part of the investment planning process. The selected measures and targets were defined in NZIST Statement of Performance Expectations 2025.

While our 2025 performance measures cover similar areas to that of our 2024 Annual Report, comparability and consistency between the two is not possible for some measures as they have been refined, discontinued, or added as new (see Performance measure disclosure statements, pp.25-26) given the Government's intentions.

Measurement

Actuals provided are based on data currently available. In the case of EPIs and learner numbers/EFTS final 2025 actuals are confirmed by TEC following the April 2026 SDR and after the statutory deadline for the preparation and audit of the Statement of Service Performance. We therefore follow the convention of providing provisional results (as at February 2026) to maintain consistency and comparability with previous Annual Reports.

For consistency, 2024 comparator data reflect the previously published provisional result for measures reported in 2024. For measures not previously reported, the 2024 comparator data, where available, reflects the finalised 2024 result.

Since many of our performance measures reflect commitments set by the TEC, we have adopted TEC definitions where applicable. For measures not related to TEC performance commitments, definitions have been provided by internal subject matter experts (see *Performance measure disclosure statements*). EPI measures include only those learners reported by business divisions to TEC via Single Data Return (SDR) or Industry Training Register (ITR) data collection processes.

For Learner and Employer surveys we used online tools (i.e. SurveyMonkey) that implied their standard digital service limitations and feature set design choices.

Aggregation

In presenting our service performance information for 2025, we have applied the PBE FRS 48 standard. Our Service Performance Information is contained in the Statement of Service Performance on pages 14-26. Our performance measures are grouped under the two NZIST Strategic Objectives as outlined in our 2025 SPE. This grouping helped ensure alignment between performance commitments, key areas of activity in 2025 and government intentions for the future of the sector.

Performance measure disclosure statements

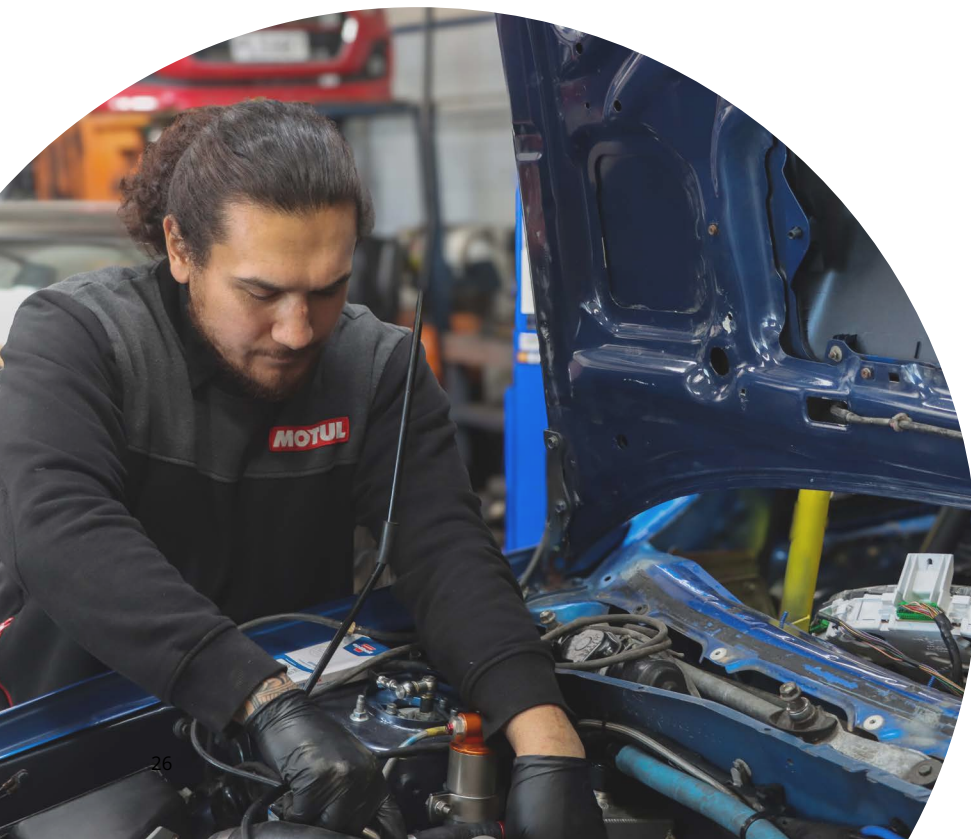
The following table indicates changes to performance measures from the last annual report and, for unchanged measures, provides information on the basis of measurement for non-TEC defined measures.

Measure	Status relative to 2024	Disclosure statement
Ratio of learners in delivery modes	Discontinued	Due to devolution of decision-making back to business divisions. 2024 result was Work-based 40%, Provider-based 40%, and Extramural 22%.
NZQA quality assurance evaluation (modified EER)	Discontinued	Removed from 2025 SPE due to no planned evaluations by NZQA. No result in 2024.
Staff engagement score	Discontinued	Due to devolution of decision-making back to business divisions. No result in 2024.
Staff retention	Discontinued	Due to devolution of decision-making back to business divisions. 2024 result was 87%.
Māori partners satisfaction	Discontinued	Due to devolution of decision-making back to business divisions. No result in 2024.
Te Tiriti o Waitangi Excellence action plans	Discontinued	Due to devolution of decision-making back to business divisions. No result in 2024.
Total domestic EFTS	Updated	Removed as a discrete measure from 2025 SPE and included under "Achieve delivery targets".
Consolidation of digital key systems	Updated	Changed in 2025 SPE to "Completion of digital key systems", reflecting planned completion of FMIS, EPM and DSR projects in 2025. 2024 result was "achieved".
Research staff productivity	Unchanged	Proportion of degree and postgraduate teaching staff (FTE) that produce at least two verified outputs across the previous two years (2024-2025 in this case).
Employers Net Promoter Score (NPS)	Unchanged	<p>Net Promoter Score is a measure of the customer experience and is an indicator of the likelihood of business growth through word of mouth. Calculated using data from division employer survey questions, respondents are asked how likely they are to recommend the business. The NPS score represents consolidated score of the % promoters minus % detractors.</p> <p>Employer NPS reflects employers engaged via our WBL divisions. These divisions undertake formalised annual employer surveys that allow consolidation into an overall NPS score and represent most employers participating in learner training in the workplace during the year.</p> <p>While many campus-based divisions also undertake some work-based delivery they either do not regularly survey employers, or their survey methodology is not conducive to consolidation, and/or their survey data is not readily available for consolidation. Work was underway to improve divisional coverage of the employer survey but was discontinued due to the Government's intention to disestablish NZIST.</p> <p>The following business divisions contributed data to the consolidated NPS score in 2025: BCITO, MITO, Connexis, Competenz, and Earnlearn.</p>
Graduate employment rate	Unchanged	Employment rate of 2024 graduating learners in any field post one year of graduation. Data is sourced from the Integrated Data Infrastructure (IDI) and compared with TEC graduate employment models.
Ākonga retention	Unchanged	The percentage of ITP learners that started their enrolment in a reporting year who did not withdraw from their programme of study.

Measure	Status relative to 2024	Disclosure statement
No. of employers entering training agreements	Unchanged	Distinct number of employers in training agreements with work-based delivery within a given year.
Consistency in course completion and credit achievement across regional groups	Unchanged	Standard deviation of course completion and credit achievement across Rohe 1-4.

Each of the following measures draws on data from twice-yearly network-wide learner surveys. The survey was sent to all enrolled learners, excluding short courses, training schemes, trades academy, off-shore programmes, and any other normal exclusions applied by individual business divisions.

Ākonga satisfaction	Unchanged	Based on a Likert scale and signals the percentage of overall agreement with the following statement: "Overall, I am satisfied with my experience".
Ākonga well-being	Unchanged	Calculated from responses to eight questions, each representing a different dimension of well-being. Each question uses a 6-point Likert scale, ranging from strongly agree to strongly disagree (with no neutral response option). The sum of "Strongly Agree", "Agree," and "Slightly Agree" responses across the eight well-being questions is used as the numerator, while the denominator is the sum of all responses to the eight questions.
Ākonga Net Promoter Score	Unchanged	An indicator of learner sentiment, learners are asked how likely they are to recommend their provider. Calculated by subtracting the percentage of detractors from the percentage of promoters.



Financial Performance
Ngā whakatutukitanga ā-pūtea

Independent Auditor's Report

To the readers of the New Zealand Institute of Skills and Technology and Group's annual financial statements and performance information for the year ended 31 December 2025

The Auditor-General is the auditor of the New Zealand Institute of Skills and Technology (NZIST, formerly known as Te Pūkenga) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, JR Smail, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- The annual financial statements of NZIST and the Group that comprise the statement of financial position as at 31 December 2025, the statement of comprehensive revenue and expense, 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 on pages 32 to 104, which have been prepared on a disestablishment basis; and
- The performance information that consists of:
 - Group's statement of performance for the year ended 31 December 2025 on pages 14 to 26; and
 - the end-of-year performance information for appropriations for the year ended 30 June 2025 on page 14.

Opinion

In our opinion:

- The financial statements of NZIST and the Group, which have been prepared on a disestablishment basis:
 - fairly present, in all material respects:
 - its financial position as at 31 December 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of performance of the Group fairly presents, in all material respects, the Group's service performance for the year ended 31 December 2025. In particular, the Group's statement of performance:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of the Group;
 - the actual revenue earned; and
 - the output expenses incurred,
 compared with the forecast standards of performance, the expected revenues, and proposed output expenses included in the Group's statement of performance expectations for the financial year;

- fairly presents, in all material respects, the service performance achievements of the Group as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2025; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
 - fairly present, in all material respects:
 - what has been achieved with the appropriation for the year ended 30 June 2025; and
 - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 30 April 2026. This is the date at which our opinion is expressed.

Emphasis of matter - The financial statements have been prepared on a disestablishment basis

Without modifying our opinion, we draw attention to the disclosure in note 1 on pages 40 and 41 about the financial statements being prepared on a disestablishment basis. This note also describes the establishment and separation of some entities from NZIST, effective from 1 January 2026. NZIST will continue to operate as a transitional entity to support the handover process of the four remaining business divisions until it is formally disestablished as a legal entity, expected to be on or before 31 March 2027. As vocational education operations will continue to be delivered by the new entities created, and NZIST's assets, liabilities, contracts and related arrangements will transfer to those entities, no changes have been made to the recognition and measurement basis of the assets and liabilities as at 31 December 2025.

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), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Responsibilities of the Council for the annual financial statements and the performance information

The Council is responsible on behalf of NZIST and the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible for preparing performance information that is fairly presented and that complies with generally accepted accounting practice in New Zealand. This includes preparing performance information that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year. In preparing the statement of service performance the Council is required to report actual performance as compared to the proposed outcomes in its investment plan and the forecast standards of performance in the statement of performance expectations.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, the Council is responsible for assessing NZIST and the Group's ability to continue as a going concern. If the Council concludes that the going concern basis of accounting is inappropriate, the Council is responsible for preparing financial statements on a disestablishment basis and making appropriate disclosures.

The Council's responsibilities arise from the Education and Training Act 2020, the Crown Entities Act 2004, and the Public Finance Act 1989.

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, 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 and the end-of-year performance information for appropriations.

For the budget information reported in the annual financial statements, the statement of performance and the end-of-year performance information for appropriations, our procedures

were limited to checking that the information agreed to NZIST's statement of performance expectations, investment plan, or to the Estimates and Supplementary Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2025 – Vote Tertiary Education.

We did not evaluate the security and controls over the electronic publication of the annual financial statements, the statement of performance and the end-of-year performance information for appropriations.

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 annual financial statements and the statement of performance and the end-of-year performance information for appropriations, 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 NZIST and the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the statement of performance and the end-of-year performance information for appropriations:
 - provide an appropriate and meaningful basis to enable readers to assess the actual performance of the Group in relation to the forecast performance of the Group (for the statement of performance) and what has been achieved with the appropriation (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly present the actual performance of the Group and what has been achieved with the appropriation for the financial year.
- We conclude on the appropriateness of the use of the disestablishment basis of accounting by the Council.
- We evaluate the overall presentation, structure and content of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, including the disclosures, and whether the annual financial statements, the statement of performance, and the end-of-year performance information

for appropriations represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information, the service performance information, and the end-of-year performance information for appropriations of the entities or business units within the group as a basis for forming an opinion on the annual financial statements, the statement of performance and the end-of-year performance information for appropriations. We are responsible for the direction, supervision and review the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council 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 Council is responsible for the other information. The other information comprises all of the information included in the annual report but does not include the financial statements, the statement of performance, and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations 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, the statement of performance, and the end-of-year performance information for appropriations, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations 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 NZIST and the Group in accordance with 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) (for audits of public interest entities)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we performed assurance engagements on the Group's Performance-Based Research Fund External Research Income. These engagements are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, NZIST or any of its subsidiaries.



JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Statement of Responsibility

NZIST Council is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance about the integrity and reliability of reporting. The Council is responsible for the preparation of the statements of performance, an appropriation statement under section 19A of the Public Finance Act 1989, and financial statements for NZIST and the Group and for the judgements made within them.

In the Council's opinion:

- The Statement of Performance fairly reflects the performance of the Parent for 1 January 2025 to 31 December 2025.
- The Statement of Performance fairly reflects the performance of the Group for 1 January 2025 to 31 December 2025.
- The Financial Statements fairly reflect the financial position and operations of the Parent and the Group for 1 January 2025 to 31 December 2025.

Signed by:



Sue McCormack
Acting Chair |
Heamana ō-naianeī,
NZIST Council
30 April 2026



Gus Gilmore
Chief Executive |
Tumuaki
30 April 2026

Statement of Comprehensive Revenue and Expense

for the year ended 31 December 2025

All in \$000s	Note	Group			Parent		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
Revenue							
Government funding	2	896,876	902,831	891,340	896,876	902,831	891,340
Tuition fees and departmental revenue	2	414,806	453,420	399,361	414,803	453,420	398,602
Other revenue	2	144,318	153,504	149,407	131,765	153,504	139,904
Total revenue		1,456,000	1,509,755	1,440,108	1,443,444	1,509,755	1,429,846
Expenditure							
Employee expenses	3	870,217	901,473	856,586	867,501	901,473	853,093
Depreciation expense	10	97,568	105,012	95,584	96,904	105,012	95,016
Amortisation expense	11	18,495	11,963	22,190	18,008	11,963	21,591
Finance costs	3	5,773	4,082	4,819	5,203	4,082	4,200
Administration and other expenses	3	486,227	493,287	444,288	484,798	493,287	445,691
Total expenditure		1,478,280	1,515,817	1,423,467	1,472,414	1,515,817	1,419,591
Share of associate / joint venture		0	0	17	12	0	17
Surplus/(deficit)		(22,280)	(6,062)	16,658	(28,958)	(6,062)	10,272
Other comprehensive revenue and expense							
<i>Items that will not be reclassified to surplus/(deficit)</i>							
Revaluation of land and buildings	21	46,543	0	(12,937)	45,185	0	(18,042)
Total items that will not be reclassified to surplus/(deficit)		46,543	0	(12,937)	45,185	0	(18,042)
Total other comprehensive revenue/(expense)		46,543	0	(12,937)	45,185	0	(18,042)
Total comprehensive revenue/(expense)		24,263	(6,062)	3,721	16,227	(6,062)	(7,770)
Total comprehensive revenue and expense for the period attributable to:							
The Crown		24,263	(6,062)	3,721	16,227	(6,062)	(7,770)
Total		24,263	(6,062)	3,721	16,227	(6,062)	(7,770)

The budget for the Parent and the Group relates to the published Statement of Performance Expectations 2025.

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2025

	Note	Group			Parent		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
All in \$000s							
Current assets							
Cash and cash equivalents	4	539,859	488,633	381,694	534,670	488,633	376,646
Student fees and other receivables	5	50,930	26,007	35,220	50,075	26,007	34,674
Related Party Receivables	5	0	0	0	832	0	2,254
Prepayments		17,681	13,150	24,210	17,658	13,150	24,147
Inventory	6	11,180	8,579	9,926	9,938	8,579	8,805
Assets held for sale	7	8,493	0	8,115	8,493	0	8,115
Other financial assets	19	52,974	0	186,053	46,141	0	177,971
Total current assets		681,117	536,369	645,218	667,807	536,369	632,612
Non-current assets							
Property, plant and equipment	10	2,288,380	2,346,246	2,299,549	2,251,085	2,346,246	2,263,875
Intangible assets	11	27,614	27,897	41,650	26,541	27,897	40,280
Assets under construction - property, plant and equipment	10	24,509	56,553	27,802	24,509	56,553	27,403
Assets under construction - intangibles	11	6,721	15,476	4,524	6,343	15,476	4,112
Investment in associate, joint ventures and subsidiaries	12	2,286	2,096	2,102	6,564	2,096	6,380
Investment property	13	3,475	0	3,370	0	0	0
Other financial assets - non-current	19	8,640	46,831	7,969	145	46,831	175
Total non-current assets		2,361,625	2,495,099	2,386,966	2,315,187	2,495,099	2,342,225
Total assets		3,042,742	3,031,468	3,032,184	2,982,994	3,031,468	2,974,837

Statement of Financial Position

as at 31 December 2025

	Note	Group			Parent		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
All in \$000s							
LIABILITIES							
Current liabilities							
Trade and other payables	14	86,221	120,304	112,596	85,025	120,304	105,061
Related party payables	14	0	0	0	1,658	0	1,151
Employee entitlements	15	74,085	70,307	72,391	73,864	70,307	72,114
Revenue received in advance	16	130,491	196,984	147,266	130,382	196,984	147,169
Borrowings	17	3,493	24,362	7,120	2,933	24,362	6,560
Finance leases	18	997	994	1,399	997	994	1,399
Provisions - current	9	4,666	11,198	13,040	4,666	11,198	13,040
Total current liabilities		299,953	424,149	353,812	299,525	424,149	346,494
Non-current liabilities							
Employee entitlements	15	3,048	2,695	3,345	3,048	2,695	3,345
Revenue received in advance	16	729	5,951	771	0	5,951	0
Borrowings	17	38,029	17,113	40,911	29,678	17,113	32,094
Finance leases	18	33,140	32,938	34,164	33,140	32,938	34,164
Derivative financial instruments	8	0	0	105	0	0	0
Provisions - non-current	9	42,269	7,752	485	42,269	7,752	485
Total non-current liabilities		117,215	66,449	79,781	108,135	66,449	70,088
Total liabilities		417,168	490,598	433,593	407,660	490,598	416,582
Net assets		2,625,574	2,540,870	2,598,591	2,575,334	2,540,870	2,558,255
EQUITY							
General funds	21	1,252,883	1,165,797	1,268,717	1,226,171	1,165,797	1,248,209
Property revaluation reserve	21	1,243,514	1,192,921	1,208,661	1,221,517	1,192,921	1,190,695
Trust, endowments and bequests	21	5,155	44,828	4,306	3,624	44,828	2,444
Restricted reserves	21	124,022	137,324	116,907	124,022	137,324	116,907
Total equity attributable to NZIST		2,625,574	2,540,870	2,598,591	2,575,334	2,540,870	2,558,255
Non-controlling interest		0	0	0	0	0	0
Total equity		2,625,574	2,540,870	2,598,591	2,575,334	2,540,870	2,558,255

The budget for the Parent and Group relates to the published Statement of Performance Expectations 2025.

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2025

	Note	Group			Parent		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
All in \$000s							
Opening balance		2,598,591	2,552,011	2,590,863	2,558,255	2,552,011	2,557,940
Other comprehensive revenue and expense							
Surplus/(deficit)	21	(22,280)	(6,062)	16,658	(28,958)	(6,062)	10,272
Other comprehensive revenue	21	46,543	0	(12,937)	45,185	0	(18,042)
Total comprehensive revenue and expense		24,263	(6,062)	3,721	16,227	(6,062)	(7,770)
Other transactions							
Movement in reserves	21	(837)	(5,079)	(6,715)	(2,705)	(5,079)	(6,915)
Other adjustments	21	0	0	(4,278)	0	0	0
Debt forgiven by the Crown	21	3,557	0	0	3,557	0	0
Capital contributed from the Crown	21	0	0	15,000	0	0	15,000
Total other transactions		2,720	(5,079)	4,007	852	(5,079)	8,085
Balance at 31 December		2,625,574	2,540,870	2,598,591	2,575,334	2,540,870	2,558,255

The budget for the Parent and Group relates to the published Statement of Performance Expectations 2025.

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2025

All in \$000s	Note	Group			Parent		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
Cash flow from operating activities							
Receipts from Government grants		860,707	913,107	921,379	860,707	913,107	921,379
Receipts from student fees		385,497	476,706	414,578	385,494	476,706	413,598
Receipt of interest		24,056	19,075	35,989	23,039	19,075	34,302
Receipt of other revenue		152,262	97,960	109,548	148,608	97,960	102,635
Goods and services tax (net)		(15,569)	0	7,377	(15,528)	0	7,461
Payments to employees		(868,820)	(902,645)	(850,744)	(866,048)	(902,645)	(846,652)
Payments to suppliers		(426,639)	(509,289)	(498,616)	(426,360)	(509,289)	(496,673)
Interest paid		(5,773)	0	(3,554)	(5,203)	0	(4,200)
Net cash flow from operating activities		105,721	94,914	135,957	104,709	94,914	131,850
Cash flow from investing activities							
Insurance proceeds - capital		0	0	435	0	0	435
Proceeds from sale of property, plant and equipment		530	38,236	1,128	424	38,236	1,115
Proceeds from sale or maturity of investments		447,688	0	372,151	447,140	0	376,305
Cash paid to subsidiaries from matured term deposits		0	0	0	(184)	0	0
Purchase of property, plant and equipment		(65,940)	(159,532)	(54,454)	(65,121)	(159,532)	(55,388)
Purchase of investments		(315,280)	0	(410,025)	(315,280)	0	(409,806)
Purchase of intangible assets		(8,804)	(20,807)	(12,866)	(8,485)	(20,807)	(9,490)
Net cash flow used in investing activities		58,194	(142,103)	(103,631)	58,494	(142,103)	(96,829)
Cash flows from financing activities							
Proceeds from borrowings		0	0	250	0	0	0
Proceeds from capital contributions from the Crown		0	0	15,000	0	0	15,000
Proceeds from other financial activities		(105)	0	0	0	0	0
Repayment of borrowings		(4,220)	(15,063)	(2,722)	(3,754)	(15,063)	(2,163)
Repayment of finance leases		(1,425)	0	(2,065)	(1,425)	0	(2,065)
Net cash flows from financing activities		(5,750)	(15,063)	10,463	(5,179)	(15,063)	10,772
Net (decrease)/increase in cash and cash equivalents		158,165	(62,252)	42,789	158,024	(62,252)	45,793
Cash and cash equivalents at beginning of the period		381,694	550,885	338,905	376,646	550,885	330,853
Cash and cash equivalents at end of the year	4	539,859	488,633	381,694	534,670	488,633	376,646

The budget for the Parent and Group relates to the published Statement of Performance Expectations 2025.

Explanations of major variances against budget are provided in Note 22.

The accompanying notes form part of these financial statements.

Reconciliation of movements in liabilities arising from financing activities

for the year ended 31 December 2025

	Group			
All in \$000s	Total	Secured loans	Finance Leases	Interest Rate Swaps
Balance at 1 January 2025	83,489	48,031	35,563	(105)
Net cashflows	(5,645)	(4,219)	(1,426)	0
Fair value	1,278	1,267	0	11
Other changes	(3,557)	(3,557)	0	0
Balance at 31 December 2025	75,565	41,522	34,137	(94)

	Parent			
All in \$000s	Total	Secured loans	Finance Leases	Interest Rate Swaps
Balance at 1 January 2025	74,217	38,654	35,563	0
Net cashflows	(5,180)	(3,754)	(1,426)	0
Fair value	1,268	1,268	0	0
Other changes	(3,557)	(3,557)	0	0
Balance at 31 December 2025	66,748	32,611	34,137	0

	Group			
All in \$000s	Total	Secured loans	Finance Leases	Interest Rate Swaps
Balance at 1 January 2024	86,754	48,734	37,628	392
Net cashflows	(4,788)	(2,723)	(2,065)	0
Fair value	1,523	2,020	0	(497)
Other changes	0	0	0	0
Balance at 31 December 2024	83,489	48,031	35,563	(105)

	Parent			
All in \$000s	Total	Secured loans	Finance Leases	Interest Rate Swaps
Balance at 1 January 2024	76,817	38,797	37,628	392
Net cashflows	(4,620)	(2,163)	(2,065)	(392)
Fair value	2,020	2,020	0	0
Other changes	0	0	0	0
Balance at 31 December 2024	74,217	38,654	35,563	0

Explanations of major variances against budget are provided in Note 22.
The accompanying notes form part of these financial statements.

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

for the year ended 31 December 2025

	Group		Parent	
	Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s				
Surplus/(deficit)	(22,280)	16,658	(28,958)	10,272
Add/(less) non cash items:				
Depreciation and amortisation expense	116,063	117,774	114,912	116,607
Impairment	14,662	1,887	14,501	1,887
Bad debt provision movement	(57)	2,431	(59)	2,431
Bad debt expense	3,579	3,645	3,580	3,640
Other provisions and equity adjustment	33,439	0	39,445	0
Share of associate / joint venture	0	(17)	0	(17)
Add/(less) items classified as investing or financing activities:				
Net loss/(gain) on disposal of property, plant and equipment	7,651	1,577	7,651	112
Concessionary loan	0	2,020	0	2,020
Other losses/gains	(105)	0	0	0
Insurance proceeds	0	(435)	0	(435)
Add/(less) movements in working capital:				
(Increase)/decrease in accounts receivable and other receivables	(7,536)	22,013	(9,385)	23,484
(Increase)/decrease in inventories	(1,254)	(174)	(1,133)	(109)
(Increase)/decrease in prepayments	6,530	1,820	6,491	1,752
Increase/(decrease) in employee entitlements	1,397	6,370	1,453	6,441
Increase/(decrease) in trade and other payables	(20,369)	(66,340)	(19,530)	(69,006)
Increase/(decrease) in provisions	(8,347)	1,104	(4,768)	5,879
Increase/(decrease) in fees in advance	(16,816)	25,624	(16,787)	26,892
Increase/(decrease) in trust and endowments	(836)	0	(2,704)	0
Net cash from operating activities	105,721	135,957	104,709	131,850

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Notes to the Financial Statements

for the year ended 31 December 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

REPORTING ENTITY

New Zealand Institute of Skills and Technology (NZIST, the Institute) is a Tertiary Education Institution (TEI), and with its subsidiaries, the Group, is domiciled and operates in New Zealand. NZIST was formally known as Te Pūkenga. The change in name was enacted by the Education and Training (Vocational Education and Training System) Amendment Act 2025 on 22 October 2025.

NZIST came into existence on 1 April 2020. The relevant legislation governing operations includes the Crown Entities Act 2004 and the Education and Training Act 2020 (including subsequent Amendments to the Act).

This annual report highlights the performance and position of NZIST and Group year on year. NZIST and Group provides educational and research services for the benefit of the community with the intent of making a financial return. NZIST and Group has designated itself as Public Benefit Entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements are presented on a parent and consolidated group basis. The group consists of NZIST and its wholly owned subsidiaries. The parent consists of NZIST National Office and its 24 divisions as follows:

- Ara Institute of Canterbury
- Eastern Institute of Technology
- Manukau Institute of Technology
- Nelson Marlborough Institute of Technology
- Northland Polytechnic
- Open Polytechnic of New Zealand
- Otago Polytechnic
- Southern Institute of Technology
- Tai Poutini Polytechnic
- Toi Ohomai Institute of Technology
- Unitec New Zealand
- Universal College of Learning
- Waikato Institute of Technology
- Whitireia and WelTec
- Western Institute of Technology at Taranaki
- Competenz
- Connexis
- BCITO
- MITO
- Service IQ
- Careerforce
- HITO
- Primary
- EarnLearn

AUTHORISATION DATE

The financial statements of NZIST and Group are for the year ended 31 December 2025, and were authorised for issue by the Council on 30 April 2026.

BASIS OF PREPARATION

On 1 July 2025, the Minister for Vocational Education, Hon Penny Simmonds, announced that ten polytechnics will be re-established

as independent institutions, effective from 1 January 2026. These entities have been separated from NZIST as part of a broader reform of the vocational education sector.

Additionally, eight new Industry Skills Boards (ISBs) will commence operations with responsibility for setting training standards and overseeing quality assurance from 1 January 2026. NZIST's Work Based Learning divisions transferred to ISBs on 1 January 2026 who will temporarily manage work-based training until other arrangements are approved by the TEC and industry.

On 31 March 2026, the Minister for Vocational Education, Hon Penny Simmonds, announced that the four remaining business divisions will begin new arrangements from 1 January 2027. NorthTec, Western Institute of Technology at Taranaki (WITT), and Whitireia and WelTec will be established as federated polytechnics, while Tai Poutini Polytechnic will transfer its operations to the Open Polytechnic of New Zealand on 1 January 2027.

NZIST will operate as a transitional entity to support the handover process through to 31 March 2027 or as amended by Orders in Council. Following the transition period, NZIST will be formally disestablished as a legal entity on or before 31 March 2027.

The Education and Training (Vocational Education and Training System) Amendment Act 2025 enabling this reform came into effect on 21 October 2025.

As a result of this legislative reform and the planned disestablishment of NZIST, these financial statements have been prepared on a disestablishment basis, reflecting the expectation that NZIST will cease to operate as a going concern within the next 12 months from the adoption of these accounts. However, because the vocational education operations will continue to be delivered by the new entities created and legislation provides for the transfer of NZIST's assets, liabilities, contracts and related arrangements to those entities, no changes have been made to the recognition and measurement basis of the assets and liabilities of NZIST. For more information, refer to Note 28 on events after balance date.

The accounting policies have been consistently applied throughout the period with no change in the basis of measurement.

Reporting period

The reporting period for the current year is for the 12-month period 1 January 2025 to 31 December 2025, with the comparative year also reflecting 12 months of activities.

Reporting measurement

The financial statements have been prepared on a historical basis except for the following items, which are measured on an alternative basis on each reporting date.

Item	Measurement
Land	Fair value
Buildings	Fair value
Derivative financial instruments	Fair value
Investment property	Fair value
Managed investment portfolio	Fair value

Statement of compliance

The financial statements of NZIST and the Group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education and Training Act 2020, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Notes to the Financial Statements

for the year ended 31 December 2025

The financial statements and Statement of Service Performance have been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values, other than the Council member remuneration disclosures and the related party transaction disclosures in Note 26, are rounded to the nearest thousand dollars (\$000). Council member remuneration and related party transaction disclosures are rounded to the nearest dollar.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Budget figures

The 2025 budget figures have been derived from the budget approved by NZIST Council at the end of 2024. The approved budgets are Group level only and therefore no separate Parent budget is disclosed. The difference in Group and Parent budget is not considered to be material. Those budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements. The budget approved was for the full year 1 January 2025 to 31 December 2025. The figures presented in these financial statements (and as approved by Council) have been directly derived from the Statement of Performance Expectations.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions concerning the future have been made. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to vocational education that may lead to impairment. If an impairment trigger exists such as a change in the use of the asset, particular regional price volatility, natural disasters or physical damage to an asset, the asset is impaired. Due to Cyclone Gabrielle damage in February 2023, and subsequent remediation work completed, Eastern Institute of Technology (EIT) has updated the impairment of buildings and other physical assets at their Taradale campus.

Course development costs

The Group has applied its policy to expense course development costs where the capitalisation would fail the definition of asset under GAAP. However, where capitalisation is warranted, the Group has applied judgment as to the future economic benefit of capitalised course development costs.

Cost allocation

NZIST and Group funded activity during 2025 sits across three output classes:

- Education and Training
- Research
- Disestablishment

The cost of outputs has been determined using the cost allocation system outlined below. Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output. Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Occupancy, lease expenses, Insurance, ICT/Digital, and Communication followed by depreciation, are charged on the basis of ratio of Research expenses to total expenses of that division for each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. 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 the surplus or deficit.

Goods and services tax

Goods and services tax (GST) is included as part of receivables or payables in the statement of financial position. All other figures in the statement of financial position and the statement of comprehensive revenue and expenses are stated exclusive of GST. The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income tax

NZIST and the Group are exempt from Income Tax as determined by legislation. Accordingly, no provision has been made for Income Tax.

Subsidiaries

NZIST consolidates in the Group financial statements for those entities it controls. These subsidiaries are listed in Note 12. Control exists where NZIST is exposed or has rights to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity.

Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by NZIST. Investments in subsidiaries are measured at cost in the Group financial statements.

Change in accounting policies

There have been no changes in NZIST's and the Consolidated Group's accounting policies since the date of the last audited financial statements.

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective that have not been early adopted and relevant to NZIST and Group are: 2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1) This amendment clarifies the principles for classifying a liability as current or non-current. The amendment is effective for the year ended 31 December 2026. NZIST and Group have not yet assessed in detail the impact of these amendments. PBE IFRS 17: Insurance contracts PBE IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and will replace PBE IFRS 4. This standard is effective for the year ended 31 December 2026. NZIST and Group have not yet assessed in detail the impact of this standard.

Notes to the Financial Statements

for the year ended 31 December 2025

2. REVENUE

ACCOUNTING POLICY

Revenue is measured at fair value, being the consideration received or receivable (i.e., cash). The specific accounting policies for significant revenue items are explained below.

Foundation education, vocational education and higher education funding

Foundation education, vocational education and higher education funding are the main sources of operational funding for NZIST from the Tertiary Education Commission (TEC). NZIST National office received this monthly in advance from TEC and passed it onto the business divisions. NZIST considers these TEC funds to be non-exchange revenue recognised as revenue when the course withdrawal date has passed based on the number of eligible students enrolled in the course at that date and the value of the course. Any under delivery (i.e. being the difference between what NZIST has been funded on, with what NZIST should be funded based on confirmed enrolments), on a collective basis as at 31 December 2025, is required to be 'clawed back' to TEC in the year following; any funds subject to claw back are recognised as a liability in the Statement of Financial Position, being Revenue received in advance.

Tuition fees

Domestic student tuition fees across all modes of delivery (extramural, provider-based, or work-based) are subsidised by government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Fees-free revenue

The Government has amended the Fees Free tertiary education and training policy. Previously, the policy applied to first time tertiary learners in their first year of provider-based study, or in their first two years of work-based learning. From 1 January 2025 learners entering their final year of study or training who have not already benefited from first-year Fees Free and who meet all eligibility criteria will become eligible for the final-year Fees Free scheme.

NZIST considers any fees-free revenue is non-exchange revenue and would normally recognise revenue when the course withdrawal date for an eligible student has passed. NZIST received this funding from TEC and passed it onto the business divisions. This is on the basis that receipts from the TEC are for payment on behalf of the student as specified in the relevant funding mechanism. Any under-delivery (i.e. being the difference between what the NZIST has been funded on, with what NZIST should be funded based on confirmed enrolments), is required to be 'clawed back' to TEC in the year following; any funds subject to claw back are recognised as a liability.

Performance-based research fund

NZIST considers funding received from Performance-Based Research Fund (PBRF) to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 425 of the Education and Training Act 2020. NZIST recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the financial year. PBRF revenue is measured based on the funding entitlement. Indicative funding for future periods is not recognised until confirmed for that future period.

Research revenue

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately unless there are substantive conditions in the contract.

If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and then recognised as revenue when the conditions of the grant are satisfied.

Department revenue including sales of goods

Department revenue including sales of goods is recognised as exchange revenue when the service or product is sold to the customer. Department revenue can include cafeteria sales, carparking and additional course materials.

Accommodation services

Revenue from the provision of accommodation services is recognised on a percentage completion basis. This is determined by reference to the number of accommodation days used up till balance date as a proportion of the total accommodation days contracted for with the individual.

Interest and dividends

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment. Dividends are recognised when the right to receive payment has been established.

Notes to the Financial Statements

for the year ended 31 December 2025

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Government funding classified as non-exchange transactions*					
Foundation education		87,970	84,776	87,970	84,776
Vocational education		555,800	558,980	555,800	558,980
Higher education		210,777	207,019	210,777	207,019
Other government funds		42,329	40,565	42,329	40,565
Total Government funding classified as non-exchange transactions		896,876	891,340	896,876	891,340
Tuition fees and departmental revenue classified as exchange transactions					
Tuition fees - international students		153,986	136,098	153,983	135,339
Other tuition fees classed as exchange transactions		3,995	4,608	3,995	4,608
Total tuition fees and departmental revenue classified as exchange transactions		157,981	140,706	157,978	139,947
Tuition fees and departmental revenue classified as non-exchange transactions					
Tuition fees - domestic students		251,092	185,804	251,092	185,804
Fees free funding		5,733	72,851	5,733	72,851
Total tuition fees and departmental revenue classified as non-exchange transactions		256,825	258,655	256,825	258,655
Total tuition fees and departmental revenue		414,806	399,361	414,803	398,602

Notes to the Financial Statements

for the year ended 31 December 2025

2. REVENUE (CONTINUED)

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Other revenue classified as exchange transactions					
Other exchange revenue		90,849	86,352	85,567	78,796
Insurance proceeds - capital		0	435	0	435
Gain on disposal of property, plant and equipment		1,384	306	1,384	306
Interest revenue		24,056	35,989	23,039	34,303
Dividend revenue		0	15	0	15
Research revenue		1,487	3,554	1,487	3,554
Secondment revenue		0	772	0	772
Rental income		6,277	8,278	6,291	8,212
Student service fees (international students)		757	810	757	810
Total other revenue classified as exchange transaction		124,810	136,511	118,525	127,203
Other revenue classified as non-exchange transactions					
Other non-exchange revenue		6,967	2,003	699	1,808
Research revenue		60	0	60	0
Student service fees (domestic students)		12,481	10,893	12,481	10,893
Total other revenue classified as non-exchange transactions		19,508	12,896	13,240	12,701
Total other revenue		144,318	149,407	131,765	139,904
Total revenue		1,456,000	1,440,108	1,443,444	1,429,846
Revenue classification					
Exchange revenue		282,791	277,217	276,503	267,150
Non-exchange revenue		1,173,209	1,162,891	1,166,941	1,162,696
Total revenue		1,456,000	1,440,108	1,443,444	1,429,846

*The 2025 revenue classification has been modified from the Annual Report 2024 disclosure and therefore the 2024 figures have been reclassified to match. The net impact is Nil.

Notes to the Financial Statements

for the year ended 31 December 2025

3. EXPENDITURE

ACCOUNTING POLICY

Scholarships

Scholarships awarded by NZIST that reduce the amount of tuition fees payable by the student are accounted for as an expense and not offset against student tuition fees revenue.

Salaries and wages

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, sick leave sabbatical, long service leave and retirement leave. Long service leave and retirement leave are recognised as current liabilities when it is expected the liability will

be settled within 12 months with the remainder being recognised as a non-current liability where settlement is expected to be beyond 12 months. Refer Note 15.

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as expenses in the surplus or deficit when incurred.

Finance Costs

Borrowing Costs are expensed in the financial year in which they are incurred.

All in \$000s	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
Employee expenses					
Wages and salaries		803,851	799,952	801,410	796,636
Defined contribution plan employer contributions		18,149	17,888	18,086	17,811
Councillors and board fees*	26	758	812	608	691
Increase/(decrease) in employee benefit liabilities		986	1,311	1,004	1,352
Other employee expenses		22,568	24,670	22,488	24,650
Restructuring expenses		23,905	11,953	23,905	11,953
Total employee benefits expense		870,217	856,586	867,501	853,093

*Councillors and board fees include fees paid to Interim Advisory Committees of Council, with membership inclusive of kaimahi and ākongā.

Depreciation and amortisation expenses					
Depreciation	10	97,568	95,584	96,904	95,016
Amortisation	11	18,495	22,190	18,008	21,591
Total depreciation and amortisation expenses		116,063	117,774	114,912	116,607
Finance costs					
Finance costs		5,773	4,819	5,203	4,200
Total finance costs		5,773	4,819	5,203	4,200

Notes to the Financial Statements

for the year ended 31 December 2025

3. EXPENDITURE (CONTINUED)

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Administration and other expenditure					
Auditors' remuneration					
<i>Assurance engagements</i>					
Fees paid to Audit New Zealand for the audit of the financial statements		3,808	4,054	3,808	4,054
Additional fees paid to Audit New Zealand for the audit 2023		0	304	0	304
Fees paid to Audit New Zealand for the 30 June audit		0	189	0	189
Fees paid to Audit New Zealand for the audit of Performance based Research funding		26	36	26	36
Fees paid to Audit New Zealand for the audit Southern Lakes English financial statements		0	64	0	0
Fees paid to Deloitte for the audit of OEDT financial statements		35	41	0	0
Fees paid to Chris Saxton CA Limited for the audit of Open Education Resource Foundation Ltd financial statements		0	6	0	0
Fees paid to PwC for the audit of SODA Inc, Learning Works and Wintec Foundation financial statements		36	48	0	0
Total auditors' remuneration		3,905	4,742	3,834	4,583

Notes to the Financial Statements

for the year ended 31 December 2025

All in \$000s	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
Administrative Costs					
Administrative, materials and consumables expenses		23,624	25,331	22,801	25,831
Bad and doubtful debts - written-off	5	1,632	2,431	1,632	2,431
Course delivery expenses		144,360	172,971	144,970	171,865
Donations & Koha		536	218	331	218
Impairment of property, plant and equipment	10	12,609	1,224	12,609	1,224
Impairment of intangibles	11	2,053	663	1,892	663
Inventory write-downs	6	112	54	112	54
Loss on disposal of property, plant and equipment		9,035	1,880	9,035	1,880
Marketing expenses		20,989	22,493	20,762	22,337
Minor assets		3,551	2,836	3,551	2,833
Net increase/(decrease) bad and doubtful debts provision	5	(59)	3,645	(59)	3,640
Occupancy expense		37,805	39,802	37,731	40,532
Operating lease payments		37,573	35,273	32,157	37,300
Other expenditure		157,667	103,254	163,996	104,921
Professional services		21,946	19,286	20,614	17,242
Research & development expense		1,110	1,882	1,110	1,882
Scholarships		7,779	6,304	7,720	6,255
Total administrative costs		482,322	439,546	480,964	441,108
Total administration and other expenses		486,227	444,288	484,798	445,691
Total expenditure		1,478,280	1,423,467	1,472,414	1,419,591

Notes to the Financial Statements

for the year ended 31 December 2025

4. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Although cash and cash equivalents are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

Cash balances with use of restrictions

NZIST Council developed, tested and approved a ring-fencing policy to reflect the Government's intentions to see encumbered cash reserves retained within the region in which they were generated. These encumbered cash reserves would be consolidated through

the central balance sheet of NZIST, but would only be able to be drawn upon for projects and capital expenditure in the relevant region that have been approved by NZIST Council. The use of ring-fenced amounts is restricted to particular uses, which may include major capital expenditure projects, routine/minor capital expenditure, operating investments (e.g. funding the establishment of a new capability) or operating losses of the regional operation. The encumbered cash reserves may include term deposits with maturities greater than three months at acquisition which are not classified as cash and cash equivalents. Ring fenced reserves are outlined in Note 21.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Cash at bank and on hand		517,959	374,571	514,667	369,656
Call deposits		20,003	6,990	20,003	6,990
Term deposits with maturities of 3 months or less at acquisition		1,897	133	0	0
Total cash and cash equivalents		539,859	381,694	534,670	376,646



Notes to the Financial Statements

for the year ended 31 December 2025

5. STUDENT FEES AND OTHER RECEIVABLES

ACCOUNTING POLICY

Short-term receivables are recognised initially at fair value (the amount due) and subsequently measured at amortised cost using the effective interest method less provision for impairment. This provision is calculated based on lifetime Expected Credit Loss (ECL).

In measuring ECL, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

They have been grouped based on the days past due. Student fees are recognised at the point when the course withdrawal period has passed. Cash payments received before this point are recognised as Revenue received in advance.

Please refer to Note 19 for the impairment policy, which is under the heading 'Impairment of financial assets held at amortised cost'.

All in \$000s	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
Student fee receivables					
Student fee receivables		29,547	17,516	29,085	17,512
Less: allowance for credit losses		(10,610)	(10,395)	(10,610)	(10,395)
Net student fee receivables		18,937	7,121	18,475	7,117
Other receivables					
Other receivables		26,518	19,723	26,125	19,181
Less: allowance for credit losses		(58)	(452)	(58)	(452)
Net other receivables		26,460	19,271	26,067	18,729
Related party receivables					
Related party receivables		120	0	952	2,254
Less: allowance for credit losses		(120)	0	(120)	0
Net related party receivables		0	0	832	2,254
Government funding		5,533	8,828	5,533	8,828
Total receivables		50,930	35,220	50,907	36,928
Classification					
Receivables classified as exchange transactions		41,619	25,792	41,596	27,500
Receivables classified as non-exchange transactions		9,311	9,428	9,311	9,428
Total receivables		50,930	35,220	50,907	36,928
Current portion of student fees and other receivables		50,930	35,220	50,907	36,928
Total net receivables		50,930	35,220	50,907	36,928

Notes to the Financial Statements

for the year ended 31 December 2025

5. STUDENT FEES AND OTHER RECEIVABLES (CONTINUED)

2025	Group					Parent				
	Not past due	Past due 1 - 30 days	Past due 30 - 60 days	Past due 61 - 90 days	Past due over - 90 days	Not past due	Past due 1 - 30 days	Past due 30 - 60 days	Past due 61 - 90 days	Past due over 90 days
All in \$000s										
Student fee receivables										
Expected credit loss (%)	4.69%	0.99%	9.53%	16.04%	60.06%	5.31%	1.08%	9.53%	16.04%	60.06%
Gross carrying amount ('000)	3,498	5,814	2,040	1,717	16,478	3,498	5,352	2,040	1,717	16,478
Total student fee receivables lifetime expected credit loss (\$'000)	(186)	(58)	(194)	(275)	(9,897)	(186)	(58)	(194)	(275)	(9,897)
Other receivables										
Expected credit loss (%)	0.00%	0.07%	0.15%	0.41%	1.62%	0.01%	0.08%	0.16%	0.41%	1.74%
Gross carrying amount ('000)	16,141	5,498	1,594	136	3,148	16,135	5,357	1,567	135	2,931
Total other receivables lifetime expected credit loss (\$'000)	(0)	(4)	(2)	(1)	(51)	(0)	(4)	(2)	(1)	(51)
Related party receivables										
Expected credit loss (%)	100%	0.00%	0.00%	0.00%	0.00%	12.61%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount ('000)	120	0	0	0	0	952	0	0	0	0
Total related party receivables lifetime expected credit loss (\$'000)	(120)	0	0	0	0	(120)	0	0	0	0
Total lifetime expected credit loss	(306)	(62)	(196)	(276)	(9,948)	(306)	(62)	(196)	(276)	(9,948)

Notes to the Financial Statements

for the year ended 31 December 2025

5. STUDENT FEES AND OTHER RECEIVABLES (CONTINUED)

2024	Group					Parent				
	Not past due	Past due 1 - 30 days	Past due 30 - 60 days	Past due 61 - 90 days	Past due over - 90 days	Not past due	Past due 1 - 30 days	Past due 30 - 60 days	Past due 61 - 90 days	Past due over 90 days
All in \$000s										
Student fee receivables										
Expected credit loss (%)	0.00%	0.00%	0.00%	0.00%	59.36%	0.00%	0.00%	0.00%	0.00%	59.36%
Gross carrying amount ('000)	5	0	0	0	17,511	0	0	0	0	17,511
Total student fee receivables lifetime expected credit loss (\$'000)	0	0	0	0	(10,395)	0	0	0	0	(10,395)
Other receivables										
Expected credit loss (%)	0.02%	0.34%	5.08%	10.44%	7.19%	0.02%	0.35%	5.66%	10.58%	7.26%
Gross carrying amount ('000)	6,418	7,450	582	614	4,619	6,397	7,082	522	606	4,574
Total other receivables lifetime expected credit loss (\$'000)	(1)	(25)	(30)	(64)	(332)	(1)	(25)	(30)	(64)	(332)
Related party receivables										
Expected credit loss (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount ('000)	0	0	0	0	0	0	2,254	0	0	0
Total related party receivables lifetime expected credit loss (\$'000)	0	0	0	0	0	0	0	0	0	0
Total lifetime expected credit loss	(1)	(25)	(30)	(64)	(10,727)	(1)	(25)	(30)	(64)	(10,727)

Notes to the Financial Statements

for the year ended 31 December 2025

5. STUDENT FEES AND OTHER RECEIVABLES (CONTINUED)

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Movements in the provision for impairment of receivables					
Balance brought forward		(10,847)	(7,079)	(10,847)	(7,060)
Additional provisions made during the year		(3,006)	(5,039)	(3,006)	(5,077)
Provisions adjustments during the year		1,433	(290)	1,433	(290)
Receivables written-off during the year		1,632	1,561	1,632	1,579
At 31 December		(10,788)	(10,847)	(10,788)	(10,847)

6. INVENTORY

ACCOUNTING POLICY

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Building stock		6,147	6,121	6,147	6,121
Other inventory		5,033	3,805	3,791	2,684
Total inventory carrying value		11,180	9,926	9,938	8,805
Inventories recognised as an expense					
Inventories write-down recognised as an expense		186	54	186	54
Less reversal of inventories write-down recognised as an expense		(74)	0	(74)	0
Total inventory expense		112	54	112	54

Notes to the Financial Statements

for the year ended 31 December 2025

7. ASSETS HELD FOR SALE

ACCOUNTING POLICY

Asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset is measured at the lower of its carrying amount and fair value less costs to sell. Write-downs of the assets are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised. A current asset is net

of its carrying amount and fair value less costs to sell. The fair market assessment reflects:

- Current market rentals
- Expected future cash flows
- Market yields and comparable sales
- The property's highest and best use.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Property held for sale		8,493	8,115	8,493	8,115
Total assets held for sale		8,493	8,115	8,493	8,115
<i>consists of:</i>					
Land		5,850	7,965	5,850	7,965
Buildings and improvements		2,643	150	2,643	150
Total assets held for sale		8,493	8,115	8,493	8,115
Less liabilities held for sale		0	0	0	0
Total net assets held for sale		8,493	8,115	8,493	8,115

NZIST has approved a plan to sell properties that are surplus to operational requirements. The sales proceeds will be realised by the new polytechnic entities in 2026.

Notes to the Financial Statements

for the year ended 31 December 2025

8. DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, NZIST and Group does not hold or issue derivative financial instruments for trading purposes. NZIST and Group have elected not to apply hedge accounting. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of forward foreign exchange derivatives is classified as non-current. The portion of the fair value of an interest rate derivative that is expected to be realised or settled within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

All in \$000s	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
Current asset portion					
Forward foreign exchange contracts		0	0	0	0
Interest rate swaps		0	0	0	0
Total current asset portion		0	0	0	0
Current liability portion					
Forward foreign exchange contracts		0	0	0	0
Interest rate swaps		0	0	0	0
Total current liability portion		0	0	0	0
Non-current asset portion					
Forward foreign exchange contracts		0	0	0	0
Interest rate swaps		0	0	0	0
Total non-current asset portion		0	0	0	0
Non-current liability portion					
Forward foreign exchange contracts		0	0	0	0
Interest rate swaps		0	105	0	0
Total non-current liability portion		0	105	0	0
Total derivative instruments		0	105	0	0

Notes to the Financial Statements

for the year ended 31 December 2025

9. PROVISIONS

ACCOUNTING POLICY

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 or service potential will be required to settle the obligation;
- 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 market yields on Government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Restructuring

A provision for restructuring is recognised when either an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation of it has already started.

For staff positions disestablished prior to 31 December and where those staff have not been redeployed within the network prior to the end of their notice period, those staff would terminate by way of redundancy.

Lease Make Good

A lease make good provision is in respect of leased premises where NZIST and Group are required at the expiry of the lease term to make good any damage and remove any fixtures and fittings installed by NZIST and Group to return the premise to original condition.

Onerous lease

A lease is onerous if the expected benefits from using the leased asset are less than the unavoidable costs. The \$45.6m provision consists of the lease for 65 Dixon Street in Wellington, and 7 Redan Road in Kaitaia both of which were declared surplus to requirements in 2025 and will no longer be utilised.

Other provisions

NZIST and Group's Other provisions contains provisions relating to 'rent free' periods and fit out provisions relating to leased properties.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Current portion					
Onerous lease provision		3,667	9,638	3,667	9,638
Lease make good provision		425	928	425	928
Other provisions		340	1,731	340	1,731
Restructuring provision		234	743	234	743
Total current portion		4,666	13,040	4,666	13,040
Non current portion					
Onerous lease provision		41,946	0	41,946	0
Lease make good provision		280	314	280	314
Other provisions		43	171	43	171
Total non-current portion		42,269	485	42,269	485
Total provisions		46,935	13,525	46,935	13,525

Notes to the Financial Statements

for the year ended 31 December 2025

9. PROVISIONS (CONTINUED)

	Group					Parent				
	Opening Balance 1 Jan 2025	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance 31 Dec 2025	Opening Balance 1 Jan 2025	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance 31 Dec 2025
All in \$000s										
2025 Provision										
Onerous lease provision	9,638	45,613	(3,106)	(6,532)	45,613	9,638	45,613	(3,106)	(6,532)	45,613
Lease make good provision	1,242	258	(795)	0	705	1,242	258	(795)	0	705
Other provisions	1,902	1,588	(1,515)	(1,592)	383	1,902	1,588	(1,515)	(1,592)	383
Restructuring provision	743	234	(743)	0	234	743	234	(743)	0	234
Total Provisions	13,525	47,693	(6,159)	(8,124)	46,935	13,525	47,693	(6,159)	(8,124)	46,935

	Group					Parent				
	Opening Balance 1 Jan 2024	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance 31 Dec 2024	Opening Balance 1 Jan 2024	Increase to provision	Charged against provision	Unused amounts reversed	Closing Balance 31 Dec 2024
All in \$000s										
2024 Provision										
Onerous lease provision	101	9,638	(101)	0	9,638	101	9,638	(101)	0	9,638
Lease make good provision	2,159	1,013	(1,914)	(16)	1,242	2,159	1,013	(1,914)	(16)	1,242
Other provisions	9,967	1,785	(5,996)	(3,854)	1,902	5,193	1,785	(5,076)	0	1,902
Restructuring provision	194	743	(194)	0	743	194	743	(194)	0	743
Total Provisions	12,421	13,179	(8,205)	(3,870)	13,525	7,647	13,179	(7,285)	(16)	13,525

Notes to the Financial Statements

for the year ended 31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant, and equipment consists of eight asset classes: land, buildings, leased assets and leasehold improvements, computer hardware, furniture and equipment, motor vehicles, library collection, and heritage collections. Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

Land and buildings were revalued as at 31 December 2025 by Colliers Ltd. The valuer had estimated the depreciated replacement cost using a number of significant assumptions. These significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from construction costs detailed in QV builder, costs through the valuers experience with similar assets within New Zealand, and actual cost data relating to recent improvements. The range of rates used vary from \$950 to \$5,600 per sqm.
- The remaining useful life of assets is estimated against the age of the components taking into account alterations of additions, their present condition, expected future utility and total useful life. In determining useful lives Colliers Ltd have considered industry accepted building loss cycle factors, Treasury Guidelines and Colliers Ltd own experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset. Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to NZIST and the Group, and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost.

Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to NZIST and the Group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they

are incurred. Additions over \$2,000 in value are capitalised; amounts less than this threshold are expensed.

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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds within equity.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered to be negligible. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Buildings:
 - Structure: 25 to 100 years, 1% to 4%
 - Services: 10 to 50 years, 2% to 10%
 - Fitout: 25 to 40 years, 2.5% to 4%
- Leased assets and leasehold improvements: 3 to 33 years, 3.03% to 33.3%
- Computer hardware: 4 to 12.5 years, 7.8% to 25%
- Furniture and equipment: 2 to 30 years, 3.36% to 50%
- Motor vehicles: 4 to 10 years, 10% to 25%
- Library collection: 6.67 to 10 years, 10% to 15%

Leased assets and leasehold improvements are depreciated over the shorter of the unexpired period of the lease, or the estimated remaining useful lives of the improvements, whichever is the shorter.

Impairment of property, plant and equipment

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might 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. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired, and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Heritage Assets

NZIST holds some assets because of their cultural, environmental, or historical significance. These assets have been recognised in the

Notes to the Financial Statements

for the year ended 31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

financial statements and are largely made up of carvings, artwork and other items significant to Māoridom.

Manukau Campus

MIT - Stage 2 of the Manukau campus has a condition of the lessee's interest which states can be called for surrender by the landlord if it remains undeveloped within 10 years of commencement of the lease being September 2028. MIT has no plans to develop this land, therefore the valuer has assumed this will be surrendered in September 2028. This means stage 2 assessment of land for the rail trench has a value of \$0 as the area offers no utility.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Restrictions on the Institute's ability to sell land would normally not impair the value of the land because the Institute has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings

Specialised buildings (e.g. buildings on campuses) are valued at fair value using optimised depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

There are some underground assets (such as electrical, water supply, gas supply, communications, sewer, stormwater, ducts) and some above ground assets (such as asphalt, covered ways, walls, roads, planting) which have been previously classified as infrastructure. NZIST and Group policy is that these assets do not meet the definition of infrastructure per PBE IPSAS 17 and Collier's valuations have included these above ground assets as line items and the underground assets as incorporated into the value of the buildings, where appropriate.

Leased assets and leasehold improvements

Leased assets and leasehold improvements are valued at cost and have been depreciated.

Assets Under Construction

As at 31 December NZIST and Group was engaged in various construction and development projects that were not yet completed. These assets are classified as assets under construction and recognised at cost. Once completed these assets will be transferred from assets under construction to the relevant property, plant and equipment asset category.

Notes to the Financial Statements

for the year ended 31 December 2025

All in \$000s	Group								
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
Property, plant and equipment									
Cost or Fair Value - 31 December 2024	494,457	1,732,338	94,612	208,143	118,794	25,641	3,847	39,581	2,717,413
Accumulated Depreciation - 31 December 2024	0	(86,949)	(31,625)	(155,342)	(91,157)	(19,552)	0	(33,239)	(417,864)
Net Carrying Value - 1 January 2025	494,457	1,645,389	62,987	52,801	27,637	6,089	3,847	6,342	2,299,549
Additions	220	36,740	517	10,411	18,564	1,142	18	908	68,520
Reclassifications	(104)	1,684	6,276	529	(396)	0	0	15	8,004
Net Revaluation	21,847	24,696	0	0	0	0	0	0	46,543
Disposals	(435)	(9,037)	(7,856)	(19,180)	(21,135)	(1,755)	0	(8,794)	(68,192)
Transfer of assets to 'Held for Sale'	(5,850)	(2,643)	0	0	0	0	0	0	(8,493)
Depreciation on Disposals	0	0	7,636	17,921	18,323	938	0	8,851	53,669
Reverse Accumulated Depreciation – Reclassification	0	0	(4,332)	(355)	359	(1)	0	(14)	(4,343)
Reverse Accumulated Impairment Loss - Disposal	0	0	0	976	1,675	649	0	0	3,300
Impairment Losses Expensed in P&L	0	(176)	(12,326)	(108)	1	0	0	0	(12,609)
Depreciation	0	(61,930)	(5,682)	(13,546)	(13,499)	(1,540)	0	(1,371)	(97,568)
Cost or Fair Value	510,135	1,634,723	93,549	199,903	115,827	25,028	3,865	31,710	2,614,740
Accumulated Depreciation	0	0	(46,329)	(150,454)	(84,298)	(19,506)	0	(25,773)	(326,360)
Net Carrying Value - 31 December 2025	510,135	1,634,723	47,220	49,449	31,529	5,522	3,865	5,937	2,288,380

Notes to the Financial Statements

for the year ended 31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group								
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
All in \$000s									
Assets under construction									
Opening Value - 1 January 2025	0	18,330	270	6,052	3,046	40	0	64	27,802
Additions	0	9,278	79	4,464	14,251	0	79	552	28,703
Expensed	0	(305)	(233)	(1,659)	(25)	0	0	1	(2,221)
Capitalisations	0	(12,083)	(116)	(6,911)	(10,026)	(40)	(3)	(596)	(29,775)
Closing Value - 31 December 2025	0	15,220	0	1,946	7,246	0	76	21	24,509

Notes to the Financial Statements

for the year ended 31 December 2025

	Parent								
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
All in \$000s									
Property, plant and equipment									
Cost or Fair Value - 31 December 2024	477,222	1,714,828	93,988	206,806	118,650	25,641	3,847	39,588	2,680,570
Accumulated Depreciation - 31 December 2024	0	(87,562)	(31,005)	(154,305)	(91,027)	(19,551)	0	(33,245)	(416,695)
Net Carrying Value - 1 January 2025	477,222	1,627,266	62,983	52,501	27,623	6,090	3,847	6,343	2,263,875
Additions	220	35,719	517	10,403	18,561	1,142	18	907	67,487
Reclassifications	0	1,688	6,865	312	(335)	0	0	0	8,530
Net Revaluation	21,057	24,128	0	0	0	0	0	0	45,185
Disposals	(435)	(9,037)	(7,856)	(19,180)	(21,135)	(1,755)	0	(8,794)	(68,192)
Transfer of assets to 'Held for Sale'	(5,850)	(2,643)	0	0	0	0	0	0	(8,493)
Depreciation on Disposals	0	0	7,635	17,921	18,323	938	0	8,851	53,668
Reverse Accumulated Depreciation – Reclassification	0	0	(4,921)	(138)	299	(2)	0	0	(4,762)
Reverse Accumulated Impairment Loss - Disposal	0	0	0	976	1,675	649	0	0	3,300
Impairment Losses Expensed in P&L	0	(176)	(12,326)	(108)	1	0	0	0	(12,609)
Depreciation	0	(61,327)	(5,680)	(13,494)	(13,494)	(1,540)	0	(1,370)	(96,905)
Cost or Fair Value	492,214	1,615,618	93,514	198,341	115,741	25,028	3,865	31,701	2,576,022
Accumulated Depreciation	0	0	(46,297)	(149,148)	(84,223)	(19,506)	0	(25,764)	(324,938)
Net Carrying Value - 31 December 2025	492,214	1,615,618	47,217	49,193	31,518	5,522	3,865	5,937	2,251,084

Notes to the Financial Statements

for the year ended 31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Parent								Total
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	
All in \$000s									
Assets under construction									
Opening Value - 1 January 2025	0	18,331	270	5,653	3,046	40	0	64	27,403
Additions	0	9,277	79	4,464	14,251	0	79	551	28,702
Expensed	0	(305)	(233)	(1,659)	(25)	0	0	1	(2,221)
Capitalisations	0	(12,083)	(116)	(6,512)	(10,026)	(40)	(3)	(595)	(29,375)
Closing Value - 31 December 2025	0	15,220	0	1,946	7,246	0	76	21	24,509

Notes to the Financial Statements

for the year ended 31 December 2025

All in \$000s	Group								
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
Property, plant and equipment									
Cost or Fair Value - 31 December 2023	503,706	1,707,035	94,694	213,895	134,836	24,885	3,951	44,495	2,727,497
Accumulated Depreciation - 31 December 2023	0	(11,849)	(29,280)	(154,836)	(105,587)	(18,834)	(74)	(37,561)	(358,021)
Net Carrying Value - 1 January 2024	503,706	1,695,186	65,414	59,059	29,249	6,051	3,877	6,934	2,369,476
Additions	0	19,104	60	6,930	11,450	2,280	19	962	40,804
Reclassifications	(8,357)	7,059	4	2,956	(1,527)	(11)	(123)	(2)	0
Net Revaluation	(892)	2,737	0	0	0	0	0	0	1,845
Disposals	0	(3,597)	(145)	(15,639)	(25,965)	(1,513)	0	(5,874)	(52,733)
Depreciation on Disposals	0	411	110	9,047	26,506	1,018	0	2,432	39,524
Reverse Accumulated Depreciation – Reclassification	0	0	0	(1,094)	1,070	0	74	0	50
Reverse Accumulated Depreciation – Revaluation Write Back	0	207	0	0	0	0	0	0	207
Reverse Accumulated Impairment Loss - Reclassification	0	289	0	0	0	0	0	0	289
Reverse Accumulated Impairment Loss - Disposal	0	0	0	6,423	9	0	0	3,438	9,870
Reverse Accumulated Impairment loss expensed	0	0	0	20	0	0	0	0	20
Impairment Losses Expensed in P&L	0	(300)	0	(49)	269	0	0	0	(80)
Impairment Loss (on Revalued Asset) Expense to Revaluation Reserve	0	(14,139)	0	0	0	0	0	0	(14,139)
Depreciation	0	(61,568)	(2,455)	(14,853)	(13,424)	(1,736)	0	(1,548)	(95,584)
Cost or Fair Value	494,457	1,732,338	94,612	208,143	118,794	25,641	3,847	39,581	2,717,413
Accumulated Depreciation	0	(86,949)	(31,625)	(155,342)	(91,157)	(19,552)	0	(33,239)	(417,864)
Net Carrying Value - 31 December 2024	494,457	1,645,389	62,987	52,801	27,637	6,089	3,847	6,342	2,299,549

Notes to the Financial Statements

for the year ended 31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group								
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
All in \$000s									
Assets under construction									
Opening Value - 1 January 2024	0	12,934	233	1,212	504	34	0	19	14,935
Additions	0	24,561	75	7,163	7,777	162	5	393	40,134
Expensed	0	(2,411)	0	951	(54)	0	(1)	0	(1,515)
Capitalisations	0	(16,753)	(38)	(3,273)	(5,181)	(155)	(4)	(349)	(25,753)
Closing Value - 31 December 2024	0	18,330	270	6,052	3,046	40	0	64	27,802

Notes to the Financial Statements

for the year ended 31 December 2025

	Parent								
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	Total
All in \$000s									
Property, plant and equipment									
Cost or Fair Value - 31 December 2023	481,722	1,698,879	94,075	212,536	134,664	24,885	3,952	44,502	2,695,215
Accumulated Depreciation - 31 December 2023	0	(12,462)	(28,662)	(153,845)	(105,438)	(18,834)	(73)	(37,568)	(356,881)
Net Carrying Value - 1 January 2024	481,722	1,686,417	65,413	58,691	29,226	6,051	3,879	6,935	2,338,334
Additions	0	18,984	60	6,927	11,449	2,280	18	962	40,680
Reclassifications	(1,736)	441	(1)	2,956	(1,525)	(11)	(123)	(2)	0
Net Revaluation	(2,764)	0	0	0	0	0	0	0	(2,764)
Disposals	0	(3,476)	(145)	(15,614)	(25,939)	(1,513)	0	(5,874)	(52,561)
Depreciation on Disposals	0	411	111	9,026	26,482	1,019	0	2,432	39,481
Reverse Accumulated Depreciation – Reclassification	0	0	0	(1,094)	1,070	0	73	0	49
Reverse Accumulated Depreciation – Revaluation Write Back	0	(289)	0	0	0	0	0	0	(289)
Reverse Accumulated Impairment Loss - Reclassification	0	289	0	0	0	0	0	0	289
Reverse Accumulated Impairment Loss - Disposal	0	0	0	6,423	9	0	0	3,438	9,870
Reverse Accumulated Impairment Loss Expensed	0	0	0	20	0	0	0	0	20
Impairment Losses Expensed in P&L	0	(300)	0	(48)	269	0	0	0	(80)
Impairment Loss (on Revalued Asset) Expense to Revaluation Reserve	0	(14,139)	0	0	0	0	0	0	(14,139)
Depreciation	0	(61,072)	(2,455)	(14,787)	(13,418)	(1,736)	0	(1,548)	(95,016)
Cost or Fair Value	477,222	1,714,828	93,988	206,806	118,650	25,641	3,847	39,588	2,680,570
Accumulated Depreciation	0	(87,562)	(31,005)	(154,305)	(91,027)	(19,551)	0	(33,245)	(416,695)
Net Carrying Value - 31 December 2024	477,222	1,627,266	62,983	52,501	27,623	6,090	3,847	6,343	2,263,875

Notes to the Financial Statements

for the year ended 31 December 2025

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Parent								Total
	Land	Buildings	Leased assets and improvements	Furniture and equipment	Computer hardware	Motor vehicles	Heritage collection	Library collection	
All in \$000s									
Assets under construction									
Opening Value - 1 January 2024	0	12,723	233	1,212	504	34	0	19	14,725
Additions	0	24,561	75	6,975	7,777	162	5	393	39,947
Expensed	0	(2,200)	0	739	(54)	0	(1)	0	(1,516)
Capitalisations	0	(16,753)	(38)	(3,273)	(5,181)	(155)	(4)	(349)	(25,753)
Closing Value - 31 December 2024	0	18,331	270	5,653	3,046	40	0	64	27,403

Restrictions on title

Under the Education and Training Act 2020, the Institute is required to obtain the consent from the Ministry of Education to dispose of land and buildings. For plant and equipment there is an asset disposal limit formula providing a limit up to which a TEI may dispose of plant and equipment without seeking the approval from the Ministry of Education. All restrictions have been complied with. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

There are also various restrictions in the form of historic designations, reserve, and endowment encumbrances attached to land. The Institute does not consider it practical to disclose in detail the value of land subject to these restrictions.

No items of Property, Plant and Equipment are pledged as security for liabilities at 31 December 2025.

Cyclone Gabrielle damage to Taradale campus

On 14 February 2023, Cyclone Gabrielle caused extensive damage to the campus based at Taradale, Napier. 90% of the campus was adversely impacted, requiring due consideration for financial reporting purposes as at reporting date.

The campus was revalued this year, for financial reporting purposes, on a fully remediated basis (i.e., all repairs have been completed, and the campus is fully operational). To determine the appropriate value of the campus as at reporting date, an impairment has been determined as the amount by which the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Revenue and Expenses unless the asset is carried at a revalued amount. Any impairment loss of a revalued assets is treated as a valuation decrease in the Asset Revaluation Reserve.

In determining the level of impairment to be applied against the revalued land and buildings based at Taradale, the following factors were considered:

- Total estimated restoration costs, being the costs required to restore the campus to its original working order.
- Costs deemed to be relating to betterment / deferred maintenance / change of use costs were removed from the restoration costs.
- General repairs and maintenance costs are deemed to not be capital in nature and should be expensed.

The residual impairment for the Taradale campus has been determined for each class of assets as follows:

Class of assets	2025 Impairment \$	2024 Impairment \$
Land	0	0
Building & Services	5,596,400	13,789,000
Total Hawke's Bay Campus	5,596,400	13,789,000

Notes to the Financial Statements

for the year ended 31 December 2025

11. INTANGIBLE ASSETS

ACCOUNTING POLICY

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and relevant professional fees. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Course-related software and websites

Course-related software and website development costs are classified as software and accounted for in accordance with the accounting policy for software. Capitalised costs are tested for impairment and, once available for use, amortised in accordance with that policy.

Courses purchased from other organisations

Separately acquired courses and programmes (including trademarks and licences) acquired from outside the Institute and Group are initially recognised at historical cost. They have a finite useful life, and subsequent to initial recognition, should be carried at cost less accumulated amortisation and impairment losses. They are amortised over a period not exceeding five years.

Internally developed courses

Course development costs are expensed when incurred unless the course development costs are directly attributable to the design of identifiable courses and programmes controlled by NZIST and Group, in which case they are recognised as intangible assets where all of the following criteria are met:

- (a) The course material is identifiable and the use and redistribution of course material is controlled by NZIST and Group through legal or other means.
- (b) It is probable that the courses will generate future economic benefits or service potential attributable to the course and the cost can be reliably measured. This is the case when:
 - (i) it is technically feasible to complete the development so that the course or programme will be available for use and/or sale;
 - (ii) management intends to complete the development of the course or programme and use or sell it;
 - (iii) there is an ability to use or sell the course or programme;
 - (iv) it can be demonstrated how the course or programme will generate probable future economic benefits or service potential;
 - (v) there are adequate technical, financial and other resources available to complete development of the course or programme and to use or sell the course or programme; and
 - (vi) the expenditure attributable to the course or programme development can be reliably measured.

Capitalised course development costs related to courses that are not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Capitalised course development costs are amortised from the point at which the course or programme is ready for use and are amortised over a period not exceeding five years. They are carried at cost less accumulated amortisation and impairment

losses. They are tested for impairment whenever there is an indication that the asset may be impaired. Costs associated with maintaining courses and programmes are recognised as an expense as incurred.

Intellectual property development

Research costs are expensed as incurred in the surplus or deficit. Development costs that are directly attributable to the design, construction, and testing of pre-production or pre-use prototypes and models associated with intellectual property development are recognised as an intangible asset if all the following can be demonstrated:

- (a) It is technically feasible to complete the product so that it will be available for use or sale.
- (b) Management intends to complete the product and use or sell it.
- (c) There is an ability to use or sell the product.
- (d) It can be demonstrated how the product will generate probable future economic benefits.
- (e) Adequate technical, financial, and other resources to complete the development and to use or sell the product are available.
- (f) The expenditure attributable to the product during its development can be reliably measured.

Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit. Development costs previously recognised as an expense cannot be subsequently recognised as an asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

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

- Computer software 2 to 10 years 10% to 50%.
- All other intangible assets 2 to 35 years, 2.9% to 50%.

The useful life of completed projects will be established at project completion.

Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Goodwill

The Institute will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Institute. If the consideration transferred is lower than the net fair value of the interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed. Goodwill is tested for impairment on an annual basis taking into consideration any changes to the business activities and environment in which the Institute operates.

Notes to the Financial Statements

for the year ended 31 December 2025

11. INTANGIBLE ASSETS (CONTINUED)

Leased assets

At the commencement of the lease term, the Institute shall recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. Although the legal form of a lease agreement is that the lessee may acquire no legal title to the leased asset, in the case of finance leases the substance and financial reality are that the lessee acquires the economic benefits or service potential of the use of the lease asset for the major part of its economic life in return for entering into an obligation to pay for that right, an amount approximating, at the inception of the lease, the fair value of the asset and the related finance charge. A finance lease gives rise to a depreciation expense for depreciable assets as well as a finance expense.

The depreciation policy for depreciable leased assets shall be consistent with that for the depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be fully depreciated over the shorter of the lease term or its useful life.

Assets Under Construction

As at 31 December, NZIST and Group was engaged in various construction and development projects that were not yet completed. These assets are classified as assets under construction. Once completed these assets will be transferred from assets under construction to the relevant intangible asset category.

There are no restrictions over the title of the Institute's intangible assets, nor are any intangible assets pledged as security for liabilities.

Intangible assets acquired on amalgamation

Any intangible assets acquired on amalgamation are valued at fair value being cost less depreciation.



Notes to the Financial Statements

for the year ended 31 December 2025

	Group					
	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	Total
All in \$000s						
Intangibles						
Cost or Fair Value - 31 December 2024	142,700	1,127	57,760	13,071	2,184	216,842
Accumulated Amortisation - 31 December 2024	(126,460)	(1,127)	(38,259)	(8,135)	(1,211)	(175,192)
Net Carrying Value - 1 January 2025	16,240	0	19,501	4,936	973	41,650
Additions	2,028	0	4,072	379	0	6,479
Reclassifications	1,698	0	119	(1,435)	0	382
Disposals	(38,005)	(679)	(5,646)	(4,158)	(528)	(49,016)
Amortisation on Disposals	36,221	679	5,301	4,158	528	46,887
Reverse Accumulated Amortisation – Reclassification	(1,643)	0	0	1,314	(4)	(333)
Reverse Accumulated Impairment Loss - Disposal	1,643	0	345	0	0	1,988
Reverse Accumulated Impairment Loss Expensed	0	0	0	0	0	0
Impairment Losses Expensed in P&L	(977)	0	(915)	(36)	0	(1,928)
Amortisation	(7,970)	0	(8,701)	(1,508)	(316)	(18,495)
Cost or Fair Value	108,421	448	56,305	7,857	1,656	174,687
Accumulated Amortisation	(99,186)	(448)	(42,229)	(4,207)	(1,003)	(147,073)
Net Carrying Value - 31 December 2025	9,235	0	14,076	3,650	653	27,614

	Group					
	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	Total
All in \$000s						
Assets under construction						
Opening Value - 1 January 2025	724	0	3,377	423	0	4,524
Additions	3,742	0	4,367	600	0	8,709
Expensed	(8)	0	0	0	0	(8)
Capitalisations	(2,053)	0	(4,071)	(380)	0	(6,504)
Closing Value - 31 December 2025	2,405	0	3,673	643	0	6,721

Notes to the Financial Statements

for the year ended 31 December 2025

11. INTANGIBLE ASSETS (CONTINUED)

	Parent					Total
	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	
All in \$000s						
Intangibles						
Cost or Fair Value - 31 December 2024	142,545	900	52,587	11,151	2,424	209,607
Accumulated Amortisation - 31 December 2024	(126,309)	(900)	(33,351)	(7,316)	(1,451)	(169,327)
Net Carrying Value - 1 January 2025	16,236	0	19,236	3,835	973	40,280
Additions	2,028	0	4,071	29	0	6,128
Reclassifications	1,698	0	119	(1,435)	0	382
Disposals	(38,019)	0	(5,646)	(3,956)	(768)	(48,389)
Amortisation on Disposals	36,236	0	5,300	3,956	768	46,260
Reverse Accumulated Amortisation – Reclassification	(1,643)	0	0	1,314	(4)	(333)
Reverse Accumulated Impairment Loss - Disposal	1,643	0	345	0	0	1,988
Reverse Accumulated Impairment Loss Expensed	0	0	0	0	0	0
Impairment Losses Expensed in P&L	(977)	0	(915)	125	0	(1,767)
Amortisation	(7,967)	0	(8,571)	(1,154)	(316)	(18,008)
Cost or Fair Value	108,252	900	51,131	5,789	1,656	167,728
Accumulated Amortisation	(99,017)	(900)	(37,192)	(3,075)	(1,003)	(141,187)
Net Carrying Value - 31 December 2025	9,235	0	13,939	2,714	653	26,541
	Parent					Total
	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	
All in \$000s						
Assets under construction						
Opening Value - 1 January 2025	724	0	3,377	11	0	4,112
Additions	3,742	0	4,367	283	0	8,392
Expensed	(8)	0	0	0	0	(8)
Capitalisations	(2,053)	0	(4,071)	(29)	0	(6,153)
Closing Value - 31 December 2025	2,405	0	3,673	265	0	6,343

Notes to the Financial Statements

for the year ended 31 December 2025

11. INTANGIBLE ASSETS (CONTINUED)

	Parent					Total
	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	
All in \$000s						
Intangibles						
Cost or Fair Value - 31 December 2023	163,191	900	66,434	12,049	1,790	244,364
Accumulated Amortisation - 31 December 2023	(138,376)	(900)	(48,343)	(5,898)	(890)	(194,407)
Net Carrying Value - 1 January 2024	24,815	0	18,092	6,151	899	49,957
Additions	2,326	0	10,163	42	0	12,531
Reclassifications	56	0	419	(940)	0	170
Disposals	(23,029)	0	(24,430)	0	0	(47,458)
Amortisation on Disposals	22,865	0	24,427	0	0	47,292
Reverse Accumulated Amortisation – Reclassification	(55)	0	9	0	0	(46)
Impairment Losses Expensed in P&L	0	0	(452)	0	(125)	(577)
Amortisation	(10,744)	0	(8,993)	(1,419)	(436)	(21,591)
Cost or Fair Value	142,545	900	52,587	11,151	2,424	209,607
Accumulated Amortisation	(126,309)	(900)	(33,351)	(7,316)	(1,451)	(169,327)
Net Carrying Value - 31 December 2024	16,236	0	19,236	3,835	973	40,280

	Parent					Total
	Computer software	Goodwill	Course development	Other intangible assets	Lease assets	
All in \$000s						
Assets under construction						
Opening Value - 1 January 2024	90	0	7,274	0	0	7,364
Additions	2,735	0	2,613	52	0	5,400
Expensed	(19)	0	(367)	1	0	(385)
Capitalisations	(2,082)	0	(6,143)	(42)	0	(8,267)
Closing Value - 31 December 2024	724	0	3,377	11	0	4,112

Notes to the Financial Statements

for the year ended 31 December 2025

12. INVESTMENT IN ASSOCIATES, JOINT VENTURES AND SUBSIDIARIES

ACCOUNTING POLICY

Associate

An associate is an entity over which NZIST has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the financial statements using the equity method of accounting. Investments in associates are measured at cost in the parent financial statements.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are measured at cost in the parent financial statements. Investments in associates and joint ventures are accounted for NZIST and Group financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the change in net assets of the entity after the date of acquisition.

The Group's share of the surplus or deficit is recognised in the Group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the Group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, NZIST and Group discontinues recognising its share of further deficits. After NZIST and Group's interest is reduced to zero, additional deficits are provided for and a liability is recognised, only to the extent that NZIST and Group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, NZIST and Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Subsidiaries

NZIST and Group's accounting policy relating to subsidiaries is in note 1.

The former ITPs had investments in below subsidiaries/associates/joint ventures which was acquired by NZIST upon amalgamation.

Details of holdings in subsidiaries and associates are shown in the table below:

2025	Ownership %	Balance date	Entity Classification
Subsidiary/Associate/Joint venture			
Ara Foundation	100	31 Dec 2025	Subsidiary
Ōtautahi Education Development Trust (OEDT)	100	31 Dec 2025	Subsidiary
Te Aho a Maui Limited (inactive)	100	31 Dec 2025	Subsidiary
Nelson Polytechnic Educational Society Incorporated	100	31 Dec 2025	Subsidiary
The Open Education Resource Foundation Limited	100	31 Dec 2025	Subsidiary
OPAIC Limited Partnership	50	31 Dec 2025	Partnership
Otago Polytechnic Education Foundation Trust	100	31 Dec 2025	Subsidiary
Unitec Trust	100	31 Dec 2025	Subsidiary
Unitec Apprenticeship Training Trust	100	31 Dec 2025	Subsidiary
Soda Inc Ltd	100	31 Dec 2025	Subsidiary
Motortrain Limited (dormant)	100	31 Dec 2025	Subsidiary
Polytechnics International New Zealand (PINZ)	100	31 Dec 2025	Subsidiary
Wintec Foundation Trust	100	31 Dec 2025	Subsidiary
Learning Works Limited	100	31 Dec 2025	Subsidiary
ESA Publications Limited	100	31 Dec 2025	Subsidiary

During 2025 Southern Lakes English College and WelTec Student Accommodation Limited were wound up and removed from the companies register. Motortrain Limited, a dormant subsidiary is in process to be removed from the companies register.

Notes to the Financial Statements

for the year ended 31 December 2025

12. INVESTMENT IN ASSOCIATES, JOINT VENTURES AND SUBSIDIARIES (CONTINUED)

Details of holdings in subsidiaries and associates are shown in the table below:

2024	Ownership %	Balance date	Entity Classification
Subsidiary/Associate/Joint venture			
Ara Foundation	100	31 Dec 2024	Subsidiary
Ōtautahi Education Development Trust (OEDT)	100	31 Dec 2024	Subsidiary
Te Aho a Maui Limited (inactive)	100	31 Dec 2024	Subsidiary
Nelson Polytechnic Educational Society Incorporated	100	31 Dec 2024	Subsidiary
The Open Education Resource Foundation Limited	100	31 Dec 2024	Subsidiary
OPAIC Limited Partnership	50	31 Dec 2024	Partnership
Otago Polytechnic Education Foundation Trust	100	31 Dec 2024	Subsidiary
Southern Lakes English College	100	31 Dec 2024	Subsidiary
Unitec Trust	100	31 Dec 2024	Subsidiary
Unitec Apprenticeship Training Trust	100	31 Dec 2024	Subsidiary
Soda Inc Ltd	100	31 Dec 2024	Subsidiary
Motortrain Limited (dormant)	100	31 Dec 2024	Subsidiary
Polytechnics International New Zealand (PINZ)	100	31 Dec 2024	Subsidiary
Wintec Foundation Trust	100	31 Dec 2024	Subsidiary
Learning Works Limited	100	31 Dec 2024	Subsidiary
WelTec Student Accommodation Limited	100	31 Dec 2024	Subsidiary
ESA Publications Limited	100	31 Dec 2024	Subsidiary

	Group		Parent	
	Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s				
Carrying value of investments as at 31 December:				
ESA publications Limited	0	0	1,880	1,880
OPAIC Limited Partnership	2,286	2,102	2,286	2,102
Learning Works Limited	0	0	2,398	2,398
Total	2,286	2,102	6,564	6,380

Notes to the Financial Statements

for the year ended 31 December 2025

13. INVESTMENT PROPERTY

ACCOUNTING POLICY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant, and equipment. Investment property is measured initially at its cost,

including transaction costs. After initial recognition, investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

	Group					
	1 Jan 2025	2025				31 Dec 2025
	Opening Value	Additions	Reclassifications	Revaluation	Disposals	Closing Value
All in \$000s						
Investment property						
OEDT - Ara	3,370	0	0	105	0	3,475
Total investment property	3,370	0	0	105	0	3,475

	Group					
	1 Jan 2024	2024				31 Dec 2024
	Opening Value	Additions	Reclassifications	Revaluation	Disposals	Closing Value
All in \$000s						
Investment property						
OEDT - Ara	3,250	0	0	120	0	3,370
Total investment property	3,250	0	0	120	0	3,370

The valuation of investment property for the Ōtautahi Education Development Trust (OEDT) as at 31 December 2025 was performed by an independent registered valuer, Telfer Young, on 31 December 2025. Telfer Young are experienced valuers with extensive market knowledge in the types and location of investment property owned by NZIST and Group.

Notes to the Financial Statements

for the year ended 31 December 2025

14. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Short-term payables are recorded at the amount payable. Payables are non-interest bearing and are normally settled on 30-day terms and as such the carrying value of payables approximates their fair value.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Payables under exchange transactions					
Trade payables		40,255	64,441	39,156	57,123
Related party payables		0	0	165	0
Other payables		6,915	21,428	6,896	21,317
Total payables under exchange transactions		47,170	85,869	46,217	78,440
Payables under non-exchange transactions					
Other payables		35,792	7,859	35,739	7,859
Related party payables		0	40	1,493	1,151
Net GST payable/(receivable)		3,259	18,828	3,234	18,762
Total payables under non-exchange transactions		39,051	26,727	40,466	27,772
Total trade and other payables		86,221	112,596	86,683	106,212

Notes to the Financial Statements

for the year ended 31 December 2025

15. EMPLOYEE BENEFIT LIABILITIES

ACCOUNTING POLICY

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to – but not yet taken – at balance date, and sick leave. 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.

Short-term employee entitlements

Employee benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as expenses in the surplus or deficit when incurred.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Employee entitlements					
Accrued pay		16,466	12,133	16,461	12,133
Annual leave		52,767	51,902	52,550	51,629
Sick leave		1,779	2,260	1,779	2,260
Long service leave		2,508	2,861	2,509	2,862
Retirement leave		1,747	2,182	1,747	2,182
Other employee entitlements		1,866	4,398	1,866	4,393
Total employee benefit liabilities		77,133	75,736	76,912	75,459
Current portion		74,085	72,391	73,864	72,114
Non-current portion		3,048	3,345	3,048	3,345
Total employee benefit liabilities		77,133	75,736	76,912	75,459

Notes to the Financial Statements

for the year ended 31 December 2025

16. REVENUE RECEIVED IN ADVANCE

ACCOUNTING POLICY

Deferred revenue from tuition fees includes both liabilities recognised for domestic student fees received for which the course withdrawal date has not yet passed, and for international student fees, which is based on the percentage completion of the course.

Work based learning divisions operates a rolling enrolment programme. In some instances, fees are payable at the commencement of the programme of training for the duration of the training. Similarly, government grants are paid in advance

of delivery of training services. Where fees and grants have substantive delivery conditions, revenue in advance is recognised until these conditions are satisfied.

Deferred revenue from research contracts includes both liabilities recognised for research funding with unsatisfied conditions (non-exchange contracts) and liabilities for exchange research funding received in excess of costs incurred to date on the required research.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Revenue received in advance					
Government grants		3,165	42,629	3,165	42,629
Students' fees		74,726	90,836	74,726	90,831
Other revenue received in advance		53,329	14,572	52,491	13,709
Total revenue received in advance		131,220	148,037	130,382	147,169
Current portion		130,491	147,266	130,382	147,169
Non-current portion		729	771	0	0
Total revenue received in advance		131,220	148,037	130,382	147,169

Notes to the Financial Statements

for the year ended 31 December 2025

17. BORROWINGS

ACCOUNTING POLICY

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless NZIST and the Group has an unconditional right

to defer settlement of the liability for at least 12 months after the balance date.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Borrowings					
Current portion		3,493	7,120	2,933	6,560
Non-current portion		38,029	40,911	29,678	32,094
Total		41,522	48,031	32,611	38,654

On 15 September 2025 the Minister for Vocational Education approved the conversion of the UCOL Crown loan balance of \$3,556,600 to equity.

NZIST's borrowing arrangements are as follow:

All in \$000s	Group					
Division/Subsidiary	OEDT	OEDT	Unitec	Otago	NorthTec	Wintec
Lender name	ANZ Bank New Zealand Limited	ANZ Bank New Zealand Limited	Crown	Crown	EECA	EECA
Carried amount on balance sheet	\$8,818	\$94	\$20,984	\$11,592	\$3	\$31
Facility description	\$10,780 for the Ōtautahi Education Development Trust (Subsidiary)	Ōtautahi Education Development Trust entered interest rate swaps to hedge against movements in interest rates on the loan with ANZ. Swaps are revalued at fair value on each balance date	\$50,000 10-year concessionary loan	\$18,000 10-year concessionary loan	EECA	EECA
Maturity date of facility	28/12/2029	28/12/2029	24/05/2029	30/08/2030	Not required	Not required
Date of Ministry of Education consent to borrow	Not required	Not required	24/05/2019	01/01/2021	Not required	Not required
Borrowing as at 31 December 2025	\$8,818	\$94	\$23,000	\$13,000	\$3	\$31
Covenants	See covenants below	Under interest rate swap contracts, the trust agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts	Quarterly reporting in lieu of covenants	Funds only to be used to fund Trades Building construction	Quarterly repayments	Quarterly repayments
Maximum total debt to total debt plus equity	Actual	19.61%	Required	<=50%		
Minimum interest cover ratio	Actual	2.62	Required	>1.5:1		

Notes to the Financial Statements

for the year ended 31 December 2025

17. BORROWINGS (CONTINUED)

NZIST's borrowing arrangements are as follow:

All in \$000s	Parent			
	Unitec	Otago	NorthTec	Wintec
Division	Unitec	Otago	NorthTec	Wintec
Lender name	Crown	Crown	EECA	EECA
Carried amount on balance sheet	\$20,984	\$11,592	\$3	\$31
Facility description	50,000 10-year concessionary loan	18,000 10-year concessionary loan	EECA	EECA
Maturity date of facility	24/05/2029	30/08/2030	Not required	Not required
Date of Ministry of Education consent to borrow	24/05/2019	01/01/2021	Not required	Not required
Borrowing paydown as at 31 December 2025	\$23,000	\$13,000	\$3	\$31
Covenants	Quarterly reporting in lieu of covenants	Funds only to be used to fund Trades Building construction	Quarterly repayments	Quarterly repayments

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for the year ended 31 December 2025

18. FINANCE LEASES

ACCOUNTING POLICY

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not the title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether NZIST and the Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The NZIST and Group's finance leases relate to buildings and computer equipment.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Finance leases					
Current portion		997	1,399	997	1,399
Non-current portion		33,140	34,164	33,140	34,164
Total		34,137	35,563	34,137	35,563
Non-cancellable minimum finance lease payments are payable as follows:					
Not later than one year		2,982	3,679	2,982	3,679
Later than one year and not later than five years		11,161	11,992	11,161	11,992
Later than five years		45,131	49,739	45,131	49,739
Total minimum lease payments as lessee		59,274	65,410	59,274	65,410
Future finance charges		25,137	29,850	25,137	29,850
Present value of minimum lease payments		34,137	35,563	34,137	35,563
Present value of minimum lease payments payable					
Not later than one year		997	1,399	997	1,399
Later than one year and not later than five years		3,762	3,436	3,762	3,436
Later than five years		29,378	30,728	29,378	30,728
Total present value of minimum lease payments		34,137	35,563	34,137	35,563

Ara division and Te Whatu Ora Health New Zealand Waitaha Canterbury, collectively the Tenants have entered a lease with HREF Health Precinct Limited (HREF), the landlord for the building known as Manawa (276 Antigua Street). This lease commenced on 16 July 2018.

The lease is a long-term agreement where each tenant is responsible for 50% of the lease obligations. Ara have carefully considered the accounting treatment of the lease. It has been determined that Ara have substantially all of the risks and rewards of ownership and thus, have classified the lease as a Finance lease. Ara have recognised their portion (50%) of the lease.

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19. OTHER FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICY

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Term deposits and loans

Term deposits and loans are initially measured at fair value. Receipts from these instruments consist solely of payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

New Zealand Government bonds

Government bonds are classified as fair value through other comprehensive revenue and expense as they might be sold prior to maturity for liquidity reasons. They are included in non-current assets unless the bonds mature or are intended to be disposed of within 12 months of the end of the reporting period.

Bonds are recognised initially at fair value plus transaction costs. Subsequent to initial recognition, bonds are carried at fair value with changes in their fair value recognised in other comprehensive revenue and expenses.

At the end of each reporting period an assessment is made of whether there is objective evidence that investments in bonds are impaired. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payment and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is removed from equity and recognised in surplus or deficit.

If, in a subsequent period, the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed through surplus or deficit. On disposal of the investment, the financial asset is derecognised, and the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit as a reclassification adjustment.

Managed fund

The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is classified as fair value through surplus or deficit. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

Loss allowance for term deposits, government bonds and other deposits

NZIST and Group considers there has not been a significant increase in credit risk for investments in term deposits, and government bonds because the issuer of the investment continues to have low credit risk at balance date. Term deposits are held with banks that have a long-term A (and above) investment external grade credit rating, and the New Zealand Government has a credit rating of AA+, which indicates that these entities have a very strong capacity to meet their financial commitments. The balance of loans to subsidiaries is immaterial.

No loss allowance for expected credit losses has been recognised because the estimated 12-month expected loss allowance for credit losses is trivial.

Unlisted Shares

Investments in unlisted shares that are not held for trading are irrevocably designated at fair value through other comprehensive revenue and expense at initial recognition. They are included in non-current assets unless it is intended that the investments will be disposed of within 12 months of the end of the reporting period.

Unlisted shares are recognised initially at fair value (plus transaction costs). Subsequent to initial recognition, they are carried at fair value, with change in their fair value recognised in other comprehensive revenue and expense.

These equity instruments are not subject to impairment assessments. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to general funds.

Fair value

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

Impairment of financial assets held at amortised cost

The NZIST and Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets are measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value

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of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that NZIST and Group expects to receive).

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Loss allowances on cash and cash equivalents, term deposits and loans to subsidiaries are measured at 12-month ECLs if credit risk has not increased significantly since initial recognition. Should credit risk of these instruments increase significantly, loss allowances are measured at an amount equal to lifetime ECL.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. NZIST and Group apply the simplified approach, as permitted by PBE IPSAS 41. For the simplified approach, NZIST and Group establishes a provision matrix that is based on historical credit loss experience, adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customer to settle the amount receivable.

NZIST and Group considers a financial asset to be in default when:

- The financial asset is more than 30 days past due, and/or
- The borrower is unlikely to pay its credit obligations to NZIST and Group in full.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The unrecoverable portion of a financial asset is written off when NZIST and Group has no reasonable expectations of recovering all or some of a financial asset. For student fees, NZIST and Group has a policy of writing off the gross carrying amount when the receivable is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, NZIST and Group makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The NZIST and Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with NZIST and Group's procedures for recovery of amounts due.



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19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Financial instrument categories					
The accounting policies for financial instruments have been applied to the line items below:					
Financial assets measured at amortised cost					
Cash and cash equivalents		539,859	381,694	534,670	376,646
Term deposits with maturities greater than 3 months at acquisition		40,959	172,124	34,126	164,042
Related party loan receivables		0	0	0	0
Investments in debt instruments		0	0	0	0
Student fees and other receivables		50,930	35,220	50,907	36,928
Total		631,749	589,038	619,703	577,616
Financial assets mandatorily measured at fair value through surplus or deficit					
Managed investment portfolio		20,655	21,898	12,160	14,104
Derivative financial instruments		0	0	0	0
Total		20,655	21,898	12,160	14,104
Total financial assets		652,404	610,936	631,863	591,720
Financial liabilities					
Financial liabilities measured at amortised cost					
Creditors and other payables		82,962	93,768	81,790	86,299
Finance leases		34,137	35,563	34,137	35,563
Related party term deposit payables		0	0	1,657	1,151
Borrowings		41,522	48,031	32,611	38,654
Total financial liabilities measured at amortised cost		158,621	177,362	150,195	161,667
Financial liabilities measured at fair value through surplus or deficit					
Derivative financial instruments		0	105	0	0
Total financial liabilities measured at fair value through surplus or deficit		0	105	0	0
Total financial liabilities		158,621	177,467	150,195	161,667

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Financial instruments risks

NZIST and Group's activities expose it to a variety of financial risks, including market risk, credit risk, and liquidity risk.

NZIST and Group has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows.

2025	Group						
	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years
All in \$000s							
Trade and other payables	82,962	82,962	82,962	0	0	0	0
Borrowings	41,522	41,522	314	3,280	3,560	3,560	30,808
Finance leases	34,137	34,137	314	255	389	397	32,782
Total financial liabilities at amortised cost	158,621	158,621	83,590	3,535	3,949	3,957	63,590

2025	Parent						
	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years
All in \$000s							
Trade and other payables	81,790	81,790	81,790	0	0	0	0
Related party term deposit payables	1,657	1,657	1,657	0	0	0	0
Borrowings	32,611	32,611	34	3,000	3,000	3,000	23,577
Finance leases	34,137	34,137	314	255	389	397	32,782
Total financial liabilities at amortised cost	150,198	150,198	83,798	3,255	3,389	3,397	56,359

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19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2024	Group						
	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years
All in \$000s							
Trade and other payables	93,768	93,768	93,768	0	0	0	0
Borrowings	48,031	48,031	7,120	0	3,560	3,560	33,791
Finance leases	35,563	44,895	1,168	1,181	1,879	1,646	39,021
Derivative financial instruments	105	105	105	0	0	0	0
Total financial liabilities at amortised cost	177,467	186,799	102,161	1,181	5,439	5,206	72,812

2024	Parent						
	Carrying amount	Contractual cashflow	Less than 6 months	6-12 months	1-2 years	2-3 years	More than 3 years
All in \$000s							
Trade and other payables	86,299	86,299	86,299	0	0	0	0
Related party term deposit payables	1,151	1,151	1,151	0	0	0	0
Borrowings	38,654	38,654	6,560	0	3,000	3,000	26,094
Finance leases	35,563	44,895	1,168	1,181	1,879	1,646	39,021
Total financial liabilities at amortised cost	161,667	170,999	95,178	1,181	4,879	4,646	65,115

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MARKET RISK

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. NZIST and Group is exposed to price risk. The investment philosophy and approach is conservative; it recognises that all investments held should be low risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. NZIST and Group is exposed to currency

risk. NZIST and the group manages currency risks by entering forward foreign exchange contracts and through diversifying investments across different currencies.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest create exposure to fair value interest rate risk. NZIST and Group does not actively manage its exposure to fair value interest rate risk.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk.

2025	Group				Parent			
	<1 year	>1 year - <2 years	>2 years	Total	<1 year	>1 year - <2 years	>2 years	Total
All in \$000s								
Cash and cash equivalents	539,859	0	0	539,859	534,670	0	0	534,670
Term deposits greater than 3 months	40,959	0	0	40,959	34,126	0	0	34,126
Managed investment portfolio	20,655	0	0	20,655	12,160	0	0	12,160
Total	601,474	0	0	601,474	580,956	0	0	580,956
Weighted average effective interest rate				3.37%				3.37%

2024	Group				Parent			
	<1 year	>1 year - <2 years	>2 years	Total	<1 year	>1 year - <2 years	>2 years	Total
All in \$000s								
Cash and cash equivalents	381,694	0	0	381,694	376,646	0	0	376,646
Term deposits greater than 3 months	164,155	7,969	0	172,124	163,867	175	0	164,042
Managed investment portfolio	21,898	0	0	21,898	14,104	0	0	14,104
Total	567,747	7,969	0	575,716	554,617	175	0	554,792
Weighted average effective interest rate				6.00%				5.96%

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19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates create exposure to cash flow interest rate risk. NZIST has a treasury management policy designed to ensure debt levels are sustainable and servicing costs are minimised. Interest rate swaps are utilised to manage interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to NZIST and the group, causing it to incur a loss. In the normal course of business, NZIST and Group is exposed to credit risk from cash and term deposits with banks, receivables, government bonds, loans to subsidiaries, derivative financial instrument assets, and bonds within the managed fund investment. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and bonds, which give rise to credit risk. NZIST and Group limits the amount of credit exposure to any one financial institute for term deposits to no more than 25% of total investments held. NZIST and Group invests funds only with registered banks that have a Standard and Poor's credit rating of at least A2 for short-term investments and A for long-term investments. NZIST and Group have experienced no defaults of interest or principal payments for term deposits. NZIST and Group holds no collateral or other credit enhancements for financial instruments that give rise to credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

Counterparties with credit ratings

Cash and cash equivalents and term deposits less than three months:

AA-		539,859	381,694	534,670	376,646
A		0	0	0	0

Counterparties without credit ratings

Cash and cash equivalents and term deposits:

Existing counterparty with no defaults in the past		0	0	0	0
Existing counterparty with defaults in the past		0	0	0	0

Investments:

Existing counterparty with no defaults in the past		20,655	21,898	12,160	14,104
Existing counterparty with defaults in the past		0	0	0	0
Total cash and cash equivalents, term deposits and investments		560,514	403,592	546,830	390,750

Debtors and other receivables

Existing counterparty with no defaults in the past		50,930	35,220	50,907	36,928
Existing counterparty with defaults in the past		0	0	0	0
Total debtors and other receivables		50,930	35,220	50,907	36,928

As at 31 December 2025, Kiwibank's credit ratings from Moody's and Fitch are A1 and AA, respectively. Kiwibank's credit rating is currently not available on Standard and Poor's.

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Trade and other receivables

Trade and other receivables mainly arise from the operation functions: therefore, there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. NZIST is not exposed to any material concentrations of credit risk. Trade and other receivables balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

Liquidity risk

Liquidity risk is the risk that NZIST and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. NZIST and Group aims to maintain flexibility in funding by keeping committed credit lines available. NZIST and Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements. The table below analyses

financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate of the instrument at balance date. The amounts disclosed are the undiscounted contractual cash flows.

NZIST held a \$45m borrowing facility with Westpac Banking Corporation (Westpac). This was entered for the period 1 January 2024 - 15 September 2025. The Facility was cancelled on 15 September 2025.

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding retained surplus) for reasonably possible market movements in price and interest rates, with all other variables held constant, based on financial instrument exposures at balance date.

All in \$000s	Group				Parent			
	+100BPS		-100BPS		+100BPS		-100BPS	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
Interest rate risk 31 December 2025								
Financial assets								
Cash and cash equivalents	5,399	0	(5,399)	0	5,347	0	(5,347)	0
Term deposits with maturities greater than 3 months at acquisition	410	0	(410)	0	341	0	(341)	0
Managed investment portfolio	207	0	(207)	0	122	0	(122)	0
Total sensitivity to interest rate risk - financial assets	6,015	0	6,015	0	5,810	0	(5,810)	0
Financial liabilities								
Finance lease	(341)	0	341	0	(341)	0	341	0
Borrowings	(415)	0	415	0	(326)	0	326	0
Total sensitivity to interest rate risk - financial liabilities	(757)	0	757	0	(667)	0	667	0

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19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Group				Parent			
	+100BPS		-100BPS		+100BPS		-100BPS	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
All in \$000s								
Interest rate risk 31 December 2024								
Financial assets								
Cash and cash equivalents	3,817	0	(3,817)	0	3,767	0	(3,767)	0
Term deposits with maturities greater than 3 months at acquisition	1,721	0	(1,721)	0	1,640	0	(1,640)	0
Managed investment portfolio	219	0	(219)	0	141	0	(141)	0
Total sensitivity to interest rate risk - financial assets	5,757	0	(5,757)	0	5,548	0	(5,548)	0
Financial liabilities								
Derivative financial instruments	(1)	0	1	0	0	0	0	0
Finance lease	(356)	0	356	0	(356)	0	356	0
Borrowings	(480)	0	480	0	(386)	0	386	0
Total sensitivity to interest rate risk - financial liabilities	(837)	0	837	0	(742)	0	742	0

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.

Fair value estimation and fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. The fair values of all financial instruments equate to carrying values.

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price - financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs - financial instruments with quoted process for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable.
- Valuation techniques with significant non-observable inputs - financial instruments valued using models where one or more significant inputs are not observable.

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All in \$000s	Group			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2025				
Financial assets				
Term deposits with maturities greater than 3 months at acquisition	40,959	40,959	0	0
Managed investment portfolio	20,655	20,655	0	0
Total fair value of financial instruments - financial assets	61,614	61,614	0	0
Financial liabilities				
Derivative financial instruments	0	0	0	0
Borrowings	41,522	41,522	0	0
Total fair value of financial instruments - financial liabilities	41,522	41,522	0	0
	Parent			
All in \$000s	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2025				
Financial assets				
Term deposits with maturities greater than 3 months at acquisition	34,126	34,126	0	0
Managed investment portfolio	12,160	12,160	0	0
Total fair value of financial instruments - financial assets	46,286	46,286	0	0
Financial liabilities				
Derivative financial instruments	0	0	0	0
Borrowings	32,611	32,611	0	0
Total fair value of financial instruments - financial liabilities	32,611	32,611	0	0

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19. OTHER FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

All in \$000s	Group			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2024				
Financial assets				
Term deposits with maturities greater than 3 months at acquisition	172,124	172,124	0	0
Managed investment portfolio	21,898	21,898	0	0
Total fair value of financial instruments - financial assets	194,022	194,022	0	0
Financial liabilities				
Derivative financial instruments	105	105	0	0
Borrowings	48,031	48,031	0	0
Total fair value of financial instruments - financial assets	48,136	48,136	0	0
	Parent			
All in \$000s	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Fair value of financial instruments 31 December 2024				
Financial assets				
Term deposits with maturities greater than 3 months at acquisition	164,042	164,042	0	0
Managed investment portfolio	14,104	14,104	0	0
Total fair value of financial instruments - financial assets	178,146	178,146	0	0
Financial liabilities				
Derivative financial instruments	0	0	0	0
Borrowings	38,654	38,654	0	0
Total fair value of financial instruments - financial assets	38,654	38,654	0	0

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All in \$000s	Group			
	Total	Secured loans	Finance leases	Interest rate swaps
Reconciliation of movements in liabilities arising from financing activities				
Balance at 1 January 2025	83,489	48,031	35,563	(105)
Net cash flows	(5,645)	(4,219)	(1,426)	0
Fair value	1,278	1,267	0	11
Other changes	(3,557)	(3,556)	0	0
Balance at 31 December 2025	75,565	41,522	34,137	(94)

All in \$000s	Parent			
	Total	Secured loans	Finance leases	Interest rate swaps
Reconciliation of movements in liabilities arising from financing activities				
Balance at 1 January 2025	74,217	38,654	35,563	0
Net cashflows	(5,180)	(3,754)	(1,426)	0
Fair value	1,268	1,268	0	0
Other changes	(3,557)	(3,557)	0	0
Balance at 31 December 2025	66,748	32,611	34,137	0

All in \$000s	Group			
	Total	Secured loans	Finance leases	Interest rate swaps
Reconciliation of movements in liabilities arising from financing activities				
Balance at 1 January 2024	86,754	48,734	37,628	392
Net cash flows	(4,788)	(2,723)	(2,065)	0
Fair value	1,523	2,020	0	(497)
Balance at 31 December 2024	83,489	48,031	35,563	(105)

All in \$000s	Parent			
	Total	Secured loans	Finance leases	Interest rate swaps
Reconciliation of movements in liabilities arising from financing activities				
Balance at 1 January 2024	76,817	38,797	37,628	392
Net cashflows	(4,620)	(2,163)	(2,065)	(392)
Fair value	2,020	2,020	0	0
Balance at 31 December 2024	74,217	38,654	35,563	0

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20. CAPITAL MANAGEMENT

NZIST and the Group's capital is its equity, which comprises accumulated funds and reserves. Equity is represented by net assets. NZIST is subject to the financial management and accountability provisions of the Crown Entities Act 2004 and the Education and Training Act 2020, which impose restrictions in relation to borrowings, acquisition of securities,

issuing guarantees and indemnities, and the use of derivatives and is compliant with these requirements. NZIST manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that NZIST effectively achieves its objectives and purpose while remaining solvent.

21. EQUITY

ACCOUNTING POLICY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- General funds
- Property revaluation reserves
- Restricted reserves
- Trusts and bequests reserve.

General funds

These general reserves can be used towards any unspecified future purpose.

Property revaluation reserves

These reserves relate to the revaluation of land and buildings assets to fair value. Changes in 2025 relate to NZIST revaluation.

Restricted reserves

These reserves are subjected to restrictions that prevent NZIST from using those funds until certain restrictions are met. It includes cash balances with use of restrictions within the ITP or WBL business division in which they were generated, mentioned in Note 4. In December 2025 these funds were updated to

reflect advice received from TEC as to the quantum of restricted reserves to be made available to new entities on the exit of the respective business division from NZIST on 1 January 2026.

Trusts and bequests reserve

The trusts and bequests reserve are a component of equity which has been created by NZIST. Transfers from the reserve may be made only for certain specified purposes or when certain specified conditions are met. The restrictions on use may be established by NZIST or legally through the terms and conditions of specific trusts and bequests.

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21. EQUITY (CONTINUED)

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
General funds					
Balance as at 1 January		1,268,717	1,235,282	1,248,209	1,217,398
Opening balance adjustment		0	(4,278)	0	0
Transfer from revaluation reserves on sale of assets held for sale		5,536	0	5,536	0
Surplus/(deficit) for the year before other comprehensive revenue and expenditure		(22,280)	16,658	(28,958)	10,272
Less surplus/deficit attributable to other equity classes/reserves		(2,647)	6,055	(2,173)	5,539
Debt forgiven by the Crown		3,557	0	3,557	0
Capital contributions from the Crown		0	15,000	0	15,000
Balance as at 31 December		1,252,883	1,268,717	1,226,171	1,248,209
Property revaluation reserves					
Balance as at 1 January		1,208,661	1,221,598	1,190,695	1,208,737
Transfer from other reserves		2,673	0	0	0
Property revaluation reserve transfer on reclassification		(8,827)	0	(8,827)	0
Transfer to equity on sale of assets held for sale		(5,536)	0	(5,536)	0
Land net revaluations gain/(loss)		21,847	(2,764)	21,057	(2,764)
Buildings net revaluations gain/(loss)		24,696	(10,173)	24,128	(15,278)
Total net revaluations gain/(loss)		46,543	(12,937)	45,185	(18,042)
Balance as at 31 December		1,243,514	1,208,661	1,221,517	1,190,695
Revaluation reserves consist of:					
Land		361,500	335,237	344,674	321,874
Buildings		882,014	873,424	876,843	868,821
Total property revaluation reserves		1,243,514	1,208,661	1,221,517	1,190,695

Notes to the Financial Statements

for the year ended 31 December 2024

21. EQUITY (CONTINUED)

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Trusts and bequests					
Opening balance		4,306	4,086	2,444	2,440
Interest received		108	112	62	43
Transfer from other reserves		(532)	0	0	0
Endowment received		1,334	146	1,174	0
Less grants awarded		(61)	(38)	(56)	(39)
Total trust funds		5,155	4,306	3,624	2,444
Represented by:					
Ara Institute of Canterbury		990	944	990	944
Waikato Institute of Technology		653	653	653	653
Otago Polytechnic		1,520	398	1,520	398
Nelson Polytechnic Education Society Inc		1,151	950	0	0
Others		841	1,361	461	449
Total trust funds		5,155	4,306	3,624	2,444
Restricted reserves					
Opening balance		116,907	129,897	116,907	129,365
Transfers to restricted reserves		15,481	1,131	15,481	1,131
Distributions from restricted reserves		(8,366)	(14,121)	(8,366)	(13,589)
Total restricted reserves		124,022	116,907	124,022	116,907

Notes to the Financial Statements

for the year ended 31 December 2025

Restricted reserves represented by:

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Ringfenced Reserves					
Ara Institute of Canterbury		29,672	28,701	29,672	28,701
Eastern Institute of Technology		14,673	14,673	14,673	14,673
Nelson Marlborough Institute of Technology		11,702	7,995	11,702	7,995
Open Polytechnic of New Zealand		3,168	3,244	3,168	3,244
Southern Institute of Technology		15,175	15,475	15,175	15,475
Toi Ohomai Institute of Technology		440	0	440	0
BCITO		1,229	1,560	1,229	1,560
Connexis		795	795	795	795
Competenz		11,961	11,961	11,961	11,961
MITO		623	623	623	623
Service IQ		0	2,357	0	2,357
Careerforce		750	750	750	750
HITO		351	1,082	351	1,082
Primary ITO		5,951	5,951	5,951	5,951
Total ringfenced reserves		96,490	95,166	96,490	95,166
Other restricted reserves					
Ara Institute of Canterbury		25,168	19,343	25,168	19,343
Eastern Institute of Technology		0	0	0	0
Nelson Marlborough Institute of Technology		0	0	0	0
Southern Institute of Technology		119	130	119	130
Competenz		0	0	0	0
Total other Financial Assets		25,287	19,473	25,287	19,473
Hardship - NorthTec		0	23	0	23
Polytechnic equity - Open Polytechnic		2,245	2,245	2,245	2,245
Total Restricted Reserves		124,022	116,907	124,022	116,907
Total equity		2,625,574	2,598,591	2,575,334	2,558,255

Notes to the Financial Statements

for the year ended 31 December 2025

22. MAJOR BUDGET VARIATIONS

	Group 2025			Parent 2025		
	Actual	Budget	Variance	Actual	Budget	Variance
All in \$000s						
Statement of comprehensive revenue and expense						
Surplus/(deficit)	(22,280)	(6,062)	(16,218)	(28,958)	(6,062)	(22,896)
Revenue variances						
Government funding	896,876	902,831	(5,955)	896,876	902,831	(5,955)
Tuition fees and departmental revenue	414,806	453,420	(38,614)	414,803	453,420	(38,617)
Other revenue	144,318	153,504	(9,186)	131,765	153,504	(21,739)
Expenditure variances						
Employee expenses	870,217	901,473	(31,256)	867,501	901,473	(33,973)
Depreciation and amortisation	116,063	116,975	(912)	114,912	116,975	(2,062)
Finance costs	5,773	4,082	1,691	5,203	4,082	1,121
Administration and other expenses	486,227	493,287	(7,060)	484,798	493,287	(8,489)
Share of associate / joint venture	0	0	0	12	(0)	12
Other comprehensive revenue and expense						
Other comprehensive revenue and expense	46,543	0	46,543	45,185	0	45,185
Total comprehensive revenue and expense	24,263	(6,062)	30,325	16,227	(6,062)	22,289

Explanation of budget variation (+/- \$10m):

Tuition fees and departmental revenue unfavourable variance (Parent and Group) reflects the following:

- *The domestic student tuition fees budget assumed domestic EFTS growth in 2025. Unfortunately, this did not occur with EFTS decreasing by 2.5% from 2024 actual levels, generating the unfavourable variance to budget.*
- *International EFTS grew 7% in 2025, however we had budgeted for an increase of 17%, resulting in international student tuition fees being unfavourable to budget.*
- *Fees free funding achieved a \$4.7m favourable variance with the final cohort of students eligible for first year fees free being enrolled in 2025.*

Other revenue budget (Parent and Group) assumed \$12.1m of insurance proceeds being received in 2025 in connection with the EIT Taradale campus remediation programme of work. While discussions with our insurers continue regarding this claim no funding was received during the year. The Parent budget assumed internal delivery income of \$43m which was ultimately eliminated on consolidation.

During 2025 NZIST delivered the 'VET Future State' programme which contained two workstreams focussed on improving financial viability of business divisions - the Regional ITP Viability and WBL Viability workstreams. Both workstreams contained kaimahi change processes to align the FTE compliment to revenue streams. The decisions made in consultation with kaimahi resulted in employee expenses (before restructuring expenses) delivering a favourable variance to budget.

Other comprehensive revenue favourable variances reflect the outcome of the 2025 land and building revaluation which was not budgeted to be undertaken in 2025.

Notes to the Financial Statements

for the year ended 31 December 2025

All in \$000s	Note	Group 2025			Parent 2025		
		Actual	Budget	Variance	Actual	Budget	Variance
Statement of financial position							
Current assets		681,117	536,369	144,748	667,807	536,369	131,438
Non-current assets		2,361,625	2,495,099	(133,474)	2,315,187	2,495,099	(179,912)
Current liabilities		299,953	424,149	(124,196)	299,525	424,149	(124,624)
Non-current liabilities		117,215	66,449	50,766	108,135	66,449	41,686
Equity		2,625,574	2,540,870	84,704	2,575,334	2,540,870	34,464

Explanation of budget variations (+/- \$10m):

Current assets favourable variance to budget for the Group reflects the favourable cash and cash equivalent balances generated via the 'VET Future State' programme minimising operating expenses and reduced capital expenditure. The unfavourable variance for the Parent reflects the elimination of inter-business division term deposits and loans in December following the recapitalisation of business divisions transitioning to new entities on 1 January 2026.

Non-current assets are unfavourable to budget due to lower than planned capital expenditure within the Parent with major property projects encountering timing variances. Additionally, term deposit duration has generated a variance between non-current assets and current assets as active term deposits were held for less than 12 months at balance date, whereas the budget assumed \$40.6m (Parent) and \$46.3m (Group) of term deposits with maturities greater than 12 months at balance date.

Current liabilities unfavourable variance reflects the inter-business division loans being eliminated in December (Parent) and less trade and other payables outstanding at balance date (Parent and Group).

Non-current liabilities favourable variances reflect the unbudgeted onerous lease provision made for Dixon Street, Wellington following the decision to close this campus at the end of 2025.

Equity finished 2025 favourable to budget due to the land and building revaluation which was not included within the 2025 Budget.

All in \$000s	Note	Group 2025			Parent 2025		
		Actual	Budget	Variance	Actual	Budget	Variance
Statement of cash flows							
Cash flow from operating activities		105,719	94,914	10,805	104,710	94,914	9,796
Cash flow used in investing activities		58,196	(142,103)	200,299	58,493	(142,103)	200,596
Cash flows from financing activities		(5,750)	(15,063)	9,315	(5,179)	(15,063)	9,884
Net (decrease)/increase in cash and cash equivalents		158,165	(62,252)	220,417	158,024	(62,252)	220,276
Cash and cash equivalents at beginning of the year		381,694	550,885	(169,191)	376,646	550,885	(174,239)
Total cash and cash equivalents at end of the year		539,859	488,633	51,226	534,670	488,633	46,037

The operating cashflow variance follows similar variation noted under the explanation for the statement of comprehensive revenue and expenditure.

The investing cashflow variation includes a reduction in capital works due to timing issues and reprioritisation as noted under the Statement of Financial Position explanations.

Notes to the Financial Statements

for the year ended 31 December 2025

23. CAPITAL EXPENDITURE PROJECT PERFORMANCE TO BUDGET

All in \$000s	Note	Group 2025			Parent 2025		
		Actual	Budget	Variance	Actual	Budget	Variance
Annual allocations							
Major investment projects (value >\$1m)		39,503	87,448	47,944	39,503	87,448	47,944
Medium investment projects (value >\$100k and <\$1m)		1,269	4,071	2,802	1,269	4,071	2,802
Minor investment projects (value <\$100k)		0	5,159	5,159	0	5,159	5,159
Annual allocations		49,230	65,547	16,317	49,011	65,547	17,267
Total capital expenditure		90,002	162,225	72,222	89,783	162,225	73,172

Explanation of budget variations (+/- \$10m):

Major investment projects progressed at a slower pace than was profiled within the 2025 Budget. Projects that underspent in 2025 that will roll forward into 2026 were based at UCOL (\$19m), EIT (\$8m) and Ara (\$8m).

With financial viability improvements progressed through 2025, capital expenditure budgets were optimised by business divisions driving the favourable variance within annual allocations.

Notes to the Financial Statements

for the year ended 31 December 2025

24. OPERATING LEASES

ACCOUNTING POLICY

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Leases as lessee					
Non-cancellable operating lease rentals are payable as follows:					
Not later than one year		25,528	26,170	25,509	26,121
Later than one year and not later than five years		64,733	65,506	64,733	65,506
Later than five years		120,656	131,888	120,656	131,888
Total leases as lessee		210,917	223,564	210,917	223,515
Leases as lessor					
NZIST leases its property purchased for strategic purpose pending future use by NZIST under operating leases.					
The Future minimum lease payments under non-cancellable leases are as follows:					
Not later than one year		3,290	4,240	3,290	4,240
Later than one year and not later than five years		1,938	3,992	1,938	3,992
Later than five years		645	701	645	701
Total leases as lessor		5,873	8,933	5,873	8,933

Operating leases as the lessee comprise of buildings, vehicles, photocopiers other equipment, Student Association contract, cleaning contract and health contract.

Manukau Institute of Technology (MIT) holds a lease agreement for the TechPark building. The agreement commenced on 1 September 2020 and will run for 50 years, including renewal periods. The value of the operating lease commitment is \$2.4m per year. The finance lease is disclosed in Note 18. As of 31 December 2025, the net present value of any make good provision is considered to be immaterial and accordingly no make good provision has been recognised. As lessee there are responsibilities to minimise impact to the lessors premises at the time of exit.

MIT has a "peppercorn" lease with Auckland City Council for the use of land under which the MITM campus is sited. The term of the lease is for 99 years effect from 18th September 2018 with an annual lease cost of \$1 plus GST per annum (a fair value interest of \$10m).

Notes to the Financial Statements

for the year ended 31 December 2025

25. COMMITMENTS AND CONTINGENCIES

Cyclone Gabrielle contingent asset

At the time of Cyclone Gabrielle, NZIST was insured by several New Zealand and international insurers and had the following Material Damage and Business Interruption insurance cover in place:

- Business interruption (gross revenue) – capped at \$5,000,000
- Material damage – capped at \$200,000,000
- Additional costs of working – capped at \$20,000,000.

As at reporting date, the following payments have been received from our insurers in relation to the Taradale campus:

- Progress payment \$15.5M

Insurance compensation is accounted for as follows:

- On the face of the statement of financial position, the insurance compensation receivable is recognised as an

asset when there is virtual certainty that the proceeds will flow. The asset is presented within trade and other receivables and classified as other non-exchange receivables within the trade and other receivables note to the financial statements.

- On the face of the Statement of Comprehensive Revenue and Expense, insurance compensation is recognised as non-exchange revenue and is not offset against expenses.
- In the notes to the financial statements, a contingent asset is disclosed for possible insurance compensation that is not yet virtually certain or wholly within the control. Insurance proceeds will not necessarily match impairment costs.

NZIST has the following commitments at balance date:

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Capital commitments					
Capital commitments denote approved capital expenditure contracted for at year-end not yet incurred.					
Approved and committed					
Taradale campus - reinstatement commitment		187	3,308	187	3,308
Buildings		9,654	3,934	9,654	3,934
Other plant, property and equipment		1,978	1,485	1,978	1,485
Lease commitments		0	0	0	0
Intangible assets		41	2	41	2
Total capital commitments		11,860	8,729	11,860	8,729

Notes to the Financial Statements

for the year ended 31 December 2025

NZIST has the following contingent assets and liabilities at balance date:

	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
All in \$000s					
Contingent assets					
Taradale campus - Cyclone Gabrielle further insurance remediation expected		7,000	19,816	7,000	19,816
Contingent asset		0	0	0	0
Total contingent assets		7,000	19,816	7,000	19,816
Contingent liabilities					
UCOL - compassionate grants outstanding		0	55	0	55
W&W_WSAL - Signing over 222 Willis Street lease to Victoria University		0	6,715	0	0
Total contingent liabilities		0	6,770	0	55

NZIST is a significant employer and as such there were employee related claims at balance date.

There is a disagreement between the landlord of a property previously occupied by Whitireia and WelTec, and NZIST of \$3.25m plus GST (if any) relating to the 'make good' of the site upon exit of the lease.

The Otago Polytechnic is a participating employer in two Defined Benefit Plan Contributors Schemes (the schemes), which are multi-employer defined benefit schemes. If the other participating employers ceased to participate in the scheme the Otago Polytechnic could be responsible for any deficit of the schemes. Similarly, if a number of employers ceased to participate in the schemes the Otago Polytechnic could be responsible for an increased share of the deficit.

The Tertiary Education Union (TEU) filed a case with the Employment Relations Authority (ERA) in relation to the removal of free parking on Unitec's Mt Albert campus, and the removal of free life and income protection insurance for Unitec staff. In November 2025 the Court issued its judgement and has upheld NZIST had the discretion to make the decision on discontinuing the free life and income protection insurance. The Court has instructed NZIST and the TEU to discuss remedies; as at 31 December 2025 agreement on the remedies has not yet been reached.'

Notes to the Financial Statements

for the year ended 31 December 2025

26. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

ACCOUNTING POLICY

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that NZIST would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with Government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

All in \$000s	Note	Group		Parent	
		Actual 2025	Actual 2024	Actual 2025	Actual 2024
Key management personnel related party transactions					
Key management personnel compensation					
Council members					
Full-time equivalent members		10.2	10.9	7.2	8.5
Remuneration		547	595	396	451
<i>Directors and Chief Executive</i>					
Full-time equivalent members		2.8	5.1	2.8	5.1
Remuneration		1,389	3,393	1,389	3,393
Total full-time equivalent members		13	16	10	14
Total key management personnel remuneration		1,936	3,988	1,785	3,844

27. CONSOLIDATION

ACCOUNTING POLICY

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the Group on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The Group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date NZIST obtains control of the entity and ceases when NZIST loses control of the entity.

28. EVENTS AFTER BALANCE DATE

On 1 January 2026 NZIST transitioned 20 business divisions to 10 new polytechnic's and eight new ISBs. The relevant legislation governing operations for all these entities includes the Crown Entities Act 2004 and the Education and Training Act 2020 (including subsequent Amendments to the Act). The transition includes the transfer of net assets as a distribution from NZIST/equity contribution to the Crown of \$2.4 billion for the respective polytechnic/ISBs.

No adjustment has been made to these financial statements as this is a non-adjusting event after the reporting date.

29. FUTURE UNCERTAINTY OF NZIST

The Education and Training (Vocational Education and Training System) Amendment Act 2025 has specified NZIST will operate as a transitional entity through to 31 March 2027 or as amended by Orders in Council. Following the transition period, NZIST will be formally disestablished as a legal entity. The ability to vary the timing of disestablishment via an Orders in Council creates uncertainty around the final date of disestablishment. This uncertainty remained at the time of the annual report being approved by Council.

Other Information

Ētahi pārongo atu

CHILDCARE SUMMARY

	Group	
	Actual 2025	Actual 2024
All in \$000s		
1 January to 31 December		
Revenue		
Operating grants – Ministry of Education (MOE)	5,141	5,343
Equity funding	5	41
Fees – staff, students and public	1,329	1,435
Family assistance (WINZ)	444	404
Other	12	12
Total revenue	6,931	7,235
Expenses		
Personnel	6,453	6,859
Other	580	704
Total revenue	7,033	7,563
Net surplus	(102)	(328)
Statistics		
MOE hours funded for under 2's	91,677	75,557
MOE hours funded for over 2's	92,932	93,009
MOE 20 hours ECE	182,021	154,830
MOE plus 10 hours ECE	45,732	38,897

The above accounts for the full 12-month reporting period are required to be presented separately for Minister of Education purposes to support the funding provided. There is no reflection of the portion of occupancy costs or depreciation on buildings and equipment used by the childcare centre, which are included in NZIST main accounts.

COMPULSORY STUDENT SERVICES FEE

All in \$000s	Note	Group			
		2025		2024	
1 January to 31 December		Actual Revenue	Actual Expenses	Actual Revenue	Actual Expenses
Revenue					
Compulsory student levy revenue		13,237		11,703	
Expenditure					
Advocacy and advice			2,310		2,149
Career advice and guidance			3,717		3,505
Employment information			550		359
Counselling and pastoral care			5,278		4,710
Financial support and advice			861		836
Health services			3,530		4,048
Media			241		299
Sports, recreation and culture activities			1,701		1,411
Career information, advice and guidance			160		(215)
Childcare services			0		0
Clubs and societies			0		0
Total		13,237	18,348	11,703	17,102
Net surplus			(5,111)		(5,399)

The Compulsory Student Services Fee (CSSF) varies from \$104 to \$656 per full-time equivalent student and it varies depending on the individual student's circumstances, location, and duration of each course. The fee is used to fund key services that assist student success, retention and overall well-being. All CSSF income and expenditure is separately accounted for within the NZIST systems.

Advocacy and Advice

NZIST provides students with independent and confidential support, advice and advocacy services.

This includes assistance for general information and translation of NZIST rules and policies, disciplinary action, harassment, complaints, employment and tenant rights, and grade appeals. All NZIST related issues are resolved, or the student is guided and supported through any escalation process.

Careers Advice and Guidance and Employment Information

NZIST offers career counselling, employability development, volunteer experience and job search support to current students. NZIST career and employability facilitators provide advice and support students to make informed decisions.

Counselling and Pastoral Care

NZIST has a range of pastoral care, health and wellness provision and counselling services to facilitate our diverse students' integration into tertiary life and provide ongoing personal, spiritual, psychological and emotional support. NZIST offers specialised services to students with an impairment or disability, or who fall into a diverse demographic. NZIST also operates a comprehensive orientation and transition programme and has an early intervention philosophy to promote the success and retention of our students.

Financial Support and Advice

NZIST offers students information and advice to help manage their money, including assistance with Studylink issues,

budgeting advice, and banking. In addition, NZIST provides Justice of the Peace services and financial assistance for students experiencing financial hardship through our internal Student Hardship Fund.

Health Services

The health centres on Campus offer integrated general practice medical, nursing, and well-being services, to support students' overall health and well-being. Health and wellness services including doctors' appointments and nurse appointments are free for domestic students.

Media

NZIST supports the production and dissemination of information to students via Mailchimp (email communication), social media, electronic student handbooks, printed posters and flyers.

Sports, Recreation and Cultural Services

NZIST delivers a range of recreational and competitive sports events and activities. Some campuses have a fitness centre offering quality fitness equipment, group classes and personalised exercise programmes, and access to sport and exercise services. NZIST also offers a wide range of cultural events and diversity-related activities to promote diversity and inclusion on campus, as well as support student engagement. This includes orientation events and competitions.

Childcare Services

NZIST offers Early Learning Centres on some of the campus sites to students.

Clubs and Societies

NZIST has an advisor whose role is to support the development and sustainability of learner groups, clubs, and societies. The groups vary from recreational, interest and identity to political and spiritual. They alter from year to year based on the direction and energy that learners choose to give them.

REMUNERATION – COUNCIL AND BOARD MEMBERS

The below Council and Board members' remuneration values are for NZIST and the Group for the year ending 31 December 2025. Values are to the nearest dollar:

	Group	Parent
Council members:		
Jordan Gush	49,120	49,120
Tagaloatele Professor Peggy Fairbairn-Dunlop	11,164	11,164
Heath Sawyer	49,120	49,120
Dr Teorongonui (Josie) Keelan	49,120	49,120
Samuel Huggard	49,120	49,120
Susan McCormack	90,123	90,123
William (Bill) Moran	49,120	49,120
Jeremy Morley	49,132	49,132
	396,019	396,019
Group Board members:		
Dr Andrew West	25,000	
John Wilkinson	15,000	
Kim Hill	15,000	
Craig McFarlane	30,000	
Geoffrey Day	20,000	
Paul Holloway	20,000	
David Christiansen	10,000	
Caroline Seelig	4,076	
Vaughan Renner	6,000	
Murray Bain	3,750	
Alan Cadwallader	0	
Mary Byrne	0	
Murray Weakley	22,737	
Graeme Donaldson	22,737	
Stewart Harrison	22,737	
Brendon Hill	22,737	
Clive Jones	6,000	
Tony Gray	4,289	
Sarah-Jane Weir	2,676	
Lester Binns	2,141	
Lynette Rayner	2,141	
Rex Chapman	5,888	
Donna Howden	3,675	
Christopher Ramsay	290	
Total Council and Board members	662,893	396,019

As required by the Crown Entities Act 2004, NZIST and Group disclose the following:

NZIST's liability insurance provides indemnity cover for NZIST Directors and officers including those of the subsidiaries carried out in performance of their duties.

CESSATION PAYMENTS

The table below shows the total value of compensation or other benefits paid or payable to persons who ceased to be members, committee members or employees during the 12-month period 1 January 2025 to 31 December 2025 in relation to that cessation and the number of persons to whom all or part of that total was paid or payable.

	Number of kaimahi	\$
Subsidiary/Associate/Joint venture		
Subsidiaries	0	0
Parent	1,745	33,797,663
Total	1,745	33,797,663

REMUNERATION – EMPLOYEES

The employee counts are shown in the table below:

Total remuneration paid or payable	Kaimahi across network (Permanent and Fixed Term)	Total remuneration paid or payable	Kaimahi across network (Permanent and Fixed Term)
\$100,000.00 - \$109,999.99	894	\$300,000.00 - \$309,999.99	0
\$110,000.00 - \$119,999.99	444	\$310,000.00 - \$319,999.99	5
\$120,000.00 - \$129,999.99	244	\$320,000.00 - \$329,999.99	2
\$130,000.00 - \$139,999.99	141	\$330,000.00 - \$339,999.99	3
\$140,000.00 - \$149,999.99	93	\$340,000.00 - \$349,999.99	2
\$150,000.00 - \$159,999.99	53	\$350,000.00 - \$359,999.99	1
\$160,000.00 - \$169,999.99	46	\$360,000.00 - \$369,999.99	0
\$170,000.00 - \$179,999.99	37	\$370,000.00 - \$379,999.99	0
\$180,000.00 - \$189,999.99	31	\$380,000.00 - \$389,999.99	0
\$190,000.00 - \$199,999.99	18	\$390,000.00 - \$399,999.99	3
\$200,000.00 - \$209,999.99	14	\$400,000.00 - \$409,999.99	0
\$210,000.00 - \$219,999.99	17	\$410,000.00 - \$419,999.99	0
\$220,000.00 - \$229,999.99	9	\$420,000.00 - \$429,999.99	0
\$230,000.00 - \$239,999.99	7	\$430,000.00 - \$439,999.99	0
\$240,000.00 - \$249,999.99	12	\$440,000.00 - \$449,999.99	0
\$250,000.00 - \$259,999.99	3	\$450,000.00 - \$459,999.99	0
\$260,000.00 - \$269,999.99	2	\$460,000.00 - \$469,999.99	0
\$270,000.00 - \$279,999.99	5	\$470,000.00 - \$479,999.99	1
\$280,000.00 - \$289,999.99	2	\$480,000.00 - \$489,999.99	0
\$290,000.00 - \$299,999.99	1	\$490,000.00 - \$499,999.99	0
		Total	2,090

