Te Tāhuhu o te Mātauranga
Ministry of Education

Te Kāwanatanga o Aotearoa
New Zealand Government

Ministry of Education | Te Tāhuhu o te Mātauranga

Annual Report 2025

for the year ended
30 June 2025

Presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989

Ministry of Education | Te Tāhuhu o te Mātauranga
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Te Kāwanatanga o Aotearoa
New Zealand Government

Contents

Introduction from the Secretary for Education

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

He mihi nui ki tēnā, ki tēnā, e ako ana, e mahi ana, e tautoko ana i nga wahi mātauranga katoa puta noa i te motu.

The purpose of the Ministry of Education is to shape an education system that delivers equitable and excellent outcomes. Since stepping into the role of Secretary for Education, I have been reflecting on what excellence and equity looks like for us here in New Zealand.

Excellence and equity go hand in hand. Achieving excellence is the goal that every education system should strive for – educational success supports personal, social and cultural wellbeing, and national prosperity. While excellence will not be the same for everyone, every learner deserves to be supported to achieve their very best.

Yet we cannot achieve excellence for all learners without addressing the issues that drive inequity. Our education system is characterised by persistent disparities in outcomes for groups of our students, including Māori, Pacific, disabled and those from low socio-economic circumstances. A focus on equity is essential to recognising and responding to the diverse needs of our learners, so that each receives the support they need to succeed and thrive.

The pursuit of equitable and excellent outcomes for all learners is what drives our work and how we approach the Government's priorities for education. The Government has set ambitious targets to improve student achievement and attendance, and has signalled the importance of delivering effective and targeted learning support to help achieve these. Alongside this sits a focus on supporting and developing our education workforce, and on using data and insights to measure the impact of our work and make evidence-based decisions.

In support of the Achievement target, we're making solid progress with our shift towards a well-sequenced, knowledge-rich curriculum, improved approach to literacy and numeracy, and smarter assessment and reporting. To support this work, we've delivered professional development to teachers, and provided hundreds of thousands of mathematics and pāngarau resources to classrooms across the country over the past 12 months.

Regular attendance at school or kura is the first step in accessing the essential skills that children need to succeed in schooling and their everyday lives. Research shows that regular attendance leads to educational success and better employment and social outcomes. However, like many other countries, New Zealand's school attendance rates have been declining for over a decade – a trend exacerbated by COVID-19.

The Attendance target has sharpened our focus, and as we roll out a suite of connected, data-driven initiatives, we're starting to see some signs of improvement in attendance rates. We now receive daily attendance data from schools so that we can understand and interrogate what's happening in real-time, enabling us to have richer conversations with schools and better target support to where it's needed the most. The daily attendance data we receive is also published online every school day, providing a national and regional picture, and helping raise public awareness of the importance of school attendance.

Our work this year has spanned many other important areas. A Functional Chief Executive for School Property has been established and appointed to lead ongoing improvements to infrastructure delivery. We've supported the Government's response to the Abuse in Care Royal Commission of Inquiry, the ongoing work to strengthen the tertiary system and work-based learning, and the regulatory review of early childhood education. We worked at pace to develop and deliver a new model for Ka Ora, Ka Ako | Healthy School Lunches – after a challenging start, it is cost-effectively and reliably delivering 98 percent of lunches on time every day.

We continue to look for ways to operate efficiently and effectively – not just because we're in a tight fiscal environment, but also because it's the right thing to do as a public service. We are focused on building trust and confidence in our work.

As we look ahead, I am mindful that our world is constantly changing. We will continue to challenge ourselves to be outward-focused and responsive to changing needs and circumstances. We are committed to building on the progress we're making to improve outcomes for every learner.

Ellen MacGregor-Reid
Te Tumu Whakarae mō te Mātauranga |
Secretary for Education

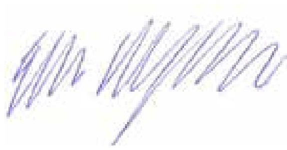
Statement of Responsibility

I am responsible, as Chief Executive of the Ministry of Education (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in the Annual Report.

In my opinion:

- the Annual Report fairly reflects the operations, progress, and organisational health and capability of the Ministry
- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2025 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2025 and its operations for the year ending on that date.



Ellen MacGregor-Reid
Te Tumu Whakarae mō te Mātauranga |
Secretary for Education
30 September 2025

Sector overview

In 2024/25, we supported over **1.4 million learners** across the early childhood education (ECE), schooling and tertiary sectors, and worked alongside more than **100,000 educators** to deliver quality teaching and learning.

We continued to respond to government priorities by modernising regulatory frameworks, investing in learning support, and progressing major reforms in vocational and tertiary education. The following snapshot of each sector highlights scale, investment, the Ministry's role and how we know we are making a difference.

We shape an education system that delivers equitable and excellent outcomes

Key changes in the system

Early Childhood Education

Early Childhood Education (ECE) is a foundational part of New Zealand's education system. It supports children's development and wellbeing, while enabling parents and whānau to participate in the workforce. ECE lays the groundwork for children to become **Primary School Ready,** equipping them with the social, emotional, and cognitive skills needed for a confident transition into formal schooling.

191,000 children enrolled
33,000+ teachers
4,600+ licensed services

Regulating and funding review

- Modernising the ECE regulatory approach and its tools
- Simplifying ECE regulatory requirements.

Becoming Primary School Ready

Primary School

Primary Education provides foundational learning for children aged 5 to 12. It equips learners with the literacy, numeracy, and social skills needed to become **Secondary School Ready,** supporting a confident transition into the next stage of their education.

470,000+ learners
43,000+ teachers
1,930+ schools

Change programme to strengthen curriculum and assessment

- English and Te Reo Rangatira (Years 0 to 6), and mathematics and statistics and pāngarau (Years 0 to 8) have been implemented in Term 1 2025.

Becoming Secondary School Ready

Secondary School

Secondary Education caters to learners aged 13 to 18 and builds on the foundations laid in primary school to support learners to be **Post-School Ready.** It offers a broad and flexible curriculum that supports academic achievement, vocational pathways, and personal development.

375,000+ learners
32,000+ teachers
567 schools

Refreshing the curriculum and strengthening qualifications and pathways

- Consulted on Years 7-13 English, Years 9-13 mathematics and statistics, Years 7-13 Te Reo Rangatira and Years 9-13 pāngarau
- Provided targeted NCEA co-requisite support to secondary schools and kura.

Becoming Post-School Ready

Tertiary learning

Tertiary education supports learners beyond secondary school, offering a wide range of academic, vocational, and professional pathways. The sector plays a critical role in preparing learners for employment, research, and lifelong learning.

500,000 learners
21,000 academic staff
200 govt funded providers

Redesign vocational education systems

- Legislation establishing the new system and organisations was introduced to Parliament in May 2025.

Performance overview

We shape an education system that delivers equitable and excellent outcomes

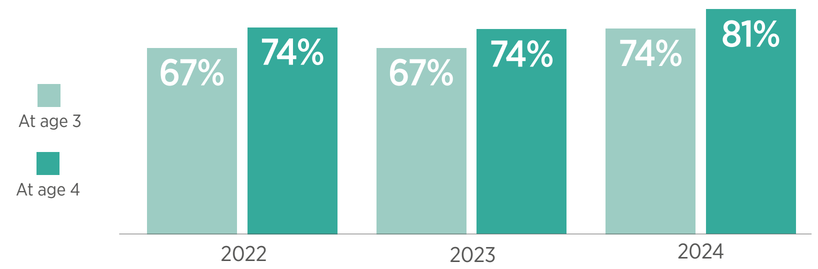
How we know we're making a difference

Early Childhood Education

- **Increasing participation:** 7 percentage point increase in the proportion of 3- and 4-year-olds attending early learning services for 10 or more hours per week.
- **Growing workforce:** 33,000 kaiako.
- **Expanded support:** Healthy lunches extended to ECE.

Participation in early learning

(children attending early learning services for 10 or more hours a week)



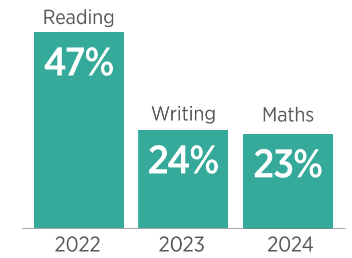
Becoming Primary School Ready

Primary School

- **Improving attendance:** Regular attendance rose from 48.90% in Term 3 2023 to 54.33% in Term 3 2024.
- **Curriculum refresh:** New English and maths curricula for Years 0-8; Tāhūrangi and Implementation Hub launched.
- **Structured literacy:** Nearly 13,000 teachers trained.
- **Maths resources:** Through the Make It Count action plan, we distributed over 830,000 maths resources and provided professional development to more than 15,000 teachers.
- **Assessment tools:** New phonics checks and Years 3–10 tool introduced.

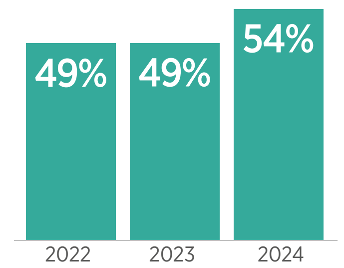
Achievement at primary school

(Year 8 students at or above the expected curriculum level)



Attendance at primary school

(students who are present for more than 90 percent of the term)



Becoming Secondary School Ready

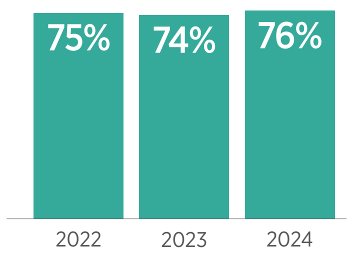
Secondary School

- **NCEA co-requisite:** Targeted support was made available to 141 secondary schools and kura from the start of Term 4 2024 for literacy, numeracy, te reo matatini, and pāngarau.
- **Curriculum refresh:** Consulted on content for the Years 7-13 English and Years 9-13 mathematics and statistics learning areas which will be released later in 2025.
- **Improving attendance:** Regular attendance rose from 40.3% Term 3 2023 to 46% Term 3 2024.

For more information about the performance of the primary and secondary education sectors, refer to the Ngā Ara o te Mātauranga 2024 Summary Report and Ngā Haeata o Aotearoa 2024.

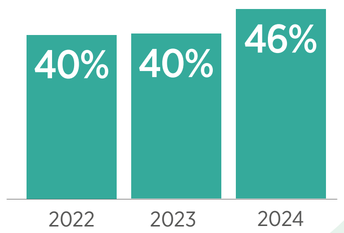
Achievement at secondary school

(school leavers with NCEA Level 2 or equivalent)



Attendance at secondary school

(students who are present for more than 90 percent of the term)



Becoming Post-School Ready

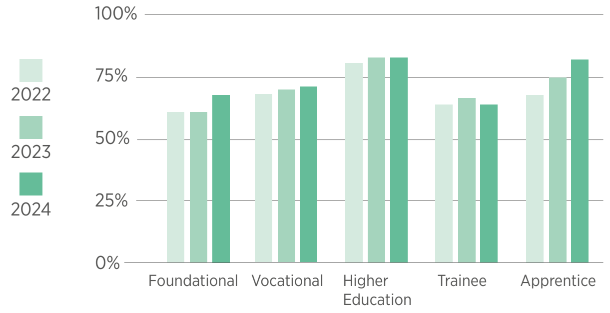
Tertiary learning

- **Increasing participation:** Foundational and vocational level participation increased.
- **System reform:** Transition to regionally responsive, industry-led model underway.
- **Final-year fees free:** Introduced the final-year fees free scheme on 1 January 2025.

For more information about the performance of the tertiary sector, refer to the Annual Reports of the Tertiary Education Commission and the New Zealand Qualifications Authority.

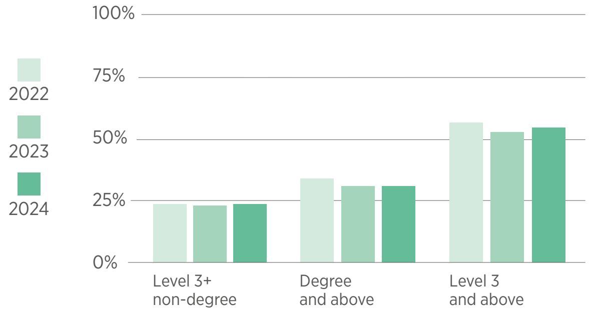
Achievement in tertiary education and training

(students and work-based learners completing courses or credits)



Participation in tertiary education and training

(school leavers enrolling in Level 3 or higher tertiary education)



Part One: Our purpose

About us

Who we are

The Ministry of Education |Te Tāhuhu o te Mātauranga (the Ministry) is the Government's lead advisor on education and the steward of New Zealand's education system. Our purpose is to shape an education system that delivers equitable and excellent outcomes.

Our focus

Having a relentless focus on achieving equity and excellence is critical. Our system has been characterised by persistent disparities in outcomes for groups of our students, including Māori, Pacific, disabled, and students from low socioeconomic circumstances.

What excellence looks like will not be the same for everyone – but every student deserves to be surrounded by people who have the very highest aspirations for them, and a system that is set up to support them to be their very best.

Focusing on equity means improving how our system recognises and responds to the diverse circumstances and needs of students, so that each one receives the support they need to succeed.

Our role

The Ministry oversees the education system from early childhood through to tertiary and vocational education. We provide direct support through funding, resources, services, and specialist advice. Services to the sector are a combined effort across a range of government agencies and providers.

We host the Charter School Agency (CSA), a Departmental Agency established in July 2024 to implement and operate the charter school model. We also host the Functional Chief Executive for School Property, which was established in late 2024.

Our role is changing. In 2024/25, decisions were made that proposes to establish a new Crown entity responsible for the management of education property and further changes are expected to how ECE regulation is managed. These changes are expected to take effect in 2025/26.

These are our four functions that a focused:

Sector Facing and regulatory functions - These are our functions that are focused on supporting learners, educators, and education providers directly,:

- Professional learning and development (PLD) for teachers.
- Supply of the education workforce, including teachers, leadership and non-teaching staff.
- Curriculum development, resources and advisory services.
- Education advisory to schools and early learning services.
- Funding to early learning services, schools and kura.
- Specialist learning support, guidance, and resources to schools, kura and early learning services.
- Support to principals and leaders including for pathways into leadership.
- Investment and provision of school property.
- Provision of school transport and digital infrastructure to schools.
- Provision of support and resources for specific needs, such as extreme weather events, or traumatic incidents in schools.
- Provision of critical systems for the sector, including funding early learning subsidies and schools' operations grants, Education workforce payroll and pay negotiations, bargaining and pay equity and support for school boards.
- Provision and monitoring of the education network across the country.
- Intervention and regulation for safety and quality with education agency partners and early learning services.

System and Stewardship Functions - These are our functions that provide the long-term health, quality, and sustainability of the education system and include:

- Oversight of the performance of the education system.
- Providing policy advice.
- Crown entity monitoring.
- Use of legislative, regulatory and funding levers to raise quality and focus investment on the things that make the most difference to learners.
- Intervention and regulation for safety and quality with education agency partners and early learning services.
- Giving effect to Ka Hikitia and delivering on the Māori-Education Action Plan

- Supporting government and Ministers and wider machinery of government requirements including our legislative responsibilities.

Operational Management of the Organisation - Supporting the delivery of outcomes to the sector through effective:

- Financial planning, investment and performance.
- Integrity, privacy and information management.
- Technology, with appropriate security, to support the organisation.
- Legislation that provides clear accountability and transparency.
- Māori-Crown Relationships.

These activities are underpinned by strong governance, contract and supplier management, communication and ministerial services.

How we are structured

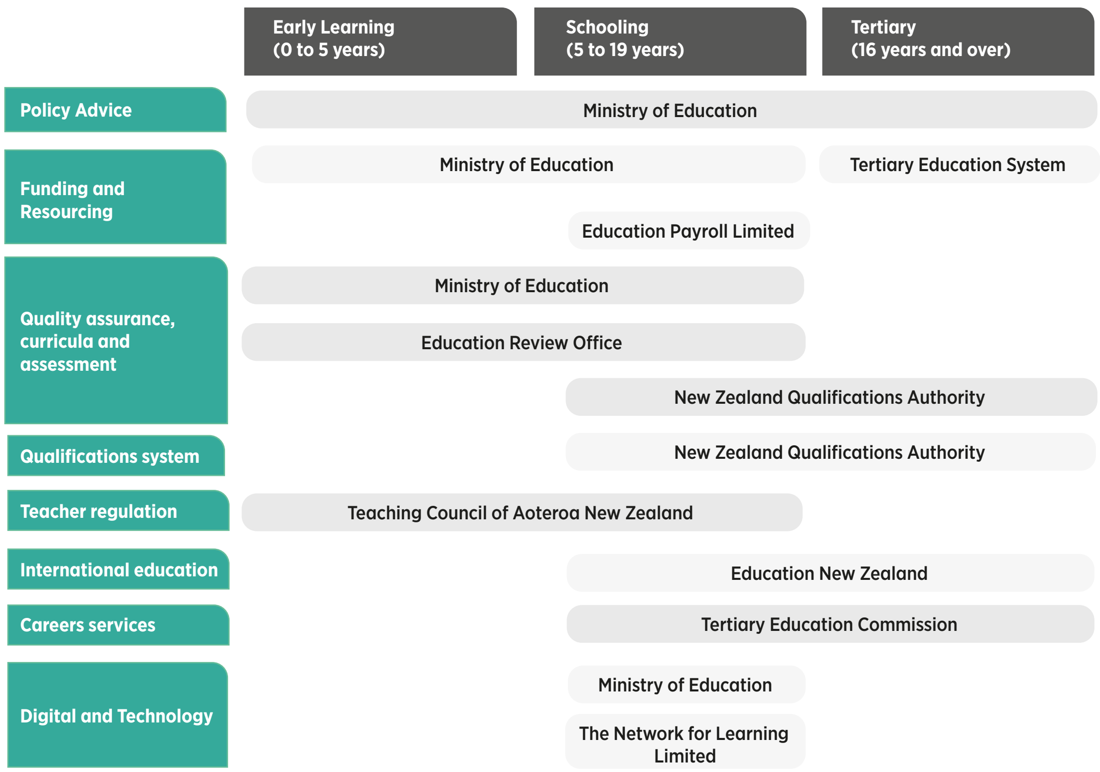
The Ministry work is delivered by a mix of regional frontline staff and national office support. The current business groups at the Ministry are:

- Regional Groups | Takiwā: North | Te Tai Raro, Central | Te Tai Whenua, South | Te Tai Runga.
- Curriculum Centre | Te Poutāhū.
- Operations and Integration | Te Pae Aronui.
- Education Workforce | Te Pou Ohumahi Mātauranga.
- Policy | Te Kaupapahere.
- Māori Education | Te Pou Tuarongo.
- Corporate | Te Pou Rangatōpū.

Further information about our leadership team and groups can be found on our website.

Who we work with

The education system is complex and includes government departments, Crown entities with specific roles and responsibilities, early learning services, schools and kura, and tertiary education organisations that have a high degree of autonomy. Each entity contributes to the broader education outcomes and has their own performance framework and reporting. The diagram below shows how we work with many other goverment agencies that contribute to lifting educational, economic, social and health outcomes.



Part Two: Ministerial priorities

Implementing the Government's priorities

The Government's targets for education

The Government has set two education targets to be achieved by December 2030:

- **Student attendance:** 80 percent of students are present for more than 90 percent of the term by December 2030.
- **Curriculum achievement:** 80 percent of Year 8 students are at or above the expected curriculum level for their age in reading, writing and mathematics by December 2030.

The Department of the Prime Minister and Cabinet leads a regular reporting cycle on the **Government Targets.** Previous quarterly reporting on the two education targets can be found on this **link.**

The Ministerial priorities

The education portfolio has four Ministers who provide oversight:

- Minister of Education – Hon Erica Stanford
- Minister for Vocational Education – Hon Penny Simmonds
- Minister for Universities – Hon Dr Shane Reti
- Associate Minister of Education (Partnership Schools) – Hon David Seymour.

The Minister for Education has six priorities[1] to lift achievement so that students are meeting or exceeding expectations of their academic progress, with significant work programmes to deliver on them:

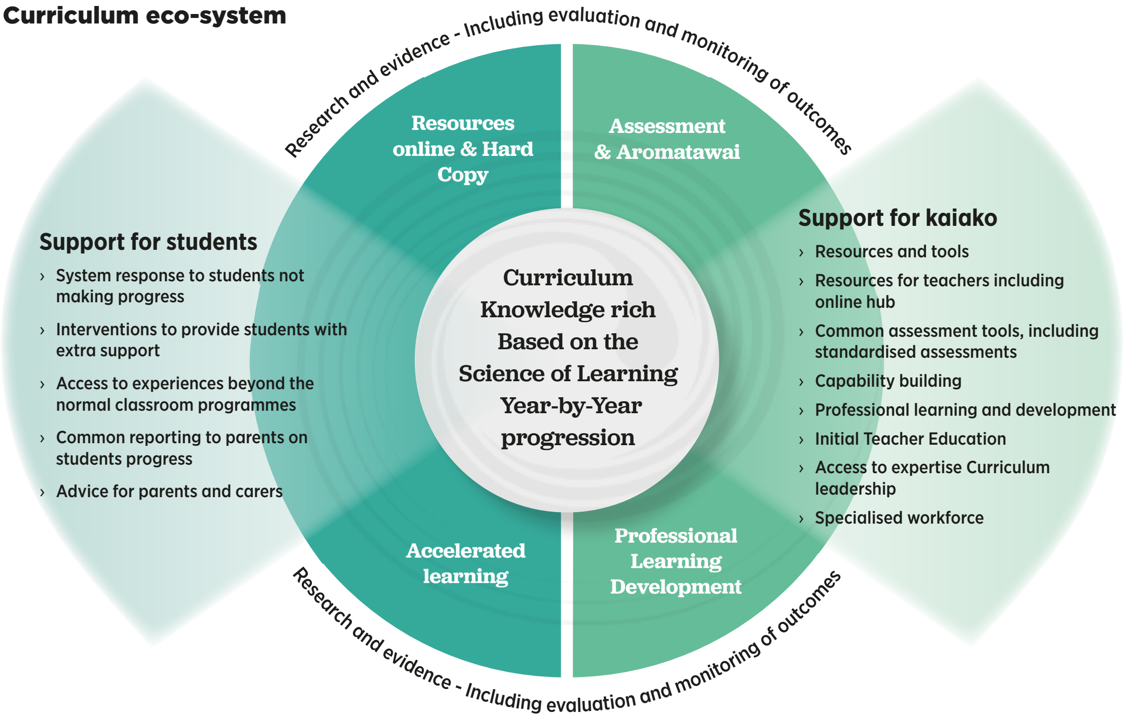
- **Clearer curriculum:** Establishing a knowledge-rich curriculum grounded in the science of learning.
- **Better approach to literacy and numeracy:** Implementing evidence-based instruction in early literacy and maths.
- **Smarter assessment and reporting:** Implementing consistent modes of monitoring student progress and achievement.

[1] The Minister has subsequently identified school property as a priority.

- **Improved teacher training:** Developing the workforce of the future, including leadership development pathways.
- **Stronger learning support:** Targeting effective learning support interventions for children with additional needs.
- **Greater use of data:** Using high-performing data and evidence to inform decision-making.

Detail on Minister Stanford's six priorities can be found here **(Improving achievement - Ministry of Education).** The priorities take a system and multi-lever approach to delivering changes as shown in the diagram below, with further detail provided in Part Three of this report.

Curriculum eco-system



The Minister's six priorities are supported by five further priorities set out in the Coalition Agreement:

- Implement an Attendance Action Plan.
- Re-introduce Charter Schools.
- Simplify regulatory and funding requirements in early childhood education (ECE).
- Disestablish Te Pūkenga and re-establish local focus provision.
- Replace first-year fees-free policy with a final-year fees free policy.

The Minister for Vocational Education's key priority is the disestablishment of Te Pūkenga, re-establishing regional polytechnics as part of a vocational education system that is more responsive to the needs of communities and industry.

During the year we welcomed Minister Reti into the new role of Minister for Universities. The priorities of the Minister for Universities are:

› Developing a new Tertiary Education Strategy.

› Establishing a University Strategy Group.

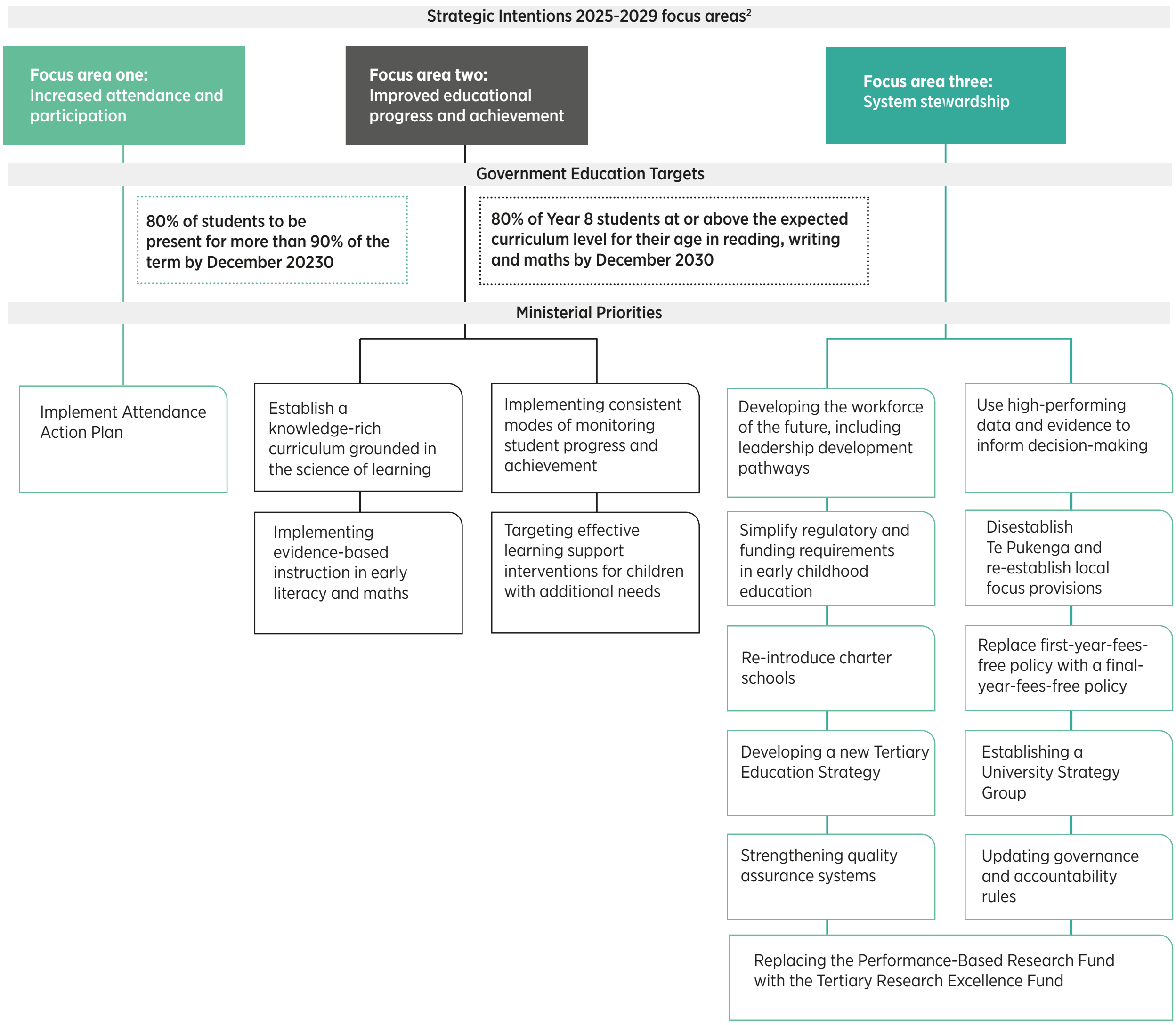
› Replacing the Performance-Based Research Fund with the Tertiary Research Excellence Fund.

› Strengthening quality assurance systems.

› Updating governance and accountability rules.

The Ministry's Strategic Intentions

The Ministers' priorities and the Government targets are being delivered through the three focus areas in our Strategic Intentions 2025-2029. The connection between the priorities, targets and our Strategic Intentions[2] is shown in the diagram below:



[2] *Our Strategic Intentions 2025-2029* were published in December 2024 and are on our **website.** Until 31 December 2024 we reported on our *Statement of Intent 2021-2026,* which is summarised in Part Seven.

Major spending decisions in 2024/25

The Ministry had three key major spending areas in 2024/25: Ka Ora, Ka Ako; Apprenticeship Boost; and Charter Schools. An overview of these programmes is outlined below:

Ka Ora, Ka Ako | Healthy School Lunch Programme

The Ka Ora, Ka Ako | Healthy School Lunch Programme provides a daily nutritious lunch to students in need of the greatest support to help them learn and thrive at school or kura. In 2024/25, it was extended to include up to 10,000 children aged 2-5 years in Early Learning Centres.

The following table shows the funded cost for the Ministry from 2023/24 to 2027/28.

Baseline	2023/24	2024/25	2025/26	2026/27	2027/28
Non-departmental output expense	284,574,481	245,995,608	232,203,000	116,102,000	0
Departmental output expense (funding up to Dec 26)	6,851,365	5,987,479	5,908,000	2,981,000	0
Non-departmental capital expenditure (funding up to Dec 26)	554,628	374,094	600,000	300,000	0

Progress and performance information is set out on page 26 and can also be found on the Ka Ora, Ka Ako - Healthy School Lunches Programme website.

Apprenticeship Boost

Budget 2024 relaunched Apprenticeship Boost Initiative (ABI) as Apprenticeship Boost, with the removal of support for second year apprentices and the restriction of support to learners in targeted study fields. These changes were implemented from 1 January 2025.

For further information on financial performance, please refer to the Ministry for Social Development's Annual Report, as the funding for Apprenticeship Boost is allocated through Vote Social Development. Performance information is set out in the table below.

Performance measure	2023/24 performance	2024/25 performance	Comment
Number of learners being supported	25,725	17,355	Number of supported learners has declined due to eligibility changes and the downturn in the construction sector.
Number of study commencements	14,915	11,660	Commencements in the 2025 calendar year were significantly lower, reflecting the downturn in the economy and in the construction sector.
Ongoing completion rate	80.5%	85.7%	

First-year attrition and retention rates	-	-	Not available. First-year retention is calculated where a learner has been retained in training into their 13th or more month of training, without withdrawing, but this can represent a period of 13 (or more) contiguous calendar months. See the table below for the most recent retention data.

New Zealand Apprenticeship first-year attrition and retention rates, calendar years 2021-2025

Year	Attrition rate (%)	Retention rate (%)
2020/2021	14	86
2021/2022	17	83
2022/2023	17	83
2023/2024	14	86

Regular progress reporting is set out on the Apprenticeship Boost **website.**

Charter Schools

The Charter Schools initiative provided new funding to establish and operate Charter Schools | kura hourua. It gives a new schooling choice to families, and more flexibility for educators to lift children's achievement. Progress and performance information is set out in the Charter School Agency's Annual Report and **website.**

Baseline savings

Each year the Government sets expectations across the education system to drive value for money, alignment with strategic priorities and effective delivery of investments.

Vote Education's 2024/25 baseline was reduced by $67.8 million through the Budget 2024 Initial Baseline Exercise. These savings were delivered through reducing expenditure on contractors and consultants, professional fees, travel and meetings costs, and reductions in the Ministry's workforce. Savings decisions were targeted to minimise impacts on direct service provision for students, teachers and leaders.

Reduction in expenditure on contractors and consultants

The Ministry achieved a reduction of $18.4 million in operating expenditure on contractors and consultants in 2024/25, which represents 10.4 percent of workforce expenditure. This compares with operating expenditure of $78 million and $113.9 million in 2023/24 and 2022/23, respectively, which represents 11.8 percent and 17.6 percent of workforce expenditure in those years, respectively.

	2020/21	2021/22	2022/23	2023/24	2024/25
Opex	$63.1M	$91.9M	$113.9M	$78.0M	$59.6M
Capex	$112.9M	$138.7M	$164.2M	$157.7M	$137.8M
Total	$176.0M	$230.7M	$278.1M	$235.7M	$197.4M

Significant Budget decisions

The Ministry seeks funding from the Government to progress significant initiatives to respond to issues and challenges in the education system. The Budget 2024 funding initiatives below are important to the public and Parliament and align with the Ministry's strategic objectives.

Structured Approaches to Literacy Resources ($67m): This initiative provided funding for PLD (first for all Year 0 to 3 teachers, then Year 4 to 6 teachers), supplementary online training, decodable texts and resources to help teachers use a structured approach to literacy | te reo matatini in kura kaupapa Māori, Māori-medium, and state and state-integrated schools. Progress and performance information is set out on page 33.

Teacher Supply Supports ($52m): This initiative provided funding to continue to grow and maintain the pipeline of teachers by investing in the on-site training of teachers in state and state-integrated schools, encouraging the relocation of overseas-qualified teachers and New Zealand teachers based overseas. Progress and performance information is set out on pages 38-39.

Establishment of Charter School Agency ($153m): This initiative is described above on page 20.

School Property Portfolio Depreciation Expenses ($780m): We also received additional depreciation funding to maintain and upgrade the school property portfolio. This portfolio has recently undergone revaluation, which has contributed to a notable increase in the value of the Ministry of Education's portfolio. Progress and performance information is set out on pages 41-43.

Part Three: Progress against our Strategic Intentions 2025-2029

The Ministry's progress against our Strategic Intentions 2025-2029

This section of the Annual Report outlines the Ministry's progress in delivering on our three medium-term focus areas that are articulated in our Strategic Intentions 2025-2029. Our Strategic Intentions were refreshed in December 2025 to align with the coalition Government's education targets and priorities.

Our three focus areas are:

Focus Area One: **Increased attendance and participation.**

Focus Area Two: **Improved educational progress and achievement.**

Focus Area Three: **System stewardship.**

Between 2021 and 2024 the Ministry operated under the *Statement of Intent 2021-2026*. As we operated the first half of 2024/25 under the *Statement of Intent 2021-2026,* we are required to report progress against the key performance indicators from that document.

The *Statement of Intent 2021-2026* was superseded by our *Strategic Intentions 2025-2029.* Some of the key performance indicators from the *Statement of Intent 2021-2026* have been included in our *Strategic Intentions 2025-2029* and are reported under the relevant focus area in this section.

The measures that were discontinued when the *Statement of Intent 2021-2026* expired in December 2024 are included in Part Seven.

Focus area one: Increased attendance and participation

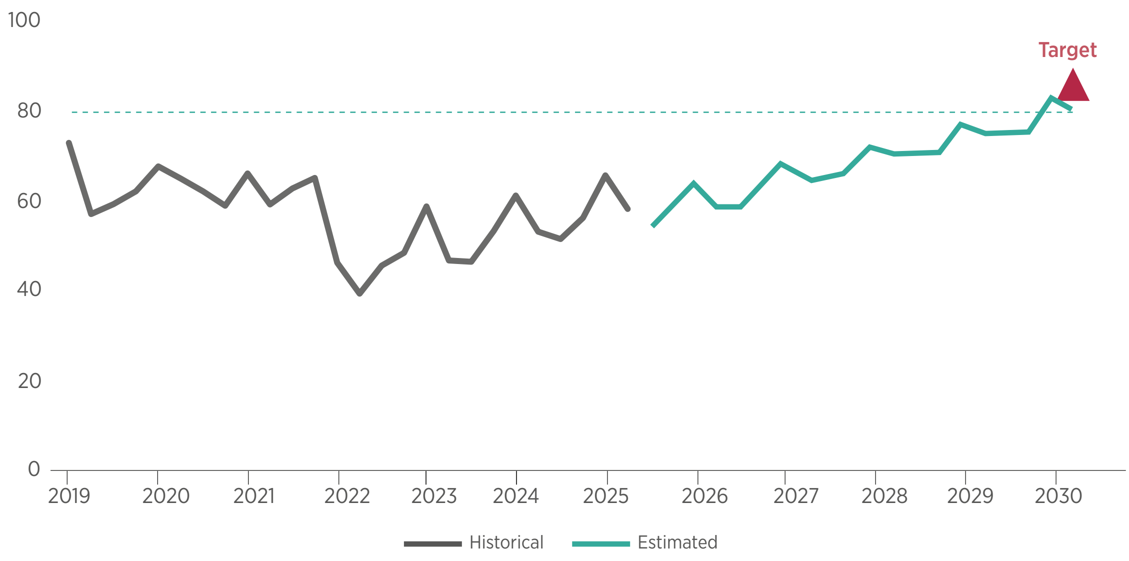
Our long-term vision is that all learners regularly attend and participate in education. Attending ECE and school, and participating in tertiary education[3], leads to better educational achievement, employment prospects, earning potential and productivity.

New Zealand's school attendance rates continue to be well below the acceptable standard. Regular school attendance has fluctuated since 2018, with the lowest rates in 2022 when only 39.9 percent of students regularly attended.

In April 2024, the Government set the target for 80 percent of primary and secondary school students to be present for more than 90 percent of the term by 2030[4].

We are taking a multi-year and multi-pronged approach to lift attendance rates across primary and secondary schools. We are using targeted interventions in communities experiencing persistent attendance challenges and where inequities in access continue to affect learner engagement. We are improving our use of data to better target interventions, and this is already seeing positive results.

Percentage of students who are present for more than 90% of the term



3 We measure attendance for ECE, and primary and secondary school education, and participation for tertiary education.

4 The annual fluctuations in the graph reflect a shift from annual to termly attendance reporting.

Our reflections

Improving attendance in primary and secondary schools is challenging and requires a sustained focus:

Although regular attendance remains below the Government's 80 percent target, recent data shows encouraging progress. In Term 3 2024, typically the lowest-attended term, regular attendance rose to 53 percent, up from 47 percent in Term 3 2023. This improvement was seen across all education regions. The positive trend continued into 2025, with regular attendance reaching 65.9 percent in Term 1, an increase of 4.5 percentage points from the previous year. Chronic absenteeism[5] also declined, from 7.3 percent to 6.4 percent over the same period. At 58.4 percent, Term 2 data for 2025 is higher than the equivalent term pre-COVID when attendance was 57.3 percent in Term 2 2019[6].

Percentage of primary and secondary school students who are present more than 90% of the term

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
All students	39%	45%	51%	↗	↗

Data and service innovations are enabling responsiveness:

New tools and smarter services are helping schools respond more quickly and effectively to attendance challenges. Our internal use of this allows our teams to monitor school attendance in real time and better target our support. This means earlier engagement with students and whānau, and more community-led solutions that reflect local needs.

Delivery of a new school lunches model faced initial challenges, but performance has improved:

The school lunches programme provides meals to over 242,000 students most in need, across more than 1,000 schools nationwide. In 2025, a cost-efficient approach was introduced in a tight timeframe to deliver lunches to students in secondary, intermediate, full primary (Years 0-8) and Composite (Years 0–15) schools. The programme operates through three delivery models: internal, external and iwi/hapū. While the external delivery model initially faced well-documented challenges with lunch quality and timeliness, we worked closely with the affected supplier to strengthen governance and reporting processes. This resulted in improved performance, increased oversight, and greater transparency of the service. In May 2025, the Auditor-General established an inquiry into the programme's implementation, and the Ministry is committed to supporting this process.

5 Chronic absenteeism is defined as attending school for less than 70 percent of the time in a term.

6 Term two attendance higher than pre-covid | Beehive.govt.nz

Term 2 results for the programme across all schools and delivery models is set out below. The DIFOT data presented reflects the School Lunch Collective delivery model only, which accounts for approximately 43 percent of the total programme.

	Baseline	Term 2 2025 results
Percentage of schools in the programme that receive lunch on time (DIFOT)	99%	99.09%
School programme survey rating	4	3.97 rating
Food surplus waste in production	<10%+	13%
Food surplus and waste - school survey (10 days)	>90%	93%

Early learning attendance increased:

More children are attending ECE for 10 or more hours a week. The Ministry funds and licences ECE and contributes to increased attendance by reducing costs to parents and supporting centres to operate.

Percentage of children attending early learning services for 10 or more hours a week

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Age 3	**67.20%**	**67%**	**74%**	↗	↗
Age 4	**74.40%**	**74%**	**81%**	↗	↗

Participation in higher-level tertiary study is showing gradual improvement[7]:

In 2024/25, 55 percent of school leavers enrolled in Level 3 or higher tertiary education, which is a modest increase from the previous year. Enrolments in Level 3+ non-degree programmes rose slightly to 24 percent, while degree-level enrolments remained steady at 31 percent. The Ministry's role is limited to its stewardship function. More information on the tertiary education sector can be found in the Tertiary Education Commission's (TEC's) Annual Report.

Percentage of school leavers enrolling in Level 3 or higher tertiary education

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Level 3+ non-degree	**24%**	**23%**	**24%**	↗	→ **or** ↗
Degree and above	**34%**	**31%**	**31%**	→	→ **or** ↗
Level 3 and above	**57%**	**53%**	**55%**	↗	→ **or** ↗

[7] The Ministry of Education holds a stewardship role that extends to tertiary education. However, our delivery focus is centred on the primary and secondary education sectors.

Percentage of students and work-based learners completing courses or credits

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Foundational level	61%	61%	68%	↗	→ or ↗
Vocational level	68%	70%	71%	↗	→ or ↗
Higher education	81%	83%	83%	→	→ or ↗
Work-based learners:					
Trainee	64%	67%	64%	↘	→ or ↗
Apprentices	68%	75%	83%	↗	→ or ↗

Our key activities in 2024/25

Real-time data visibility:

Alongside improving visibility of attendance data by launching a daily dashboard in Term 1 2025, we supported schools to adopt revised attendance codes and improve calculation systems. This is intended to enhance data accuracy and utility.

Behaviour change campaigns:

We launched social media campaigns targeting parents, whānau, and students to promote the importance of regular attendance. This campaign continues during 2025/26.

Proactive attendance management supporting tailored and targeted actions:

We completed the development and introduction of the Stepped Attendance Response (STAR) Framework, which provides clearer actions to be implemented. This strategic model was co-designed with whānau and partner agencies, including the Education Review Office (ERO) and the Social Investment Agency (SIA).

Removing barriers to access by transporting children to and from school:

In 2024/25, we delivered 1,416 daily school bus services transporting around 52,000 eligible students to and from their schools. The Specialised School Transport Assistance service transported around 5,400 ākonga (pupils) who have safety or mobility needs that prevent them from travelling independently to school. We also funded 265 schools and 100 kura to provide their own school transport assistance to 33,554 of their ākonga.

More children were provided with healthy lunches:

The Ka Ora, Ka Ako lunch programme was extended to more students, including those in ECE. Over 98 percent of meals were delivered on time by Term 2, and volumes were aligned with attendance data to improve efficiency.

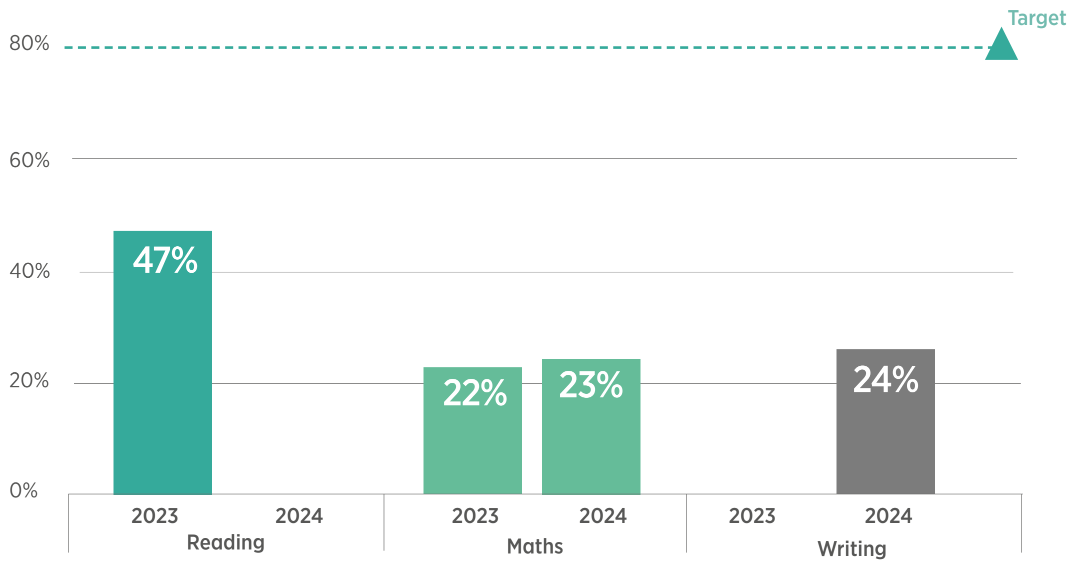
Our priorities for 2025/26 and beyond

In 2025/26, we are continuing to strengthen local attendance services, embed the STAR framework, and refine support systems. We will monitor progress, adapt our approaches based on evidence, and work collaboratively with schools, communities, and whānau to meet our shared goals. We initiated reforms to attendance services following an ERO report, with Budget 2025 funding a redesigned service focused on retention and reintegration. The new service scheduled to launch in 2026.

Focus area two: Improved educational progress and achievement

We want children, young people, tertiary students and workplace learners to successfully gain the qualifications, skills and training they need for work and life.

New Zealand's achievement rates continue to be well below the acceptable standard both at primary and secondary school. The 2023 Curriculum Insights and Progress Study (Curriculum Insights) showed that only 22 percent of Year 8 students were at the expected level for mathematics and only 47 percent were at the expected level for reading. The 2019 National Monitoring Study of Student Achievement showed that only 35 percent of Year 8 students were at the expected level for writing.



In April 2024, the Government set the target for 80 percent of Year 8 students to be at or above the expected curriculum level for their age in reading, writing and mathematics by 2030.

To achieve the Government target, the Ministry has embarked on the most significant change to curriculum and assessment for schools. This work is a multi-year, multi-lever approach that supports schools, teachers, parents and learners. Workstreams align to Minister Stanford priorities and include levers such as curriculum, professional development for teachers, resources and material for teachers and schools, targeted support for learners and schools, consistent assessment and the use of data. The changes we are making will address longstanding inequities in the system. Alongside this work is our focus on learning support and supporting those learners that have the highest needs. Investment in learning support has increased as part of the Budget package for 2025/26.

During the last two years we continued to improve NCEA and support students to achieve NCEA. The Government is consulting on proposals to replace NCEA with new national secondary qualifications. The potential new qualifications would be easier to understand, credible and support high-quality, coherent learning.

Our reflections

We need better data and insights to know how schools and learners are performing:

To truly understand how well schools and teachers are placed to lift achievement, we need better data. A recent report from the Office of Auditor General[8] noted that the Ministry does not have comprehensive information about student achievement or progress, especially for Years 1-10 and for Māori-medium education. We also know that compared to international comparative counterparts we don't collect as much data. We are addressing this and are implementing an assessment and Aromatawai tool, phonics checks, Hihira Weteoro checks, and assessing the capability of schools to deliver the new curriculum. We are also publishing insights from the sector on how the implementation is going and reporting on regional insights on a quarterly basis to the Minister and Ministry leadership team. This is resulting in a better understanding of what the sector needs and where we should focus our support.

Improving achievement results will take time and won't be realised without sustained and targeted support to schools, teachers and learners:

Investment in developing the curricula and resources to support teachers and providing training to the sector is tracking in the right direction but will take time to see an improvement in achievement results for Year 8 students this year. We have been trialling targeted support to test the effectiveness of this approach and are seeing positive results

[8] Ministry of Education: Promoting equitable educational outcomes — Office of the Auditor-General New Zealand

when we use data to determine what support we will provide. For example, in a recent trial for Year 7/Year 8 maths, tamariki in the trial made twice as much progress as their peers not taking part in it.

Percentage of Year 8 students at or above the expected curriculum level for their age in reading, writing and mathematics

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Mathematics	22%	22%	23%	↗	↗
Reading[9]	47%	47%	47%	→	↗
Writing[10]	35%	35%	24%	↘	↗

Taking a whole-of-system approach to curriculum and assessment with planned delivery approaches will embed the changes and address inequities in the system over time:

Ensuring all schools use the same curriculum, resources, assessment and have access to training and targeted support mean that there will be a consistent learning and assessment approach across the sector. To do this it has required us to improve our delivery approach, including taking a stronger planned roll out of training and resources when curriculum is developed.

While all schools get the same access to the universal support, some schools, teachers or learners need more support to address their needs and improve equity in the system. We are using data and insights from the region to target services to those with the most need, including the flexibility to respond to local needs. Recent findings from the ERO show that nearly two-thirds of teachers reported significant changes in their teaching practices after receiving support from us.

We have trialled new phonics checks and Hihira Weteoro initiatives to ensure they are fit for purpose:

The trials for phonics checks in Hihira Weteoro were used to refine the assessment tools so that they are fit for purpose for early identification of students who require additional support and for monitoring early literacy, teaching and learning. The checks are important sources of information which will help us understand and respond to student learning needs.

More secondary students are attaining NCEA:

Our regional staff have shared insights that schools are beginning to change practices to support literacy and numeracy skills attainment. The Numbers, Names, Needs approach includes regional teams supporting schools and students that are at risk of not achieving NCEA with developing action plans. This includes planning for interventions to accelerate achievement, having regular reviews on progress, and academic mentoring to help students understand their goals. Overall, there was a modest improvement in NCEA attainment between 2023/24 and 2024/25.

9 This data is from the National Monitoring Study of Student Achievement (NMSSA), Otago University. Data for 2024/25 is not available. This indicator has been replaced by achievements against the curriculum in writing for Year 8 and will be available in 2025/26.

10 2022/23 and 2023/24 data is from NMSSA and 2024/25 is from the 2024 Curriculum Insights report.

Percentage of school leavers with NCEA Level 2 or equivalent

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
All students	75%	74.35%	76%	↗	↗

Qualification completion trends in the tertiary sector are stable:

Both the TEC and NZQA are responsible for delivering services to the tertiary sector and insights will be found in the entities' annual reports.

Percentage of tertiary students and work-based learners completing qualifications within an expected time period

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Tertiary students:					
Foundation level	79%	75%	75%	→	→ or ↗
Vocational level	80%	79%	79%	→	→ or ↗
Higher education	80%	80%	80%	→	→ or ↗
Work-based learners:					
Trainee	54%	51%	51%	→	→ or ↗
Apprentices	65%	60%	59%	↘	→ or ↗

Demand for learning support continues to grow making it difficult to meet service targets:

Demand for specialist services has grown by 26 percent since 2017/18, which is aligned to global trends. This rising demand combined with workforce challenges and increasingly complex needs has led to longer wait times, particularly for Communication and Early Intervention Services. We carried out analysis to understand what investment was needed to best address the challenges in learning support. We identified the need to optimise the learning support delivery model, address workforce shortages and have more emphasis on early identification. This need was considered as part of the Budget 2025/26 process. This resulted in increased Budget funding for 2025/26, including changes to the Ongoing Resourcing Scheme (ORS) funding model.

The cumulative totals and average wait times for our learning support services over the past three years are shown in the tables below.

Number of children receiving a specialist learning support service

	2022/23	2023/24	2024/25
Total number of children Target: 34,225-45,720	47,953	50,442	52,926

The average number of days eligible children and young people wait to receive support from the behaviour service

	2022/23	2023/24	2024/25
Wait times Target: 50 days	51.12 days	61.31 days	53.55 days

The average number of days eligible children and young people wait to receive support from the communication service

	2022/23	2023/24	2024/25
Wait times Target: 75 days	78.85 days	89.99 days	79.94 days

The average number of days eligible children and young people wait to receive support from the ORS service

	2022/23	2023/24	2024/25
Wait times Target: 22 days	14.40 days	15.78 days	10.58 days

The average number of days eligible children and young people wait to receive support from the Early Intervention Services

	2022/23	2023/24	2024/25
Wait times Target: 90 days	105.30 days	125.99 days	116.93 days

Our key activities in 2024/25

In 2024/25, we made significant shifts to improve educational progress and achievement in the primary and secondary sectors. These included:

Strengthening the curriculum:

We released refreshed curriculum content for Years 0-6 English, Years 0-8 mathematics and statistics, Years 0-6 Te Reo Rangatira and Years 0-8 pāngarau. We also consulted on Years 7-13 English, Years 9-13 mathematics and statistics, Years 7-13 Te Reo Rangatira and Years 9-13 pāngarau.

Expanding structured literacy, Rangaranga Reo ā-Tā and phonics and Hihira Weteoro instruction:

We invested in tools and professional development to support teachers to deliver structured literacy to their students. Between July 2024 and June 2025:

- 962 schools had received funding for Structured Literacy Approaches (SLA) staffing and access to professional development.
- 765 kaiako and 12,857 teachers had received Rangaranga Reo ā-Tā (RRāT) and SLA professional development, respectively.

- 420 kura had received the full suite of RRāT materials for pānui, tuhituhi and Poutama pāngarau.
- The first cohort of 499 students had registered for extra support in pānui and tuhituhi, and 387 in pāngarau, through the Hāpai Akonga programme to accelerate their progress through RRaT.
- We also provided funding to all schools for decodable books.

Providing curriculum tools and resources to support schools, kura, early childhood educators, and parents and whānau:

To help schools and kura navigate curriculum changes, we launched the Implementation Hub, featuring a coordinated five-year implementation plan that provides a clear overview of upcoming developments. In 2025, we introduced the new Parent Portal to support every child's learning journey. The Portal strengthens connections between families, whānau, schools, and kura by offering practical tools and resources to help parents support their child's education at home.

Transforming mathematics and pāngarau education:

The Make It Count action plan was launched to accelerate mathematics and pāngarau achievement and we invested in professional development and resources that included:

- Distributing approximately 830,000 Years 0-8 mathematics and pāngarau resources.
- Providing mathematics professional development to over 15,000 teachers in nearly 1,000 schools, with pāngarau professional development underway.
- Trialling targeted tutoring programmes to accelerate mathematics and pāngarau achievement for Years 7 and 8 students, with 3,000 students participating in small group and online sessions.

Implementing consistent monitoring of student progress:

The Ministry is developing a whole-of-pathway approach to assessment, aromatawai, reporting and monitoring. Progress during 2024/25 included:

- Introducing Phonics and Hihira Weteoro checks.
- Monitoring built into our professional development model.
- Securing a supplier to deliver a new Assessment and Aromatawai Tool for students in Years 3-10.

Targeting NCEA support:

In Term 4 2024, the Ministry worked with secondary schools to support them with implementing review and maintenance changes to NCEA via online, subject-specific NCEA workshops. For the NCEA co-requisite, targeted support was made available to 141 secondary schools and kura from the start of Term 4 2024 for literacy, numeracy, te reo matatini and pāngarau. The support was originally aimed at Years 9-11 students at risk of not achieving the NCEA co-requisite requirements but was extended at the beginning of 2025 to Year 12 students who were yet to attain the NCEA co-requisite. In addition to the targeted support, regional offices worked with schools using a Numbers, Names, Needs approach to support students with meeting the co-requisite requirements.

Addressing workforce needs:

Significant work was put into supporting the workforce to deliver on the curriculum changes. Details on the activities are covered under the System Stewardship section and include increasing relief teachers, providing professional development, and working with the NZQA and Teaching Council to streamline and speed up the qualification recognition process for international teachers.

Responding to growing demand for specialist learning support:

Although 2024/25 was characterised by long waitlists and increasing demand for our learning support services, progress was made to strengthen practice and develop the network of specialist provision. During the year, we:

- Partnered with Massey University to develop a new way of gathering learning support impact data as part of our everyday practice framework, He Pikorua. We expect this to be available by late 2025.
- Worked with specialist teaching staff to improve guidance and support related to inclusive progression indicators for all teachers across the sector. This is intended to support planning and teaching within the mathematics and English learning areas for ākonga with complex learning needs.
- Continued to develop the Network Plan for Specialist Settings. The Plan aims to improve access to specialist settings within the education network, including specialist schools, local schools, sensory school satellites and regional health schools. The Plan will support future property investment for learning support roll growth, including Budget planning.

Our priorities for 2025/26 and beyond

In mid-2026, the full national curriculum will be finalised and formally released in the *New Zealand Gazette.* A new assessment tool for Years 3-10 will be introduced, and targeted literacy and maths support will expand to reach up to 34,000 students annually. We expect to deliver the Phase One Tīrewa Mātai report focusing on Te Reo Rangatira and pāngarau wāhanga ako in 2026, and implement the Māori Education Action Plan and Action Plan for Pacific Education, which both have a strong focus on learner achievement.

Budget 2025 provided significant investment to meet the growing demand for our learning support services for 2025/26 and out-years. This includes investment in additional Educational Psychologists, Speech Language Therapists, Occupational Therapists, Early Intervention Teachers and other learning support staff to meet current and future demand. The ORS has been changed to a demand-driven service to better respond to student needs. As the learning support investments have been identified as major spending decisions in Budget 2025, they will be subject to close monitoring and reporting of progress and results. Budget 2025 also provides further investment in curriculum, assessment and aromatawai initiatives designed to support our system-wide approach to raising achievement, alongside investment to boost teacher skills and confidence to support ākonga Māori.

Focus area three: System Stewardship

We have a clear purpose. We shape an education system that delivers equitable and excellent outcomes. As system stewards, we need to be prepared to hold our share of accountability for realising these outcomes. We need to consider what we should be doing more of, or differently, to shape a system that delivers equity and excellence. It is important to us that the education system is informed by high-quality data and evidence of what works, supported with sustainable policy settings, systems and a skilled workforce.

Our reflections

We need to strengthen our stewardship and regulatory role:

This includes clearly defining our role in the system so that we can effectively support our system partners to deliver high-quality programmes and services.

We need to use data and evidence to guide investment and delivery:

We need to continue to focus on getting consistent data from the sector to better understand performance. We have a work programme in place to improve our use of data. As mentioned previously a key achievement of this work is the improved data and insights for attendance.

Our focus on growing and supporting the sector workforce has had positive results:

In 2024, the teaching workforce continued to grow, from 64,534 teachers in 2023 to 66,181 teachers in 2024 (an increase of 2.5 percent). The number of relief teachers increased from 9,570 teachers in 2023 to 9,767 teachers in 2024 (an increase of 2.06 percent). At the same time, the number of domestic students enrolling in an Initial Teacher Education (ITE) qualification for the first time increased from 3,400 in 2023 to 3,615 in 2024 (an increase of 6.3 percent). Alongside this we also awarded 47 Kaupapa Māori Employment-Based ITE places to strengthen Māori-medium education, and facilitated the arrival of 1,552 overseas teachers to meet staffing needs across schools and early learning services.

We continue to fund and deliver digital infrastructure to schools:

The Ministry equips state and state-integrated schools with internal information and communication technologies (ICT) networks that are reliable, resilient, secure and safe. This includes strengthening school networks against cyber-attacks and improving the quality and consistency of digital learning environments.

Our key activities in 2024/25

Policy and evidence

Using high-performing data and evidence to inform decision-making is a ministerial priority:

We have developed the Ministry's evaluation framework, the outcome and performance framework and improved attendance data.

Advancing legislative reform:

We progressed key legislative changes to support the Minister's education priorities, including the Education and Training Amendment Bill (No 2), the Vocational Education and Training System Amendment Bill, the Regulatory Systems (Education) Amendment Act 2024 and the Education and Training Amendment Act 2024. The satisfaction rating from our Minister significantly improved between 2023/24 and 2024/25.

Satisfaction rating given by the Minister of Education

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Satisfaction rating	7 out of 10	3 out of 10	7 out of 10	↗	↗

Lifting Crown Entity performance:

We strengthened our monitoring of Education New Zealand, the New Zealand Qualifications Authority (NZQA) and the TEC, focusing on financial sustainability, value for money and delivery of government priorities, particularly enhancing NZQA's governance and future readiness. The satisfaction rating from our Minister improved between 2023/24 and 2024/25.

Satisfaction rating given by the Minister of Education

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Satisfaction rating	9 out of 10	5 out of 10	7 out of 10	↗	↗

Contributing to a high-performing tertiary education system:

We supported tertiary education reforms aligned with the Government's Going for Growth Strategy, including restructuring vocational education, introducing final-year fees free, supporting the University Advisory Group and developing a new Tertiary Education Strategy.

Reforming Early Childhood Education:

We began implementing all 15 recommendations from the Government's review of ECE regulation, including introducing a reform bill to modernise oversight and establish a statutory Director of Regulation. We also progressed updates to regulatory tools and licensing criteria to reduce compliance burdens and improve enforcement. Broader improvements, such as increasing flexibility in qualification requirements and planning for home-based services, will continue into 2026.

Education workforce

Growing and supporting the education workforce:

The Ministry is focused on building a resilient and future-ready education workforce across New Zealand. Our strategy spans the entire teaching pipeline from ITE enrolments to the attraction, distribution and retention of qualified teachers. It also prioritises leadership development, so that current and future principals, tumuaki and leadership are well supported to lead effectively in diverse educational settings.

The Ministry continued to expand support for principals through more than doubling the number of Leadership Advisory consultation sessions with them (4,202 sessions). We also launched *The Principals Podcast,* which reached 9,500 downloads across 39 episodes, and introduced the *Workforce Initiative Searcher* for Principals, a personalised tool viewed over 10,000 times, helping school leaders access workforce programmes and incentives tailored to their needs.

Enhancing data and insights about the future teaching workforce:

In 2024/25, we developed and delivered an advanced Teacher Demand and Supply (TDS) Planning Projection model to enhance the Ministry's ability to forecast regional supply dynamics. This upgraded tool provided detailed insights at both national and regional levels, supporting more targeted assessments of current and future teacher supply pressures. The TDS report was published on the Education Counts website in February 2025 and received strong engagement, with over 1,000 downloads in its first four weeks.

Performing our employment relations and resourcing role:

The Ministry oversees employment relations for the education workforce, including collective agreement negotiations, pay equity claims, and payroll delivery for around 100,000 school staff. In 2024/25, we initiated bargaining for teacher agreements and prepared for principal and area school staff negotiations in early 2025/26. We also formalised arrangements with the Public Service Commission to maintain the Commissioner's role in teacher and principal bargaining and worked with unions to advance claims for non-teaching specialist and support staff. We also paid $13.4 million in remediation to 16,500 relief teachers for underpaid contractual entitlements and began outreach to 46,000 former school employees eligible for Holidays Act remediation payments totalling $24.5 million.

Data and digital

Ensuring schools have safe and sustainable digital connectivity:

To further support digital safety, the Ministry partnered with Netsafe and other agencies to provide resources through Kete - The Online Safety Hub for Schools and Kura, offering tools for leadership, teachers, students, and whānau. These resources help promote safe online practices both in schools and at home. The Safer Technologies for Schools (ST4S) initiative also enabled schools to choose digital products that meet strict privacy and security standards, with 106 products currently certified. These efforts provide a safer and future-ready digital learning environment for all students.

The Ministry's critical digital systems operate efficiently:

During the year our systems enabled our staff to perform their duties in a timely and effective manner.

Percentage of time our critical systems are available

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
% of time	100%	100%	100%	→	→

Our priorities for 2025/26 and beyond

In 2025/26, we will continue to strengthen our stewardship by focusing on supporting legislative reform, delivering a new Tertiary Education Strategy, modernising ECE regulations, growing the teaching workforce, expanding digital infrastructure and safety, and enhancing system monitoring through tools like Pourato and the student outcome framework.

We will continue to strengthen our regulatory role, make improvements to how we capture data and gather insights about the sector, and take a lead role in ensuring we maximise the benefits while minimising the risks of the use of AI technologies across the education system. We will also update our Strategic Intentions.

Sustainable education property and network

Equipping the education system with sustainable, flexible and responsive infrastructure is an important part of our system stewardship role.

Publicly owned school property is the Government's second largest social property portfolio. Working alongside School Board of Trustees, the Ministry manages a property portfolio worth over $29 billion across over 2,100 state schools, more than 15,000 school buildings and 8,000 hectares of occupied land. Substantial investment in previous budgets and a focus on value-for-money solutions have delivered fit for purpose solutions to manage schools and mitigated many risks.

A growing population and shifting demographics across regions is increasing the pressure on the network, driving demand for additional capacity. Aging infrastructure requires maintenance and reinvestment, while legacy issues and managing schools' expectations are ongoing challenges. These challenges create long-term investment requirements, and the Ministry is focused on driving down costs using standard and repeatable solutions to deliver value-for-money property solutions to maintain and grow our portfolio.

Our reflections

We are prioritising standard, value-for-money solutions, increasing our focus on maintenance, measuring performance and delivering on time and on budget:

Our School Property function has increased transparency in decision-making, particularly around prioritisation for investment, refreshed delegations guidance, and strengthened risk and assurance to reinforce fiscal responsibility. School Property has also strengthened delivery reporting to give better visibility of progress towards our targets for reducing costs, and delivered a robust and compliant investment management approach, which takes a long-term integrated view of our investments.

School Property continues to face legacy issues and subsequent challenges managing schools' expectations:

School Property is working with these schools on resetting expectations, growing their understanding of standard, repeatable solutions, and delivering cost-effective solutions that are safe, warm and dry.

Our key activities in 2024/25

In 2024/25, we improved the sustainability and performance of the school property network, including:

Responding to the Ministerial Inquiry into School Property:

In April 2024, the Minister of Education commissioned a Ministerial inquiry to investigate problems within the school property system. In June 2024, the inquiry made six recommendations that the Government responded to in October 2024. Key subsequent actions included:

- Appointing a Functional Chief Executive to have responsibility for all operational aspects of school property.
- Providing advice to joint Ministers to support government decisions on form and functions for a future entity or model for school property that separates school property policy from operational delivery.
- Creating an improvement programme to drive change across school property to support the faster and more cost-effective delivery of safe, warm and dry learning environments. The programme includes change initiatives across standard solutions and planning, portfolio management, improvements in data and information, and financial sustainability.
- Establishing a new governance structure for school property investment to improve governance maturity and provide robust accountability for investment.

Reducing school property costs:

The Ministry has focused on greater use of standardised and repeatable designs, increased use of offsite manufactured buildings, and improving existing spaces instead of building new. As a result, in 2024/25 we:

- Increased the use of standard or repeatable buildings by 18 percent and offsite manufactured buildings by 32 percent.
- Reduced the cost of delivering a teaching space by 20 percent.
- Delivered 93 percent of projects that were forecasted to be completed in the 2024/25 Investment Plan.
- Received feedback from the School Property annual survey showing that 82 percent of principals are satisfied with the school property services we provided.

Maintaining and expanding network capacity:

The Ministry invests in school property so that schools have enough classrooms, there are new schools where needed, and that all schools are safe, warm, dry and accessible. In 2024/25, the Ministry invested $1.678 billion to maintain and grow our portfolio and this funded the delivery of thousands of school-led projects and 581 Ministry-led projects. This included:

- 115 projects to grow the capacity of the network, which has delivered an additional 417 teaching spaces.
- 45 projects to address weathertightness issues.
- 33 redevelopments under the National School Redevelopment Programme.
- 25 projects across Kaupapa Māori and Māori-Medium Education facilities.
- 12 redevelopments in the Christchurch Schools Rebuild Programme.
- 8 projects at learning support facilities.
- 35 minor works projects.
- 512 projects through the Ngā Iti Kahurangi (NIK) Programme, which is aimed at improving the interior facilities in small or remote schools.
- Investing in targeted refurbishments and replacements to improve the condition and provide safe, warm and dry learning environments at Marlborough Boys' and Girls' Colleges and Bohally Intermediate.

Maintaining school property:

This helps prevent costly asset failures and supports the efficient and uninterrupted delivery of education.

Percentage of state schools that meet the Ministry's property-related condition standards

	2022/23	2023/24 Baseline year	2024/25	Actual trend	Desired trend
Condition	87%	87%	90%	↗	↗

Our priorities for 2025/26 and beyond

In 2025/26, we will continue to respond to the recommendations of the School Property Inquiry to drive improvements in the school property system. This includes supporting the transition of functions to the proposed New Zealand School Property Agency, which is expected to be established in 2026.

Part Four: Assessment of operations

Our goal is to ensure that the Ministry operates effectively and efficiently so that we are set up to deliver on key targets, priorities, services and the expectations for learners across the education system.

We also want to clearly articulate the impact of our investments and our performance story to the public. Key elements of understanding the effectiveness of our operations include knowing:

- Sector performance.
- How we are delivering on our strategic priorities.
- Appropriation performance.
- Operational performance.
- Service performance.

Sector performance is published in *Ngā Ara o te Mātauranga: The pathways of education 2024,* which complements the Annual Report. Information on how we are delivering on our strategic priorities is covered in Part Three of this report on pages 22 to 43.

Our reflections

Appropriation performance

Our overall trend of meeting performance targets is improving:

Details on the appropriation measures are set out on pages 49 to 76. In 2024/25, the majority of our 126 measures were achieved. We continued to not achieve some of our performance targets within attendance, achievement and learning support. This reflects the complex and longstanding nature of the issues in the system. These issues are covered in further detail on pages 22 to 43 of this report.

The current appropriation structure and measures are not ideal to tell our performance story:

We established a work programme to design a new outcome and performance framework and restructure the Vote Education appropriations. Work is continuing in 2025/26.

Operational performance

The Ministry has made strong progress lifting maturity in financial management and is closely manging its fiscal environment:

Through our Budget 2024 Initial Baseline Exercise referred to on page 20, we reduced expenditure by $67.8 million.

Our critical assets consistently operate above standard:

This enables our staff to deliver core functions effectively and efficiently.

Information Communications and Technology

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Comment
100%	The percentage of time our critical systems are available	99.85%	100%	**Achieved**
100%	The percentage of time our systems are available	95%	100%	**Achieved**
78.31%	Peak usage of any one of the Ministry of Education's Wide Area Network bandwidth links	No more than 80%	40.43%	**Achieved**
35.36%	The Ministry of Education's disk storage capacity – allocated storage	No more than 90%	58.67%	**Achieved**
100%	The percentage of computers/user devices aged < 5 years	95%	100%	**Achieved**
100%	The percentage of critical systems requiring upgrade within the last 5 years, which have been upgraded	70%	100%	**Achieved**
24	Number of critical (priority 1) faults per annum.	80	19	**Achieved**
71	Average time to resolve priority 1 faults	120 minutes	51	**Achieved**

School Property Portfolio measures are set out on pages 49 and 53.

We need to improve our integrity and control environment:

We have committed to review and simplify our internal policies and controls, increasing our focus on security, and have put a formal integrity project in place.

Service performance

We need to continue to build more transparency and accountability in our contract management:

Many Ministry services are delivered through contracts. Work has been underway to improve the consistency of contracts and increase transparency. We have increased resources to undertake this work, and the leadership team is monitoring this project through regular updates on progress.

Wait times for all specialist services and schools continue to not meet our standards (however, more students are receiving these services and wait times reduced from 2023/24 to 2024/25):

This is being actively managed and is covered on pages 32-33 and page 58.

We improved our funding system for the early learning sector:

On 30 June 2025, the Ministry launched Pourato for the early learning sector, replacing the legacy EDUMIS system. Pourato will manage over $3 billion in annual funding for more than 4,400 early childhood services, offering real-time visibility and automating previously manual processes.

We need to make operational improvements:

This is done by simplifying the way we work and using data and analytics to improve our services and manage our business. We have a high delivery workload alongside making key changes in the system. This requires us to be more planned and targeted in delivering programmes and more deliberate in tracking the impact of our services.

Our key activities in 2024/25

In 2024/25, we made significant shifts to improve our appropriation, operational and service areas, which included:

Increasing transparency of spend in Vote Education:

We carried out a comprehensive Expenditure Review and Reprioritisation. The full line-by-line review of Vote Education expenditure (both Departmental and Non-Departmental) identified savings across Budgets 2024 and 2025, enabling funding to be redirected to priority areas and system cost pressures.

Enhancing financial management systems and reporting:

The Ministry shifted its financial management from a transactional approach to one focused on accurate, timely financial data that supports strategic decision-making. This has resulted in improved forecasting and stronger appropriation management oversight by the leadership team

Improving key performance capability:

A draft outcome and performance framework was developed in 2024/25 that will be introduced in the coming year to align funding with key investment areas, provide better linkage between appropriations, programmes and outcomes, and support multi-year planning and sustainable funding models.

Supporting ongoing efficiency improvements and structural reforms:

Initiatives such as the planned establishment of the School Property Agency reflect a move toward more commercially oriented delivery models with strong governance, aimed at achieving better value-for-money outcomes.

Increasing regular engagements with schools on government priorities:

From Term 1 2025, we introduced new termly check-ins with schools to understand how they were going with achievement, attendance and other priority changes. Our regional staff undertook these check-ins with over 2,000 schools each term, to hear what was working well and the implementation barriers and challenges schools faced. From schools' feedback we were able to improve our implementation planning and provide more tailored supports.

Our priorities for 2025/26 and beyond

We are working to improve consistency in regional service delivery to support equitable access for learners and better national performance insights, aligning with the Secretary of Education's priority for an efficient and needs-based operating model. We are also focusing on international best practices, digital capability and emerging technologies like AI, to drive long-term improvements and deliver a more connected, future-focused education system.

Performance information on appropriations

The following information reports on what we achieved against the performance measures set out in the 2024/25 Estimates of Appropriations for Vote Education and Vote Tertiary Education.

Vote Education

Portfolio Minister – Minister of Education

School Property Portfolio Management

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to support and advice for schools on property issues; managing and supporting the purchase and construction of new property; and upgrades to existing property and disposal of surplus property; managing teacher and caretaker housing; and other services provided by the Ministry of Education in its stewardship of the land, buildings and other facilities that comprise the State school sector property portfolio.	This appropriation is intended to achieve a well-managed, sustainable (socially, environmentally and economically) and equitable school sector property portfolio that delivers quality learning environments.

School Property Portfolio Management

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
63.00%	The Ministry is seen as a high-quality property manager for government as measured by the Asset Management maturity index for the school property portfolio	65%	67%	**Achieved**
N/A	Percentage of State schools that are above the Ministry's property-related utilisation standards	Baseline year	18%	**New measure**
N/A	Percentage of State schools that are below the Ministry's property-related utilisation standards	Baseline year	10.90%	**New measure**
87.30%	Percentage of State schools that meet the Ministry's property-related condition standards	82%	90%	**Achieved**
86.30%	Percentage of state schools that meet the Ministry's property-related functionality standards	75%	87.79%	**Achieved**

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Expenses	**3,109,656**	**3,105,866**	**3,397,530**	**3,396,080**
Expense components:				
Capital charge	1,515,704	1,576,802	1,663,316	1,663,316
Depreciation	1,287,310	1,303,240	1,443,389	1,439,983
Finance costs	45,051	45,395	47,739	44,394
Management of the school property portfolio	261,591	180,429	243,086	248,387
Funded by:				
Revenue Crown	**2,525,745**	**2,815,326**	**2,952,306**	**2,952,306**
Other Revenue	**31,145**	**3,186**	**164,644**	**184,544**

Actual expenditure is $290.214 million (9%) higher than Budget, mainly due to a combination of:

› adjustments made to the baseline since the original budget such as depreciation ($139.748 million increase) to reflect an upward revaluation of the school property portfolio and a net increase in capital charge of $80.781 million due to the upward revaluation of the school property portfolio ($126.080 million increase) offset by a reduction due to operating deficits from unfunded increases in depreciation ($45.299 million decrease)

› capital to operating swaps to cover annual building warrant of fitness costs ($16.600 million increase), property maintenance costs ($10 million increase) and condition assessments ($8.370 million increase) (totalling $34.970 million)

› writing-off costs of capital projects that have been closed in line with the value-for-money exercise, and changes in scope ($18.020 million increase)

› capital to operating swaps to lease temporary accommodation for relocation of students during a refurbishment or renovation of an existing school building ($7 million increase) and lease arrangements where a building construction solution is not available or is uneconomic to pursue ($5.864 million increase) (totalling $12.864 million increase), and

› delivery of the Public Private Partnership Schools expansion programme ($7.267 million increase).

Services to Other Agencies RDA

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to the provision of services by the Ministry of Education to government departments and other agencies where those services are not within scope of another departmental output expense appropriation in Vote Education.	This appropriation is intended to provide support services to government departments and other government or education agencies, on a cost-recovery basis, including office accommodation and related services, and information technology management and development services.

An exemption was granted under section 15D(1) of the Public Finance Act 1989, as the appropriation relates exclusively to outputs supplied by a department to one or more other departments.

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Expenses	**3,655**	**5,500**	**5,500**	**3,439**
Funded by:				
Revenue from other government agencies	**3,655**	**5,500**	**5,500**	**3,439**

Under a Revenue Dependent Appropriation (RDA) output expenses may be incurred, without further appropriation, up to the amount of revenue earned. The RDA provides flexibility to respond to unanticipated changes in the level of demand. The 2024/25 outturn reflects the prevailing level of demand for services to other agencies on a cost recovery basis.

Support and Resources for Parents and the Community

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to expenditure on support focused on increasing informed engagement by families and communities in their children's educational outcomes.	This appropriation is intended to provide targeted information and support focused on creating informed demand and engagement by whānau, hapū, iwi, Māori, Pacific, families and communities in education, and enabling them to support their children's learning.

Support and Resources for Parents and the Community

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
90.00%	› Percentage of families accessing and receiving targeted information and support, who report that they are more confident, enabled and better equipped to support their children's learning and make informed decisions about learning pathways.	80%	87.70%	**Achieved**

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Expenses	**13,778**	**14,443**	**16,601**	**16,441**
Funded by:				
Revenue Crown	**16,405**	**14,433**	**16,591**	**16,591**
Other revenue	**-**	**10**	**10**	**-**

Actual expenditure is $1.998 million (14% higher than Budget, mainly due to a transfer from non-departmental output expense Schooling Improvement to provide additional support to the Whānau Engagement programme ($1.960 million increase).

Ministry of Education – Capital Expenditure PLA

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Education, as authorised by section 24(1) of the Public Finance Act 1989.	This appropriation is intended to provide assets that support the delivery of the Ministry of Education's services, and for schools to deliver their educational responsibilities, including new assets, and renewal and replacement of life-expired assets for the school sector property portfolio.

Ministry of Education – Capital Expenditure PLA

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
N/A	Percentage of State schools with a teaching space deficit	Baseline year	5.50%	**New measure**
N/A	Percentage of projects with Learning Support Modification delivered within 12 months	Baseline year	59%	**New measure**
N/A	Percentage of new and replacement builds are delivered through standard or repeatable designs (including Offsite Manufactured Buildings)	Baseline year	51%	**New measure**
N/A	Percentage of Ministry-led projects are delivered on time	Baseline year	93%	**New measure**
N/A	Percentage of Ministry-led projects are delivered on budget	Baseline year	92%	**New measure**
108.00%	Percentage of the additional student places forecast delivered	80%	126%	**Achieved**

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Capital expenditure				
School property portfolio:				
Land	17,912	50,000	29,236	28,553
Buildings	1,973,343	1,916,522	1,754,335	1,669,111
Ministry-wide:				
Office furniture, fittings and equipment	7,372	26,628	2,894	1,086
Computer hardware	9,715	5,760	4,800	4,436
Intangibles – computer software	42,356	42,243	87,443	31,882
Intangibles – computer software	**2,050,698**	**2,041,153**	**1,878,708**	**1,735,068**

The amount of appropriation is a forecast amount to be spent for the Budget year rather than an approved amount as the appropriation is authorised by a permanent legislative authority (PLA). The Ministry uses depreciation funding held on its balance sheet, proceeds of sale and capital injections to purchase or develop assets. For details of departmental capital injections, refer to Note 18 in the Departmental Financial Statements (page 128).

Improved Quality Teaching and Learning

Overarching Purpose Statement

The single overarching purpose of this appropriation is to improve the quality of teaching and learning for children and young people aged 0-18 years.

Intention Statement:

This appropriation is intended to achieve improved professional development of the workforce and enhanced learning for age 0-18 years.

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
Departmental Output Expenses	
Support and Resources for Teachers This category is limited to expenditure on policies and services focused on supporting the capability of teachers, kaiako and leaders to improve outcomes for students.	This category is intended to enable a highly effective workforce that can address the personalised needs of all learners.
Non-Departmental Output Expenses	
Curriculum Support This category is limited to funding educational programmes for teachers, kaiako and leaders, students with their families, and the community that expand learning opportunities.	This category is intended to achieve engagement of all teachers, kaiako and leaders, and students with their families, as well as their communities, in equitably and responsively supporting students to be successful through relevant and accessible curriculum pathways.
Professional Development and Support This category is limited to building the capability of teachers, kaiako and leaders, through the delivery of learning and development opportunities.	This category is intended to achieve support for teachers, kaiako and leaders to develop their capability to deliver authentic, relevant and culturally responsive learning aligned to the needs of their learners.

Improved Quality Teaching and Learning

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
1,252	Total number of schools, kura and kāhui ako receiving centrally-funded allocations of professional learning and development	800	N/A	**Not available**
	Remaining allocated funding for 2024/25 has been reprioritised to deliver PLD			
N/A	Percentage of completion for structured approaches to literacy PLD	Baseline year	9.64%	**New measure**
	4,073 teachers of 42,214 total workforce Years 0-8 trained in SLAPLD and RRāT as of 30 June 2025. This performance measure is related to Budget 24 funding only and the results do not include any other PLD.			
N/A	Number of enrolments for structured approaches to literacy PLD	Baseline year	12,631	**New measure**
	Number of enrolments (in-training and future enrolments) up until 30 June 2025. This performance measure is related to Budget 24 funding only and the results do not include any other PLD.			

Support and Resources for Teachers

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/245	Status
N/A	Percentage of all resources published on Tāhūrangi that achieve an average of a three-star rating or above	80%	N/A	**Not available**
N/A	Resources with an average rating of less than 3 have been reviewed and/or updated	Baseline year	N/A	**Not available**
	The sample size is too small to provide valid statistical information. This performance measure will be reviewed in 2025/26.			

Curriculum Support

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Percentage of Year 8 students meeting curriculum standards	80%		
NA	› maths and pāngarau	Baseline year	23%	**New measure**
	The year-end result reflects data for maths. Data for pāngarau will be available in March 2026.			
NA	› writing and tuhituhi	Baseline year	24%	**New measure**
	The year-end result reflects data for writing. Data for tuhituhi will be available in March 2026.			

Professional Development and Support

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Comment
N/A	Percentage of early learning services participating in Strengthening Early Learning Opportunities (SELO) programmes that demonstrate positive shifts in practice	80%	96%	**Achieved**
97.33%	Percentage of Beginning Principals who report positive feedback about the support they have received from their Principal Advisors	90%	96.13%	**Achieved**
	The result provided reflect the data from July 2024 to March 2025.			
N/A	Percentage of kaiako who have met all requirements for the language capability level they participated in for Te Ahu o te Reo Māori	Baseline year	62%	**New measure**
	This initiative ceased in December 2024. The year-end result reflects data from July 2023 to May 2024. Recent changes to the methodology mean that we are unable to report on percentages for data captured between July to December 2024.			

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Total expenses for MCA as a whole	**388,367**	**358,611**	**403,989**	**359,369**
This is made up of the following category information:				
Departmental Output Expenses				
Support and Resources for Teachers	171,988	125,213	153,516	138,701
Non-Departmental Output Expenses				
Curriculum Support	86,899	86,550	105,354	90,931
Professional Development and Support	129,480	146,848	145,119	129,737
Funding for Departmental Output Expenses				
Revenue from the Crown				
Support and Resources for Teachers	189,872	125,203	151,560	151,560
Revenue from Others				
Support and Resources for Teachers	-	10	10	-

Actual expenditure is $758,000 (0.2%) higher than Budget, mainly due to a combination of:

- a fiscally neutral adjustment to provide increased funding for maths teaching resources as part of the plan to tackle maths achievement ($15.678 million increase)
- bringing funding forward from 2025/26 to accelerate implementation of Structured Literacy Approaches ($10 million increase)
- expense transfers from 2023/24 to continue Reform of the Tomorrow's Schools System ($9.306 million increase), to continue the NCEA Change Programme ($8.245 million increase), to implement Te Reo Matatini, Pāngarau and Aromatawai Research, Tools, Resources and Supports for Workforce and Ākonga ($3.480 million increase), to implement Teaching, Learning and Assessment for Progress in Literacy and Maths ($2 million increase) and to support Students to Meet Literacy and Numeracy Standards ($1.050 million increase) (totalling $24.081 million increase)
- reprioritised funding from discontinued Reading Together programme ($2.651 million decrease)
- transfer to non-departmental output expense Whakarauora Reo mō te Whānau, Hapū, Iwi me te Hapori | Family, Tribal and Community Māori Language Revitalisation (within Vote Māori Development) ($2 million decrease)
- underspends transferred to 2025/26 in the 2025 October Baseline Update to complete work programmes delayed due to circumstances beyond the Ministry's control ($18.005 million decrease), and
- savings in departmental and non-departmental output expenses ($26.615 million).

Outcomes for Target Student Groups

Overarching Purpose Statement

The single overarching purpose of this appropriation is to improve outcomes for targeted student groups.

Intention Statement:

This appropriation is intended to achieve equitable participation and increased engagement within the education system.

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
Departmental Output Expenses	
Interventions for Target Student Groups This category is limited to expenditure on policies and services focused on targeted student groups or individuals' participation in education.	This category is intended to achieve equitable participation and education outcomes for targeted student groups.
Non-Departmental Output Expenses	
Food Programme for Schools and Early Learning This category is limited to providing food to learners in schools and early learning settings with high concentrations of disadvantages.	This category is intended to achieve equitable participation and education outcomes for targeted student groups.
Learning Support and Alternative Education This category is limited to providing additional resources and programmes to enable students with additional learning needs or those who are disengaged or disengaging from education to participate in education.	This category is intended to achieve equitable participation and education outcomes for targeted student groups.
Student Attendance and Engagement This category is limited to providing lunches to students in schools and kura with high concentrations of disadvantage.	This category is intended to achieve maximum attendance at schools by reducing absence rates and non-enrolment and reducing the time it takes to return students to education.

Outcomes for Target Student Groups

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
50,442	Number of children receiving a specialist learning support service	34,225 – 45,720	52,926	**Achieved**

Interventions for Target Student Groups

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Average number of days eligible children and young people wait to receive support after the request for support:			
61.31 calendar days	› Behaviour Service	50 calendar days	54 calendar days	**Not achieved**
89.99 calendar days	› Communication Service	75 calendar days	80 calendar days	**Not achieved**
	The average wait time for these services continues to decrease however still remains above our target. Additional funding has been allocated in 2025/26 for additional frontline staff to meet the forecast increased demand of around 2,500 learners who will need specialist support from the Behaviour and Communications Services over the next four years. We anticipate further improvements in the coming years.			
15.78 calendar days	› Ongoing Resourcing Support	22 calendar days	11 calendar days	**Achieved**
125.99	Average number of days eligible children and young people wait to receive support from the Early Intervention Service after the request for support:	90 calendar days	117	**Not achieved**
	The average wait time for this service continues to decrease however still remains above our target. Additional funding has been allocated in 2025/26 that will extend the availability of Early Intervention Services through to the end of Year 1 of primary school. This is expected to help students who need additional support to have a smoother and more effective transition.			
21.88%	› percentage within 45 calendar days	25%	23.60%	**Not achieved**
	These wait times are also reducing in line with the downward trend identified in the average above.			
27.98%	› percentage within 60 calendar days	40%	30.08%	**Not achieved**
80.80%	Percentage of children whose behavioural issues have improved following their parent's completion of the Incredible Years Parent Programme	80%	79.80%	**Not achieved**
	These was slight reduction in this result compared with prior year. This measure looks at the parental perception about improved behaviours. There are often a range of factors that influence perceptions of parents beyond the specifics of this programme. For this measure we rely on data from a questionnaire (Eyberg Child Behaviour Inventory) completed by parents before and after participation in the programme.			

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
87.00%	Percentage of schools and kura who have opted in for access to free period products	80%	89.60%	**Achieved**

Food Programme for Schools and Early Learning

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
99.70%	Percentage of schools in the programme that are provided with the required lunches through managed contracts	98%	99.20%	**Achieved**

Learning Support and Alternative Education

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
83.00%	Percentage of retained ākonga in Service Academies who achieve NCEA Level 2 or higher	75%	77.60%	**Achieved**
New measure	Students' learning and achievement improved following positive outcomes while engaging with Resource Teacher Learning and Behaviour involvement	68%	86.11%	**Achieved**

Students Attendance and Engagement

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Percentage of students who have been returned to schooling within:			
54.06%	› 40 days following an exclusion	55%	47.43%	**Not achieved**
80.95%	› 75 days following an exclusion	85%	74.73%	**Not achieved**
	Our regional staff are taking a more active role in following up cases where a learner is not returning to school in a timely manner. This work is being supported with revised guidelines for Stand downs, Suspensions, exclusions and expulsions due to be launched in late 2025.			

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Total expenses for MCA as a whole	**1,498,916**	**1,492,936**	**1,526,107**	**1,489,495**
This is made up of the following category information:				
Departmental Output Expenses				
Interventions for Target Student Groups	418,268	399,661	411,816	411,501
Non-Departmental Output Expenses				
Learning Support and Alternative Education	765,438	783,909	804,925	799,760
Food Programme for Schools and Early Learning	284,498	273,548	273,548	245,988
Students' Attendance and Engagement	30,658	34,718	34,718	32,238
Non-Departmental Output Expenses				
Additional School Lunch Expenses	54	1,100	1,100	8
Funding for Departmental Output Expenses				
Revenue from the Crown				
Interventions for Target Student Groups	440,112	396,948	408,446	408,446
Revenue from Others				
Interventions for Target Student Groups	2,102	2,713	3,739	1,290

Actual expenditure is $3.441 million (0.2%) lower than Budget mainly due to a combination of:

- savings in the Food Programme for Schools and Early Learning ($28.652 million decrease)
- reprioritisation of underspend from the Regional Response Fund, which was established to support learners who were disengaged or at risk of disengaging from education post-COVID-19 ($5 million decrease)
- savings in non-departmental output expense Students Attendance and Engagement ($2.480 million decrease)
- funding to cater for increasing number of students eligible for Ongoing Resourcing Scheme (ORS), a scheme that provides resources for children who have severe difficulties and therefore the highest need for special education ($14.243 million increase)
- funding for Education sector collective bargaining settlements in relation to Learning Support Coordinators ($7.346 million increase)

- funding to implement the settlement of the Therapist Pay Equity Claim ($3.544 million increase)
- impact of higher-than-expected national roll projections on teacher salaries and school operations grants ($2.970 million increase)
- a capital to operating swap allocated across departmental output expenses for changes in the accounting treatment for replacement of digital storage and server assets ($1.896 million increase)
- funding for an improved redress system for survivors of abuse in care ($1.529 million increase), and
- funding for intern psychologist salaries cost pressure ($830,000 increase).

Oversight of the Education System

Overarching Purpose Statement

The single overarching purpose of this appropriation is to provide policy advice, research, monitoring and related services that enable Ministers to discharge their responsibilities for a well-functioning education system (excluding tertiary education).

Intention Statement:

This appropriation is intended to provide high-quality and time advice to Ministers to support decision-making, managing the Government's investment in the education sector, and monitoring and oversight of the sector.

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
Departmental Output Expenses	
Stewardship and Oversight of the Education System This category is limited to providing advice and services to support Ministers to discharge their portfolio responsibilities relating to education (excluding tertiary and international education), and delivery of research and data analysis, monitoring and reporting on the education system, and related administrative and oversight activities.	This category is intended to achieve high-quality and timely advice to Ministers to support decision-making, managing the Government's investment in the education sector, and monitoring and oversight of the sector by the Ministry of Education.
Monitoring the Education System This category is limited to the monitoring and reporting on education at a system-wide level to support Ministers in discharging their responsibilities for education related matters.	

Oversight of the Education System Performance

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
3	The satisfaction rating given by the Minister of Education with the overall performance of the Ministry	7	7	**Achieved**

Stewardship and Oversight of the Education System

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
96.00%	Timely delivery of Ministerial Services to the Office of the Minister/s	95%	98.01%	**Achieved**
99.00%	Quality of Ministerial Services content measured by acceptance rates by the Office of the Minister/s	95%	99.08%	**Achieved**
99.68%	Legislative timeframes met for Official Information Act requests	95%	98.86%	**Achieved**
ECE expenditure: 4.34% Teacher salaries expenditure: -0.01% School operational expenditure: -0.02%	Forecasts of expenditure for early learning and primary and secondary schooling are accurate	Accurate within +/- 3% of actual values	ECE expenditure: -6.51% Teacher salaries expenditure: -1.34% School operational expenditure: -2.31%	**Not achieved**
	This measure was not achieved due to the inclusion of $173 million in additional funding that was sought to manage the risk of ECE overspends. An external review of forecasting practice was completed with Treasury and the Public Service Commission. The Ministry has developed a plan to address the respective recommendations to prevent this in the future.			
5	The satisfaction rating given by the Minister of Education on the quality of monitoring and appointments advice provided by the Ministry about Crown agencies	7	7	**Achieved**
	Internal assessment of the quality of the Ministry's policy advice:			
3.41	› Mean	72%	69.20%	**Not achieved**
	The target was updated to 75% in 2024/25. This year's results represent a slight improvement compared to previous year's which equates to 68%.			
› Met "less than 10% score 2.5 and under/5" – actual 7.1% › Met "over 90% score 3/5 or higher" – actual 92.9% › Did not meet "over 40% score 4 and above /5" – actual 32%	› Distribution target of scores - less than 10% scoring 2.5 or under, at least 90% at scoring 3 or above, and at least 25% scoring 4 or above	Achieved	Not achieved	**Not achieved**
	Met "less than 10% score 2.5 or under" – actual 7.7% Met "at least 90% at scoring 3 or above" – actual 92.3% Did not meet "at least 25% scoring 4 and above" – actual 20.5%			

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
3.16	Satisfaction of the portfolio Minister with the policy advice service	4	4	**Achieved**
	Provision and servicing of information requests:			
1 working day	› median time to turnover information requests	2 working days	1 working day	**Achieved**
7	The satisfaction rating given by the Minister of Education for the quality and timeliness of support for international visits and engagements	7	8	**Achieved**

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Total expenses for as a whole	**74,419**	**52,644**	**54,798**	**52,051**
This is made up of the following category information:				
Departmental Output Expenses				
Monitoring the Education System	-	10	10	-
Stewardship and Oversight of the Education System	74,419	52,634	54,788	52,051
Funding for Departmental Output Expenses				
Revenue from the Crown				
Monitoring the Education System	-	10	10	-
Stewardship and Oversight of the Education System	69,094	52,624	54,778	54,788
Revenue from Others				
Stewardship and Oversight of the Education System	-	10	10	-

Actual expenditure is $593,000 (1 %) lower than Budget, due to:

- savings ($2.747 million decrease)
- underspends to be carried forward to 2025/26 in the 2025 October Baseline Update to complete work programmes delayed due to circumstances beyond the Ministry's control ($1.295 million decrease)
- funding for the establishment and ongoing costs of a Ministerial Advisory Group to conduct an Early Childhood Education (ECE) funding review ($898,000 increase)

- additional funding for progression of Te Rito, a national information-sharing platform that enables ākonga and learner information to follow them throughout their education ($600,000 increase)
- additional funding for expansion of the Curriculum Insights and Progress Study (CIPS) ($407,000 increase), and
- a capital to operating swap allocated across departmental output expenses for changes in the accounting treatment for replacement of digital storage and server assets ($249,000 increase).

From 2025/26, this MCA appropriation has been converted to a single departmental output expense Stewardship and Oversight of the Education System. The scope of the new appropriation will remain unchanged from that of the previous category.

Primary and Secondary Education

Overarching Purpose Statement

The overarching purpose of this appropriation is to provide teachers, funding and other resourcing entitlements to schools (and other education providers) to deliver education to school students in Years 0 to 13.

Intention Statement:

This appropriation is intended to achieve inclusive, equitable and quality education which supports all students in Years 0 to 13.

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
Departmental Output Expenses	
Support and Resources for Education Providers This category is limited to expenses incurred on operational policies, regulations and services relating to the governance, management and operation of education providers (other than tertiary education providers).	This category is intended to achieve the effective and efficient governance, management and operation of early learning services, schools and kura.
Non-Departmental Output Expenses	
Primary Education This category is limited to providing roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes to enable the delivery of education to all students for Years 0 to 8.	This category is intended to achieve inclusive, equitable and quality education which supports all Year 0 to 8 students.
School Risk Management Scheme This category is limited to the expenses incurred in purchasing reinsurance and settling claims under the school risk management scheme, in accordance with the Education and Training Act 2020.	This category is intended to achieve insurance cover for participating State and State-integrated schools by providing insurance protection.
Secondary Education This category is limited to providing roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes to enable the delivery of education, including the delivery of programmes of learning at the secondary-tertiary interface, to all students for Years 9 to 13.	This category is intended to achieve inclusive, equitable and quality education which supports all Year 9 to 13 students and continuation of education to a tertiary level.

Primary and Secondary Education

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
47.00%	Participation in primary and secondary education: The percentage of students attending school regularly	80%	53.39%	**Not achieved**
	Attendance is a major focus for the Ministry. The Government has set a target of 80 percent of students attending school regularly by 2030. This measure shows the Term 3 data presenting an upward trend from prior year. Refer to pages 24 to 48 for more details.			
	Percentage of school leavers with NCEA Level 2 or equivalent:			
74.35%	› All	75%	76.08%	**Achieved**
58.25%	› Māori	75%	60.66%	**Not achieved**
69.48%	› Pacific	75%	71.12%	**Not achieved**
	To provide alignment across all student groups, the performance standard for school leavers attaining NCEA Level 2 or an equivalent has been set at 75%. This target brings consistency to expectations for all students, including Māori and Pacific. This year's results indicate that the initiatives in place are moving in the right direction, contributing positively toward achieving the long-term target of 75%.			

Support and Resources for Education Providers

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
99.96%	› All resourcing payments are accurate and on time	100%	100%	**Achieved**
	Percentage of payroll payments to eligible teachers and school support staff which are:			
99.30%	› accurately calculated	99.50%	99.70%	**Achieved**
99.64%	› processed in time for pay dates	99.50%	99.84%	**Achieved**
95.00%	› Percentage of decisions on proposed statutory interventions under Part 3, Subpart 5 'Interventions in State Schools' of the Education and Training Act 2020 that are made within three months of the confirmed Education Review Office report being published, or request from boards of trustees, or referral from the sector, or determination by the Ministry	95%	89.00%	**Not achieved**
	32 out of 36 interventions were approved within the three-month timeframe throughout 2024/25. We are continuing to work with ERO and relevant schools to provide the right level of intervention is met. During this year, a number of interventions were more complex than expected. This resulted in additional time required to receive approval. The Ministry continue to work on the appropriate statutory interventions appropriate to the challenges that schools face.			

Primary Education

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Participation in primary education: The percentage of students attending school regularly			
65.60%	› Term 1	80%	68.95%	**Not achieved**
49.80%	› Term 2	80%	56.35%	**Not achieved**
48.90%	› Term 3	80%	54.33%	**Not achieved**
57.20%	› Term 4	80%	60.46%	**Not achieved**
	Refer to pages 24 to 28 for more details.			
88.36%	Percentage of primary schools who do not use exclusions as a disciplinary action	Maintain or improve	89.50%	**Achieved**
13.80%	Percentage of schools and kura with students in Years 1 to 8 receiving Māori Language Programme Funding for Levels 1 and 2	Maintain or improve from previous year	14.50%	**Achieved**
22.9%	Percentage of schools and kura with students in Years 1 to 8 receiving Māori Language Programme Funding for Levels 3, 4a and 4b	Maintain or improve from previous year	27.10%	**Achieved**
14.60%	Percentage of Māori students in Māori-medium and Kaupapa Māori education in Years 1 to 8, receiving Māori Language Programme Funding for Levels 1 and 2	Maintain or improve from previous year	15.20%	**Achieved**
44.00%	Percentage of Māori students in English-medium in Years 1 to 8 learning Te Reo Māori, receiving Māori Language Programme Funding for Levels 3 to 5	Maintain or improve from previous year	47.00%	**Achieved**
	Retention rate for the primary teacher workforce:			
88.60%	› all regular (non-relief) teachers	90%	91.60%	**Achieved**
86.90%	› Māori teachers	90%	91.10%	**Achieved**
90.10%	› Pacific teachers	90%	94.10%	**Achieved**

School Risk Management Scheme

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
56.49%	The scheme grows the percentage of schools that participate over time	55%	57.11%	**Achieved**

Secondary Education

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Participation in secondary education: The percentage of students attending school regularly			
55.20%	› Term 1	80%	60.84%	**Not achieved**
41.70%	› Term 2	80%	47.91%	**Not achieved**
40.30%	› Term 3	80%	46.45%	**Not achieved**
44.30%	› Term 4	80%	47.42%	**Not achieved**
	Refer to pages 24 to 28 for more details.			
41.91%	Percentage of secondary schools that do not use exclusions as a disciplinary action	Maintain or improve	44.56%	**Achieved**
	Percentage of students achieving NCEA Co-requisite at Year 10			
N/A	› literacy	Baseline year	42.70%	**New measure**
N/A	› numeracy	Baseline year	45.60%	**New measure**
	Percentage of students achieving NCEA Co-requisite by Year 12			
N/A	› literacy	Baseline year	N/A	**Not available**
N/A	› numeracy	Baseline year	N/A	**Not available**
	The co-requisite was made mandatory in 2024. The data for this new measure will be available in January 2026.			
56.25%	Percentage of school leavers progressing directly from NCEA Level 2 and 3 or equivalent to Level 4 or above tertiary study	55%	56.94%	**Achived**
19.00%	Percentage of schools and kura with students in Years 9 to 15 receiving Māori Language Programme Funding for Level 1 and 2	Maintain or improve from previous year	19.20%	**Achieved**
61.60%	Percentage of schools and kura with students in Years 9 to 15 receiving Māori Language Programme Funding for Levels 3, 4a and 4b	Maintain or improve from previous year	61.80%	**Achieved**

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
7.30%	Percentage of Māori students in Māori-medium and kaupapa Māori education in Years 9 to 15, receiving Māori Language Programme Funding for Levels 1 and 2	Maintain or improve from previous year	7.30%	**Achieved**
27.20%	Percentage of Māori students in English-medium in Years 9 to 15 learning Te Reo Māori, receiving Māori Language Programme Funding for Levels 3 to 5	Maintain or improve from previous year	27.60%	**Achieved**
79.80%	Percentage of students in secondary-tertiary programmes who achieve NCEA Level 2 or higher	80%	80.00%	**Achieved**
77.00%	Percentage of Tu'u Malohi Pacific Wellbeing sessions that were attended by participating families and parents	80%	N/A	**Not available**
98.00%	Percentage of families, parents and schools who use and are satisfied with the Tu'u Mālohi Pacific Wellbeing programme to support their child's wellbeing	80%	N/A	**Not available**
	The initiative was not delivered in 2024/25 as the funding was reprioritised to implement an alternative programme focused on strengthening literacy and numeracy skills.			
	Retention rate for the secondary teacher workforce:			
87.80%	› All (non-relief) teachers	90%	89.90%	**Not achieved**
87.80%	› Māori teachers	90%	89.50%	**Not achieved**
	Retention has been improving since the low point experienced following the pandemic and has stablised at around 88-89%. Based on current trends this measure will be achieved next year.			
90.30%	› Pacific teachers	90%	91.20%	**Achieved**

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Total expenses for MCA as a whole	**8,258,738**	**8,471,055**	**8,478,755**	**8,392,626**
This is made up of the following category information:				
Departmental Output Expenses				
Support and Resources for Education Providers	235,989	180,810	182,796	216,795
Non-Departmental Output Expenses				
Primary Education	4,581,476	4,843,583	4,718,610	4,698,264
School Risk Management Scheme	3,764	6,800	6,800	4,733
Secondary Education	3,437,509	3,439,862	3,570,549	3,472,834
Funding for Departmental Output Expenses				
Revenue from the Crown				
Support and Resources for Education Providers	211,795	179,670	181,656	181,656
Revenue from Others				
Support and Resources for Education Providers	292	1,140	1,140	329

Information on the financial performance and operation of the School Risk Management Scheme is disclosed under the non-departmental schedules on page 150.

Actual expenditure is $78.429 million (1%) lower than Budget, mainly due to:

- impact of lower-than-expected national roll projections on teacher salaries and school operations grants ($34.089 million decrease)
- underspends to be carried forward to 2025/26 in the 2025 October Baseline Update to complete work programmes delayed due to circumstances beyond the Ministry's control ($18.590 million decrease)
- transfer to non-departmental output expense Learning Support and Alternative Education within Outcomes for Target Student Groups MCA for Education sector collective bargaining settlements in relation to Learning Support Coordinators ($7.346 million decrease)
- reprioritisation of underspent funding for Kaupapa Māori and Māori-medium education ($7.056 million decrease)

- transfer to non-departmental output expense Early Learning to support the continuity of overseas teacher pipeline ($5.375 million decrease), and
- saving ($5.535 million decrease),

Note the increased funding provision of $61.567 million in Budget 2025 (included in the Supplementary Estimates) for demand-driven teacher salaries and school operational grants to reduce potential risks of unappropriated expenditure was not required. Any unspent funding from this provision had to be returned to the centre and could not be transferred elsewhere in Vote Education baselines.

Redress for Abuse in Care

Overarching Purpose Statement
The single overarching purpose of this appropriation is to enable the Government's response to redress recommendations made by the Royal Commission of Inquiry into Abuse in Care.

Intention Statement:

This appropriation is intended to enable the Government's response to redress recommendations made by the Royal Commission of Inquiry into Abuse in Care.

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
Departmental Output Expenses	
Delivering redress for abuse in care This category is limited to responding to, designing, implementing and delivering redress for abuse in care.	This category is intended to design and deliver a well-functioning redress system.

Redress for Abuse in Care

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
N/A	Number of offers if Redress completed during the year	57	57	**Achieved**

Delivering redress for abuse in care

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
N/A	The percentage of rapid payment (RP) claimants who receive a settlement offer within 10 working days following their decision to choose RP	90%	42.86%	**Not achieved**
	This measure was introduced following a change in process in May 2025. Since that time five of 13 claimants received payments within 10 working days. The result presented covers the last quarter of this year only and we expect that this measure will be achieved in 2025/26..			
N/A	The percentage of claimants who progress through the full assessment process receive settlement documentation within 15 working days following their acceptance of any proposed settlement offer	80%	33.33%	**Not achieved**
	Two out of three settlement documentations were delayed. The Ministry is improving the overall process to enable a timelier response to claimants and expect that this result will be achieved in 2025/26.			

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Total expenses for MCA as a whole	**-**	**-**	**3,268**	**-**
This is made up of the following category information:				
Departmental Output Expenses				
Delivering redress for abuse in care	-	-	105	-
Non-Departmental Output Expenses				
Redress Payments	-	-	3,163	-
Funding for Departmental Output Expenses				
Revenue from the Crown				
Delivering redress for abuse in care	-	-	105	105
Revenue from Others				
Delivering redress for abuse in care	-	-	-	-

This appropriation was established in Budget 2025 to provide funding to enable the Government's response to redress recommendations made by the Royal Commission of Inquiry into Abuse in Care. Funding to allow an uplift in processing capacity and provide support services and other redress improvements, along with providing financial redress to people who experienced abuse in care. It was agreed that any underspends in the 2024/25 financial year be transferred to the 2025/26 financial year.

Vote Tertiary Education

- Minister of Education
- Minister of Vocational Studies
- Minister of Universities

Stewardship and Oversight of the Tertiary Education System

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
Departmental Output Expenses	
This appropriation is limited to providing advice and services to support Ministers to discharge their portfolio responsibilities relating to tertiary and international education, as well as administrative and oversight activities including research and monitoring the tertiary education system.	This appropriation is intended to achieve high-quality and timely advice to Ministers to support decision making, managing the Government's investment in the tertiary education sector, and monitoring and oversight of the sector.

Stewardship of the Tertiary Education System

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
6	The satisfaction rating given by the Portfolio Minister/s with the overall performance of the Ministry	7	7	**Achieved**

Policy Advice

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Internal assessment of the quality of the Ministry's policy advice			
3.41	› mean	72%	3.46	**Not achieved**
	The target was updated to 75% in 2024/25. This year's results represent a slight improvement compared to previous year's which equates to 68%.			

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
› Met "less than 10% score 2.5 and under/5" – actual 7.1% › Met "over 90% score 3/5 or higher" – actual 92.9% › •Did not meet "over 40% score 4 and above /5" – actual 32%	› distribution target of scores – less than 10% scoring 2.5 or under, at least 90% at scoring 3 or above, and at least 25% scoring 4 or above	**Achieved**	**Not achieved**	**Not achieved**
	Met "less than 10% score 2.5 or under" – actual 7.7% Met "at least 90% at scoring 3 or above" – actual 92.3% Did not meet "at least 25% scoring 4 and above" – actual 20.5%			
3.26	Satisfaction of the portfolio Minister/s with the policy advice service	4	4	**Achieved**

Research, Data Analysis and Monitoring

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
1.40%	Forecast demand for tertiary education at Levels 3 and above is accurate within an agreed average of actual values	Accurate within +/- 3% of actual values	1.7%	**Achieved**
7	The satisfaction rating given by the Portfolio Minister/s on the quality of monitoring advice provided by the Ministry about Crown agencies	7	6	**Not achieved**
	We follow guidance from PSC and OAG on both monitoring and appointments workstreams. We will work with Ministers to understand expectations and are reviewing current practices with input from PSC.			
Very good	The quality and range of the Ministry's analytical outputs is assessed through an independent expert review	Quality is assessed as "Good" or better	Excellent	**Achieved**
8	The satisfaction rating given by the Minister for Tertiary Education and Skills for the quality and timeliness of support for international visits and engagements	7	8	**Achieved**
94.00%	Timely delivery of Ministerial Services to the Office of the Minister/s	95%	99.82%	**Achieved**
100.00%	Quality of Ministerial Services content measured by acceptance rates by the Office of the Minister/s	95%	99.82%	**Achieved**
95.65%	Legislative timeframes met for Official information Act requests	955	100%	**Achieved**

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Expenses	13,890	13,012	13,012	12,269
Funded by:				
Revenue Crown	14,189	13,012	13,012	13,012
Other revenue	90	-	-	90

Actual expenditure is $743,000 (6%) lower than Budget due to savings. The other revenue is recovery of policy advice about the Export Education Levy.

Tertiary Education Institutions’ Proceeds from Disposal of Crown Assets

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to investing in Tertiary Education Institutions (TEIs) their share of the proceeds from the disposal of assets used by TEIs that are or were previously held in Crown title.	This appropriation is intended to enable the Ministry of Education to honour obligations under agreements with TEIs with respect to property sales, and act in accordance with decisions by Ministers with respect to property sale proceeds.

Tertiary Education Institutions’ Proceeds from Disposal of Crown Assets

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Comment
Achieved	The Ministry of Education meets property sales obligations agreed with TEIs and abides by Ministers’ decisions regarding payment of asset sale proceeds (see Note 1)	**Achieved**	**Achieved**	**Achieved**

Note 1: Where a TEI property sale results in sale proceeds being paid to the Ministry, it will meet its obligations under any agreement (including an agreement pursuant to the Crown Asset Transfer and Disposal Policy) to pay those sale proceeds, or any percentage share of those sale proceeds:

- to the TEI in accordance with the terms and conditions set out in the agreement, or
- to the Treasury, if the agreement requires the Crown to retain a percentage share of the sale proceeds and the Minister of Finance and the Minister of Education jointly determine a percentage of the sale proceeds should be retained by the Crown.

Financial performance

	2023/24	2024/25		
	Actual	Budget	Supplementary Estimates	Actual
	$000	$000	$000	$000
Non-departmental capital expenditure	**791**	**1,240**	**20,616**	-
TEI investments:				
Wellington Institute of Technology	791	-	-	-
Total investments in New Zealand Institute of Skills and Technology (NZIST) subsidiaries	**791**	**-**	**-**	**-**

This appropriation varies from year to year to make provision for the expected fiscally neutral transfers to TEIs of their share of proceeds the Ministry of Education has received from the sale of certain land, or buildings used by TEIs that are or were previously in Crown title. An appropriation is required for the transfer of public money to TEIs despite being fiscally neutral to the Crown.

The amount appropriated is based on TEI estimates of when settlements are expected to take place and projected proceeds, but variations may be needed if a sale is delayed or a TEI makes notification to the Tertiary Education Commission.

Approval has been obtained in-principle to carry forward the unspent 2024/25 appropriation to 2025/26 due to delays in the sales expected by TEIs. The final amount of the expense transfer will be confirmed in the 2025 October Baseline Update.

Part Five: Organisational health and capacity

Meeting our corporate responsibilities

Meeting our compliance obligations is important to us and this section outlines the Ministry's efforts to build a capable, diverse and safe workforce. It also details how the Ministry meets cross-government expectations by honouring Treaty settlement commitments, strengthening Māori-Crown relations and te reo Māori, contributing to climate action through the Carbon Neutral Government Programme, and complying with the Children's Act 2014.

Our 2025 Te Taunaki Public Service Census results showed us our strengths and opportunities

In March 2025, the Public Service Commission (PSC) ran the 2025 Te Taunaki Public Service Census, surveying public servants working in departments and departmental agencies. The Ministry's response rate was 73.8 percent (compared with 66.3 percent in the 2021 Census).

Census results show the Ministry is doing well, compared to the public service average, in the following areas:

- Our people are committed to their work and the opportunity to make a positive difference.
- A strong sense of collaboration and inclusion is felt amongst colleagues.
- Immediate managers prioritise the health and wellbeing of their team members, and lead by example.
- Individuals see Māori-Crown capability as an area of strength.

Areas of opportunity, when compared with the public service average, were identified in the following areas:

- Strengthening leadership accountability and capability.
- Shaping a culture where our people are curious, connected and open to different perspectives.
- Growing talent and capability.
- Improving transparency by listening to and acting on feedback (including in change management processes).

The Ministry has developed an action plan to address these themes, with targeted interventions to improve over time.

We continued to reduce pay disparities for staff

The Ministry published its Kia Toipoto Pay Gap Action Plan in November 2024. This plan showed progress continuing to be made towards being a diverse and inclusive organisation with workplace equity for all staff with:

- A mean gender pay gap of 13.1 percent - down from 15.9 percent in 2022.
- Pay gaps for wāhine and tāne Māori, Pacific men and MELAA men that are negative (meaning the salaries for these groups are higher than average).
- Our ethnic workforce representation becoming more diverse.

The Ministry had pay equity claims that were progressing under the old legislation and should we receive claims under the new legislation, we will progress them in line with those regulatory requirements.

We are committed to building a diverse and inclusive workplace

Te Urupare I te Mariu | Addressing Bias

The Ministry is committed to ensuring that our people systems, policies and processes are fair and transparent and that appointment decisions are based on merit. People policies are reviewed regularly to identify and address biases, and remuneration data is published on advertisements to provide full transparency to potential applicants and Ministry employees.

Onboarding guides are available to people Leaders so that new starters have an inclusive onboarding experience. Our Employee-led Networks are promoted as part of the induction process.

Ngā tūhononga e kōkiritia ana e ngā kaimahi | Employee-led networks

Our Employee-led networks play an important role in helping to build a diverse and inclusive culture. Through an extended period of change and uncertainty, the Ministry has provided support for Employee-led networks and most networks have continued to be active with the support of network sponsors. These networks enable employees to connect with and support each other, share ideas, and foster a sense of inclusion and belonging.

We are committed to a healthy, safe and secure work environment

Our Health, Safety and Security foundations are underpinned by our leadership commitment to providing and maintaining a safe, healthy and secure work environment. We do this in several ways, including monitoring reported health and safety incidents/events or near miss events, providing wellbeing initiatives to staff including flu and whooping cough vaccination programmes and EAP services, and updating First Aid Risk Assessments for offices and new or refresher training for First Aid staff.

Over the past 12 months, the Ministry has:

- Continued to strengthen protective security in alignment with the New Zealand Government's Protective Security Requirements (PSR), including maturing our governance processes and implementing a range of initiatives that reflect our evolving risk environment.
- Conducted seismic risk assessments resulting in temporary office relocations in Masterton, Lower Hutt and Maungawhau (Mt Eden).
- Updated security risk assessments, physical security enhancements and site-specific lockdown planning.
- Responded to increased risk of cyber harm, including continuing to deliver on the Cyber Security Improvement Programme to reduce cyber risks and improve resilience.
- Supported the implementation of the Information Security Classification Policy, including information classification training and scenario-based education.

- Continued to improve physical security, including upgrading access control systems, CCTV, duress alarms and emergency response protocols, which have been supported by refreshed procedures, expanded use of mobile emergency SOS tools and site drills.
- Delivered security awareness training at several Ministry locations and supported leadership to foster a proactive and risk-aware security ethos.
- Reviewed personnel security processes, including enhancements to the HRIS.
- Recruitment and onboarding modules, with a particular focus on strengthening contractor management and contractor vetting through the introduction of a new Contractor Workforce Management system.

The Ministry has also provided advice and support to the Chartered Schools Agency to enable it to also comply with the PSR.

We continued to meet our Tiriti o Waitangi | Treaty of Waitangi settlement commitments

Te Tari Whakatau | The Office of Treaty Settlements and Takutai Moana (previously Te Arawhiti) is the lead agency for Treaty of Waitangi (Treaty) settlements and is responsible for tracking the Crown's overall progress delivering on Treaty settlement commitments. He Korowai Whakamana is a Cabinet agreed framework introduced by Te Arawhiti, which is intended to enhance the Crown's accountability for its Treaty settlement commitments. The Korowai Whakamana requires core Crown agencies to record and track the status of their settlement commitments in Te Haeata – the Settlement Portal and report annually on their settlement commitments.

The status of our Tiriti o Waitangi | Treaty of Waitangi settlement commitments

As part of an all-of-government approach to settle historic Treaty claims, the Ministry contributes both cultural and commercial redress. Most commonly this redress takes the form of property redress or relationship redress.

Relationship redress includes a range of agreements entered between settling groups and the Crown (or specific Crown agencies) to reset the relationship between them. These agreements set out how the Ministry and the group will engage with each other going forward. In 2024/25, relationship redress was managed on behalf of the Ministry by Te Mahau, supported by Te Pou Tuarongo.

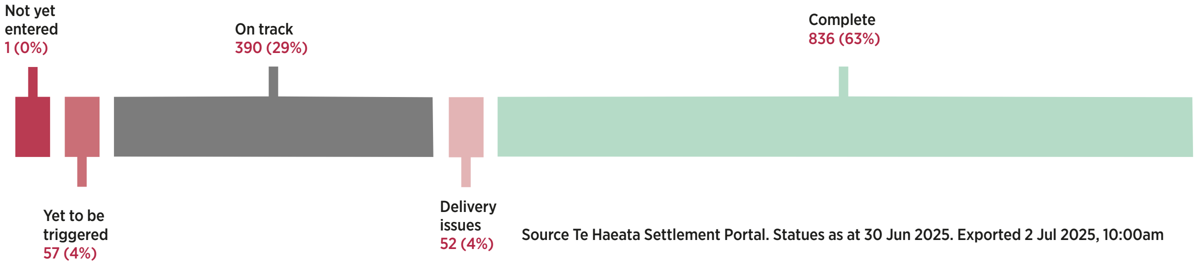
The education property redress aspect of this work was managed on behalf of the Ministry by the Property Services group within School Property.

As at 30 June 2025, the Ministry was responsible for 1,336 Treaty settlement commitments (across all redress types), and the status of these commitments is summarised below:

- Most of the commitments the Ministry is responsible for have been completed (63 percent), are on track for completion (29 percent), or are yet to be triggered by the respective Post-Settlement Governance Entity (PSGEs) (4 percent).
- A small proportion of our commitments (4 percent or 52 commitments) have a reported status of 'delivery issues'. Because Te Haeata records commitments for each stage involved in delivering a single obligation, many commitments can be affected by an issue with a single transaction. These 52 commitments relate to:

- One whole-of-government relationship agreement where the relevant iwi entity has not engaged with the Crown through the agreement in some years. As of mid-2025, Te Puni Kōkiri continues efforts to re-establish engagement, following earlier attempts to confirm a meeting date in 2024.
- The transfer of one property has been delayed due to operational difficulties. The Ministry is continuing communications with iwi to finalise the transfer of the property.
- Three properties in Nelson are prevented from transfer due to caveats lodged by Wakatū Incorporation. The relevant PSGE is receiving rental income, but the Crown cannot transfer legal title until litigation is resolved. The Ministry continues to maintain a watching brief on the Crown litigation process to resolve the underlying issue.

The status of our Treaty settlement committments



Source Te Haeata Settlement Portal. Statues as at 30 Jun 2025. Exported 2 Jul 2025, 10:00am

We continued to develop our Māori-Crown relations capability

We are committed to meeting responsibilities under Tiriti o Waitangi | Treaty of Waitangi and to strengthening Māori-Crown relations through individual and organisational capability building. Our approach is reflected in Whāinga Amorangi Capability Planning, which draws together interrelated workstreams including:

- **Tātai Pou:** Our capability framework setting out the skills and experience required for Ministry roles.
- **Te Aka Maurea:** Our internal Māori language plan that guides the purpose and use of language in our communications.
- **Te Tiriti o Waitangi | Treaty of Waitangi policy:** Our approach to giving practical effect to te Tiriti | the Treaty in our work.

Key progress during 2024/25 included:

- Developing a suite of tools to help staff assess the capability of people and work programmes, using Ka Hikitia Ka Hāpaitia (Māori Education Strategy), Tau Mai te Reo (Māori Language in Education Strategy), and Tātai Pou (capability framework).
- Finalising consultation on a consolidated set of proposed Organisational Mātāpono and behaviours.
- Providing centralised learning opportunities to support staff in the understanding and application of Te Tiriti o Waitangi | Treaty of Waitangi.

We support the use of te reo Māori

Te Aka Maurea is the Ministry's internal Māori language plan that aims to support the appropriate use of, and individual/organisational development in, te reo Māori and tikanga Māori. Included as part of our wider Whāinga Amorangi Capability Plan, it outlines our contribution to the Crown's Māori language revitalisation strategy, Maihi Karauna (2019-2023), under Te Ture mō te reo Māori 2016 | The Māori Language Act 2016.

Key progress during 2024/25 included:

- Continuing to provide bilingual communications both internally and externally, including external resources for Budget 2025, the education.govt.nz refresh, the Parent Portal and Māori Education Ministerial announcements.
- Continuing to offer te reo Māori courses for staff, pitched at the appropriate levels and contexts required for the range of Ministry roles.

We will continue to track how te reo Māori is being learned, used and applied across the Ministry to ensure our practices are consistent and appropriate.

We are part of the Carbon Neutral Government Programme

Carbon Neutral Government Programme

We report on greenhouse gas emissions for Te Tāhuhu o te Mātauranga Corporate Activities, Te Tāhuhu o te Mātauranga School Activities and School Board Activities. The Charter School Agency is exempt from reporting obligations under the Carbon Neutral Government Programme during its first financial year following its establishment on 1 July 2024. The inventory reflects the scale, nature and variety of activities undertaken to support and deliver education to the state schooling sector.

Mandatory Emissions [Corporate Activities]

Our mandatory emissions sources from Ministry Corporate Activities are divided into four categories:

- Category 1 vehicle fleet and natural gas for heating office buildings.
- Category 2 electricity supplied to office buildings.
- Category 3 staff business travel, including air travel.
- Category 4 waste from office buildings; staff working from home; and business travel accommodation.

Reduction targets [Corporate Activities]

The Ministry set the following emissions reduction targets for our mandatory sources in categories 1 to 4:

2025 target: 21 percent reduction in gross emissions to 4,538 tonnes CO_2e by 2024/25 from 5,744 tonnes CO_2e in 2018/19 (the base year).

- **2030 target:** 42 percent reduction in gross emissions to 3,332 tonnes CO_2e by 2029/30 from 5,744 tonnes CO_2e in 2018/19 (the base year).

Table 1: Ministry Corporate Activities Emissions Profile

Table 1 shows emissions from all Ministry Corporate Activities, detailed by category and total annual emissions (tCO_2-e) comparing our base reporting year (FY18/19) to the current financial year.

Emissions category	2018/19 emissions (tonnes CO_2e)	2024/25 emissions (tonnes CO_2e)	Change from base year
Mandatory emissions sources			
Category 1: Direct emissions	1,577	596	▼ 62%
Category 2: Indirect emissions from imported energy	504	466	▼ 7%
Category 3: Indirect emissions from transportation*	3,229	1,197	▼ 63%
Category 4: Indirect emissions from products used by the Ministry	434	187	▼ 57%
Mandatory emissions subtotal	**5,744**	**2,446**	▼ 57%

* Methodological change between base year and current year (introduced FY24) for calculating emissions from domestic flights.

Commentary on mandatory emissions

The Ministry has achieved its 2025 reduction target, reducing mandatory emissions by 57 percent against base year. This reduction has been attained in all mandatory categories and has been achieved by less travel occurring with the major factors influencing this outcome being less air travel, as well as the continued transition of the Ministry's vehicle fleet to electric cars where practical to undertake this transition.

Gross emissions

Table 2: Te Tāhuhu o te Mātauranga Emissions Profile

Table 2 shows gross emissions, including mandatory and material emissions. These emissions represent the total gross emissions for Te Tāhuhu o te Mātauranga across Te Tāhuhu o te Mātauranga Corporate Activities, Te Tāhuhu o te Mātauranga School Activities and School Board Activities, detailed by category and total annual emissions (tCO_2-e) comparing last financial year to the current financial year.

Some emissions figures for 2023/24 were revised after the publication of the 2024 Annual Report as part of the audit and verification process. In such cases, the corrected figures have been restated and marked with this symbol (†). All 2023/24 emissions figures have now been verified.

Emissions category	2022/23	2024/25	Change from previous year
Mandatory emissions sources			
Category 1: Direct GHG emissions and removals (vehicle fleet and natural gas)	772	596	▼ 23%
Category 2: Indirect GHG emissions from building electricity	334	466	▲ 40%*
Category 3: Indirect GHG emissions from transportation (Ministry staff business travel, including air travel, accommodation and WFH)	1,571	1,197	▼ 24%
Category 4: Indirect GHG emissions from products used (waste, water, wastewater and transmission and distribution for electricity and natural gas)	201	187	▼ 7%
Mandatory emissions subtotal	**2,878**	**2,446**	**▼ 15%**
Mandatory emissions sources			
Category 3: Category 3: Indirect GHG emissions from transportation (Ministry staff commute and Ministry funded school transport)	28,471†	35,612	▲ 25%
Category 4: Indirect GHG emissions from products used – purchased goods and services (including state school capital works in FY23/24)**	238,190†	183,229***	N/A
Category 5: Indirect GHG emissions associated with the use of products from the organisation (energy used in schools, ākonga and school staff commuting and school-led capital works) *	380,639†	390,436	▲ 3%
Material emissions subtotal	**645,729†**	**606,566**	****
Total emissions (tonnes CO_2e)	**648,607†**	**609,012**	****

*Increase in emissions is due to an increase in the emissions factor. Energy usage has stayed the same (less than 1 percent variance).

** Emissions from Purchased Goods & Services (PG&S) for schools have not been included in this year's report. While the Ministry may choose to include these in future years, the current value of this reporting is considered limited. However, as the total PG&S spend has remained consistent across all reporting years, it can be reasonably assumed that emissions intensity for FY 2024/25 is unchanged. The Ministry will continue to review the inclusion of school PG&S emissions in future reporting cycles.

*** The Ministry continues to report material emissions from Corporate purchased goods and services. In FY24/25, Category 4 material emissions represent Corporate purchased goods and services emissions and state school capital works emissions.

**** As a result of these changes noted in ** and ***, material emissions totals and total overall emissions cannot be compared between years.

Table 3: Emissions intensity

This table tracks change in emissions alongside organisational and sectoral change in FTEs and ākonga (pupil) numbers. The results show a decrease of emissions per FTE between 2023/24 and 2024/25.

Te Tāhuhu Corporate Activities	**2023/24**	**2024/25**	**Change from previous year**
Ministry FTEs	4,387	3,835	▼ 13%
Mandatory corporate emissions (tCO_2-e)	2,878	2,446	▼ 15%
Emissions intensity per FTE (tCO_2-e)	0.66	0.64	▼ 3%
Te Tāhuhu School Activities & School Board Activities	**2023/24**	**2024/25**	**Change from previous year**
State school ākonga (students)	709,783	714,358	▲ 1%
Total gross Te Tāhuhu School Activities & School Board Activities emissions (tCO_2-e)	627,593†	592,236	▼ 6%
Emissions intensity per ākonga (tCO_2-e)	0.88†	0.83	▼ 6%

Verification of emissions data

Our mandatory emissions have been independently verified to reasonable assurance for Category 1 and 2 emissions, and limited assurance for Category 3 and 4 emissions. Our material emissions figures for FY25, including Te Tāhuhu o te Mātauranga School Activities and School Board Activities are unverified. The Ministry will include verified material emissions in our 2026 Annual Report.

We adhere to the Children's Act 2014 through our Child Protection Policy

In accordance with the Children's Act 2014, the Ministry maintains a comprehensive Child Protection Policy. This policy, last reviewed in July 2024, is publicly accessible via the Ministry's website and applies to all Ministry employees, contractors and volunteers.

This policy is underpinned by the following core values and behaviours:

- The protection of tamariki is a Ministry priority and we have an organisational and individual responsibility to act to protect the safety and promote the wellbeing of all tamariki.
- The rights and best interests of tamariki are at the centre of our decision-making.
- To create and maintain policies and initiatives that promote (and are inclusive of) a child protection culture and to work towards continuous improvement in child protection practices.
- To support all staff to work in accordance with the policy, to work with partner agencies and community organisations so that child protection policies are consistent and of high quality and to always comply with relevant legislative responsibilities.
- To meet all existing statutory and contractual obligations, including matters relating to employment.

The Ministry actively monitors adherence to the policy and reports to the senior leadership team to uphold the Ministry's obligations under the Act. The policy is due to be reviewed in 2027.

Part Six: Annual financial statements

The financial statements are presented in three parts - departmental (page 89), non-departmental (page 141) and appropriation statements (page 156).

The departmental financial statements cover all financial resources used by the Ministry to deliver the goods or services purchased by the Minister of Education for the financial year ended 30 June 2025. They also include forecast financial statements for the following financial year and comparative information for the previous financial year.

Treasury Instructions also require departments to disclose non-departmental activities they administer on behalf of the Crown in the form of schedules. As these schedules are not financial statements for the purposes of the Public Finance Act 1989 (PFA), they do not provide forecast results for the following financial year.

The appropriation statements report information about expenses and capital expenditure incurred against each appropriation under Vote Education and Vote Tertiary Education administered by the Ministry.

Contents

Ministry of Education
Departmental Financial Statements

for the year ended 30 June 2025

Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2025

2024 Actual $000		Notes	2025 Actual $000	2025 Budget (unaudited) $000	2026 Forecast (unaudited) $000
	Revenue				
3,467,212	Revenue Crown	3	3,778,464	3,609,727	3,978,269
37,284	Other revenue	3	189,692	12,569	13,236
3,504,496	**Total operating revenue**		**3,968,156**	**3,622,296**	**3,991,505**
	Expenses				
582,705	Personnel costs	4	511,757	579,320	447,875
1,317,827	Depreciation and amortisation	11,12	1,475,171	1,344,791	1,503,960
1,529,085	Capital charge	5	1,678,450	1,592,039	1,755,886
45,051	Finance costs	6	44,394	45,395	52,671
566,975	Other operating expenses	7	537,505	348,105	539,107
4,041,643	**Total operating expenses**		**4,247,277**	**3,909,650**	**4,299,499**
(537,147)	**Net operating surplus/(deficit)**		**(279,121)**	**(287,354)**	**(307,994)**
	Remeasurements [11]				
529	Net impairment (loss)/reversal of non-current assets held for sale	10	(869)	-	-
163	Movement in discount rate for retiring and long service leave	16	(64)	-	-
230	Net unrealised gain/(loss) in fair value of derivative financial instruments	19	(16,255)	(357)	477
(536,225)	**Net surplus/(deficit)**		**(296,309)**	**(287,711)**	**(307,517)**
	Other comprehensive revenue				
2,521,592	Net gain/(loss) on property revaluations	11	(2,134,236)	-	-
1,985,367	**Total comprehensive revenue and expense**		**(2,430,545)**	**(287,711)**	**(307,517)**

Explanations of major variances against the original 2025 budget are provided in Note 22.

The above *Statement of Comprehensive Revenue and Expenses* should be read in conjunction with the accompanying notes.

11 Remeasurements mean revisions of prices or estimates that result from revised expectations of future economic benefits or obligations that change the carrying amounts of assets or liabilities. Remeasurement losses are not included in the meaning of expenses requiring appropriation under the Public Finance Act 1989 (PFA).

Statement of Financial Position

as at 30 June 2025

2024 Actual $000		Notes	2025 Actual $000	2025 Budget (unaudited) $000	2026 Forecast (unaudited) $000
	Assets				
	Current assets				
101,390	Cash and cash equivalents		83,062	95,000	95,042
300,641	Debtors and other receivables	8	581,571	183,667	620,580
150,659	Prepayments	9	157,521	162,000	162,000
180,068	Non-current assets held for sale	10	137,510	161,479	142,312
33	Derivative financial instruments	19	5	-	-
732,791	**Total current assets**		**959,669**	**602,146**	**1,019,934**
	Non-current assets				
33,575,667	Property, plant and equipment	11	31,669,877	31,805,236	34,163,508
136,614	Intangible assets	12	141,056	157,339	195,479
7,010	Derivative financial instruments	19	3,092	4,682	2,880
33,719,291	**Total non-current assets**		**31,814,025**	**31,967,257**	**34,361,867**
34,452,082	**Total assets**		**32,773,694**	**32,569,403**	**35,381,801**
	Liabilities				
	Current liabilities				
342,138	Creditors and other payables	13	365,720	348,658	347,984
22,103	Return of operating surplus to Crown	14	-	-	-
18,355	Provisions	15	2,510	150	150
51,398	Employee entitlements	16	48,649	42,000	42,000
11,516	Service concession liabilities	17	15,083	15,245	16,671
-	Derivative financial instruments	19	319	-	-
445,510	**Total current liabilities**		**432,281**	**406,053**	**406,805**
	Non-current liabilities				
2,156	Provisions	15	2,310	2,175	2,175
13,136	Employee entitlements	16	17,617	14,000	14,000
570,801	Service concession liabilities	17	570,358	564,136	548,984
5	Derivative financial instruments	19	11,995	453	10,569
586,098	**Total non-current liabilities**		**602,280**	**580,764**	**575,728**
1,031,608	**Total liabilities**		**1,034,561**	**986,817**	**982,533**
33,420,474	**Net assets**		**31,739,133**	**31,582,586**	**34,399,268**
	Taxpayers' equity				
8,543,637	General funds	18	9,048,413	9,217,768	9,561,864
24,876,837	Property revaluation reserves	18	22,690,720	22,364,818	24,837,404
33,420,474	**Total taxpayers' equity**		**31,739,133**	**31,582,586**	**34,399,268**

Explanations of major variances against the original 2025 budget are provided in Note 22.

The above *Statement of Financial Position* should be read in conjunction with the accompanying notes.

Statement of Changes in Taxpayers' Equity

for the year ended 30 June 2025

2024 Actual $000		Notes	**2025 Actual** $000	**2025 Budget (unaudited)** $000	**2026 Forecast (unaudited)** $000
30,401,571	Balance as at 1 July		33,420,474	30,960,097	33,872,317
1,985,367	Total comprehensive revenue and expense		(2,430,545)	(287,711)	(307,517)
	Owner transactions				
1,098,159	Capital injections		989,288	921,945	836,467
(42,520)	Capital withdrawals		(240,084)	(11,745)	(1,999)
(22,103)	Return of operating surplus to Crown	14	-	-	-
33,420,474	**Balance as at 30 June**	**18**	**31,739,133**	**31,582,586**	**34,399,268**

Explanations of major variances against the original 2025 budget are provided in Note 22.

The above *Statement of Changes in Taxpayers' Equity* should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2025

2024 Actual $000		2025 Actual $000	2025 Budget (unaudited) $000	2026 Forecast (unaudited) $000
	Cash flows from operating activities			
3,599,665	Receipts from revenue Crown	3,507,224	3,701,194	3,729,063
34,242	Receipts from other revenue	44,747	12,121	12,910
(556,225)	Payments to suppliers	(512,331)	(350,330)	(539,982)
(561,466)	Payments to employees	(525,367)	(578,445)	(447,000)
(1,529,085)	Payments for capital charge	(1,678,450)	(1,592,039)	(1,755,886)
4,364	Goods and services tax (net)	14,468	-	-
991,495	**Net cash flow from operating activities**	**850,291**	**1,192,501**	**999,105**
	Cash flows from investing activities			
8,968	Receipts from sale of property, plant and equipment	181,713	-	-
(1,990,663)	Purchase of property, plant and equipment	(1,689,320)	(1,988,810)	(1,729,015)
(42,356)	Purchase of intangible assets	(31,882)	(42,243)	(36,252)
(2,024,051)	**Net cash flow from investing activities**	**(1,539,489)**	**(2,031,053)**	**(1,765,267)**
	Cash flows from financing activities			
1,098,159	Capital injections	989,288	921,945	836,467
(42,520)	Capital withdrawals	(240,084)	(11,745)	(1,999)
(36,043)	Return of operating surplus to Crown	(22,103)	(13,026)	-
(45,382)	Payment of finance charges on service concession arrangements	(44,543)	(45,698)	(53,019)
(8,647)	Repayment of service concession liabilities	(11,688)	(12,924)	(15,245)
965,567	**Net cash flow from financing activities**	**670,870**	**838,552**	**766,204**
(66,989)	**Net (decrease)/increase in cash**	**(18,328)**	**-**	**42**
168,379	Cash at the beginning of the year	101,390	95,000	95,000
101,390	**Cash at the end of the year**	**83,062**	**95,000**	**95,042**

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department (Inland Revenue). The GST components have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of major variances against the original 2025 budget are provided in Note 22.

The above *Statement of Cash Flows* should be read in conjunction with the accompanying notes.

Reconciliation of net surplus with cash flow from operating activities

2024 Actual $000		2025 Actual $000
(536,225)	**Net surplus/ (deficit)**	**(296,309)**
	Add/(less) non-cash items	
1,310,590	Depreciation, impairment and write-off on property, plant and equipment	1,468,480
22,651	Amortisation, impairment and write-off on intangible assets	27,369
(529)	Net impairment (reversal)/loss of non-current assets held for sale	869
(230)	Net unrealised (gains)/loss on derivative financial instruments	16,255
2,137	Increase in non-current employee entitlements	4,481
(20)	(Decrease)/increase in non-current provisions	154
1,334,599	**Total non-cash items**	**1,517,608**
	Add/(less) items classified as investing or financing activities	
(4,875)	Net (gains) on sale of property, plant and equipment	(146,373)
45,051	Finance charges on service concession arrangements	44,394
40,176	**Total investing or financing activities**	**(101,979)**
	Add/(less) movements in working capital items	
133,875	Decrease/(increase) in debtors and other receivables	(268,250)
807	Decrease in prepayments	6,057
(20)	(Decrease)/increase in creditors and other payables	11,758
2,425	Increase (decrease) in current employee entitlements	(2,749)
15,858	Increase/(decrease) in current provisions	(15,845)
152,945	**Total net movement in working capital items**	**(269,029)**
991,495	**Net cash flow from operating activities**	**850,291**

Reconciliation of movements in liabilities arising from financing activities

The table below provides a reconciliation between the opening and closing balance of financial liabilities, both changes arising from cash flows and non-cash changes.

2024 Service Concession Liabilities Actual $000	2024 Derivative Financial Instruments Actual $000	2024 Total Actual $000		2025 Service Concession Liabilities Actual $000	2025 Derivative Financial Instruments Actual $000	2025 Total Actual $000
550,491	**(6,808)**	**543,683**	**Balance as at 1 July**	**582,317**	**(7,038)**	**575,279**
(8,647)	-	(8,647)	Net cash flows	(11,688)	-	(11,688)
40,473	-	40,473	Additions	14,812	-	14,812
-	(230)	(230)	Fair value movements	-	16,255	16,255
582,317	**(7,038)**	**575,279**	**Balance as at 30 June**	**585,441**	**9,217**	**594,658**

The balances for derivative financial instruments are stated as net liabilities/(assets).

Further details on the service concession liabilities and derivative financial instruments are at Notes 17 and 19, respectively.

Statement of Commitments

as at 30 June 2025

2024 Actual $000		2025 Actual $000
	Capital commitments	
	The future aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date are as follows:	
	School property capital works programme	
1,076,076	• Not later than one year	939,680
1,207,311	• Later than one year and not later than five years	1,317,794
293,246	• Later than five years	313,736
2,576,633	**Total school property capital commitments**	**2,571,210**
	Internally developed software assets	
2,086	• Not later than one year	1,532
-	• Later than one year and not later than five years	-
-	• Later than five years	-
2,086	**Total internally developed software assets commitments**	**1,532**
2,578,719	**Total capital commitments**	**2,572,742**
	Non-cancellable operating leases	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
	Ministry office premises	
20,316	• Not later than one year	17,569
70,205	• Later than one year and not later than five years	66,247
59,135	• Later than five years	58,903
	School property	
57,044	• Not later than one year	69,547
209,320	• Later than one year and not later than five years	254,410
593,712	• Later than five years	722,380
	Motor vehicles	
3,177	• Not later than one year	3,890
3,751	• Later than one year and not later than five years	5,439
-	• Later than five years	-
	IT equipment	
1,602	• Not later than one year	969
-	• Later than one year and not later than five years	-
-	• Later than five years	-
1,018,262	**Total non-cancellable operating lease commitments**	**1,199,354**
3,596,981	**Total commitments**	**3,772,096**

Capital commitments

Non-cancellable operating leases

The Ministry has leases on office premises, school land, motor vehicles and IT equipment, which have varying terms, escalation clauses and renewal rights. The amounts disclosed above as future commitments are based on the current lease terms.

The most significant office accommodation lease commitments are for National Office premises in Wellington.

The total of minimum future office accommodation payments expected to be received under co-location agreements with other government agencies at balance date is $1.249 million (2024: $3.697 million). This revenue is accounted for against appropriation *Services to Other Agencies RDA.*

Most school property leases are for Treaty of Waitangi settlement redress over some school land. Under these leases, the Crown can keep leasing the land from iwi for as long as it is needed for education purposes. There are currently 220 leases (2024: 193), each having an initial term of 21 years with rights of renewal at 21-year intervals. The increase is due to a settlement with Ngāti Toa Rangatira for the sale and lease back of land occupied by schools in the Hutt Valley.

There are no restrictions placed on the Ministry by any of its leasing arrangements.

Statement of Contingent Liabilities and Contingent Assets

as at 30 June 2025

Quantifiable contingent liabilities

2024 Actual $000		2025 Actual $000
	Legal proceedings and disputes	
3,044	Contractual disputes	812
20,735	Historical personal grievance claims in government institutions such as special schools	29,000
23,779	**Total quantifiable contingent liabilities**	**29,812**

Legal proceedings and disputes include the amounts the Crown may be liable in relation to resolving historical abuse claims in government institutions such as special schools and estimated associated legal costs. The Ministry of Education currently operates an alternative dispute resolution process to resolve these claims outside of the civil litigation process.

Unquantifiable contingent liabilities

The Ministry has several cases where there is no direct financial claim, although they have implications for changes to policy and operations if successful (2024: Nil).

Contingent assets

The Ministry has no contingent assets (2024: $Nil).

Notes to the Departmental Financial Statements

for the year ended 30 June 2025

Note 1 – Reporting Entity

The Ministry of Education (the Ministry) is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the Ministry's operations includes the Public Finance Act 1989 (PFA), the Public Service Act 2020 and the Public Accountability Act 1998. The Ministry's ultimate parent is the New Zealand Crown.

The Ministry has also reported separately on Crown activities and funds that it administers in the non-departmental schedules and *Statement of Funds Held* on pages 141-155.

The Ministry is the lead advisor to the Government on education, early childhood education, primary and secondary education and tertiary education. The Ministry is also the steward of the education system. The Ministry does not operate to make a financial return. Accordingly, the Ministry has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Ministry are for the year ended 30 June 2025 and were approved for issue by the Secretary for Education on 30 September 2025.

Note 2 – Basis of Preparation and Statement of Significant Accounting Policies

Basis of preparation

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

Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the PFA 1989, which includes the requirement to comply with generally accepted accounting practices (GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of land, buildings (schools, houses, site improvements and early childhood centres), derivatives and service concession assets, actuarial valuations of certain liabilities, and the fair value of certain financial instruments.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, which is the Ministry's functional currency, and all values are rounded to the nearest thousand dollars ($000).

Changes in accounting policies

There have been no changes in the Ministry'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, which have not been early adopted and that are relevant to the Ministry are:

PBE IFRS 17 Insurance Contracts

This Standard was issued in July 2019 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. PBE IFRS 17 will be mandatory for reporting periods beginning on or after 1 January 2026.

The Ministry has not yet determined how the application of PBE IFRS 17 will affect its reporting. The Ministry does not plan to adopt the standard early.

PBE Conceptual Framework Update

This update commences for annual reporting periods beginning on or after 1 January 2028. The updates to the PBE Conceptual Framework are based on the recent limited-scope updates to the IPSASB's conceptual framework, and amends Chapter 3 Qualitative Characteristics and Chapter 5 Elements in General Purpose Financial Reports. The amendments include:

› Updates to the guidance on materiality.

› Additional guidance has been included to clarify, when applying the qualitative characteristic of faithful representation, how prudence should be considered.

› Updates to the definitions of an asset and a liability and the related guidance.

› It also introduces new guidance on the unit of account and on binding arrangements that are equally unperformed.

The Ministry has not yet determined how this update will affect its reporting. The Ministry does not plan to adopt the standard early.

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.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand dollars using the spot exchange rates prevailing 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 *Statement of Comprehensive Revenue and Expenses.*

Goods and services tax (GST)

All items in the financial statements, including *Appropriation Statements,* are stated exclusive of GST, except for Debtor Crown, trade debtors and creditors, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST payable to, or recoverable from, Inland Revenue at balance date is included as part of creditors and other payables or debtors and other receivables in the *Statement of Financial Position.*

The net GST paid to, or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the *Statement of Cash Flows.*

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Government departments are exempt from income tax as public authorities (Income Tax Act 2007). Accordingly, no charge for income tax has been provided for.

Statement of cost accounting policies

The Ministry has determined the cost of departmental outputs in the Appropriation Statements using the cost allocation system outlined below.

All costs are charged to responsibility centres and services or projects.

Criteria for direct and indirect costs

Direct costs are those costs charged directly to non-overhead responsibility centres and services or projects. Indirect costs are those overhead costs that cannot be identified with a specific output in an economically feasible manner and are charged to an overhead responsibility centre and service.

Direct costs assigned to outputs

Non-overhead responsibility centres and services are mapped directly to outputs. Costs in these responsibility centres and services are therefore assigned directly to the relevant outputs. This includes costs related to the provision of school sector property.

Basis for assigning indirect and corporate costs to outputs

Indirect costs are assigned to non-overhead responsibility centres and services, and thereby to outputs, on the basis of cost drivers such as direct salary costs captured within the non-overhead responsibility centres and services.

There have been no material changes in cost accounting policies since the date of the last audited financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Ministry has made estimates and assumptions concerning the future. 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 expectations 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 referred to below:

Land, houses and early childhood centres valuation

Land, houses and early childhood centres (ECC) fair values have been determined by Quotable Value Limited (QV), with a full valuation completed triennially. In the intervening years, an indexed valuation is completed by QV. The financial year ended 30 June 2025 is an indexation year.

QV provides the indexed valuations to assess the fair market valuation for land and housing (or in respect of ECC – replacement costs).

The indexation for land and housing are derived by using the annual movement at sales group level and the QV house price index with an adjustment based on the localised market.

The indexation is applied to the book value of the properties and additional transactions up to 31 January. The subsequent transactions to 30 June are recorded as the initial book values when they occurred to reflect the fair value as at 30 June as costs of the recent additions are deemed to be their fair value.

The basis for the land fair values have been determined from market-based evidence on a highest and best use basis. Land has been valued as if vacant based on comparable vacant market sales evidence and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage, and an open market 'willing buyer willing seller' scenario. For schools with a designation or other restriction against the land, the values are adjusted accordingly.

School buildings and site improvements valuation

School buildings and site improvements are stated at fair value as determined by an internal valuation process on an annual basis, except the buildings under the Service Concession arrangements, which are valued by QV. Fair value is determined using optimised depreciated replacement cost, which is used because of the specialised nature of the assets. An independent registered valuer reviews the valuation methodology for school buildings and site improvements.

The construction rates applied for calculating the depreciated replacement costs have been sourced from 'QV Costbuilder' with an effective date of 1 April 2025. The Ministry has applied an uplift factor based on the Capital Goods Pricing Index when establishing the inputs used in the 30 June 2025 revaluation.

The following table provides component rates applied for calculating the depreciated replacement cost for each component of buildings by the Ministry in Auckland. Rates for other regions and provinces are determined by applying provincial indices to these rates.

2024 unit rate	Component	2025 unit rate
$2,060 m^2	Classroom – fit out	$1,447 m^2
$1,902 m^2	Classroom – services	$1,458 m2^2
$620 m^2	Classroom – roof	$1,016 m^2
$3,472 m^2	Classroom building structures – single storey	$2,935 m^2
$653 m^2	Classroom building structures – per storey	$652 m^2
$1,132 m^2	Ancillary buildings	$1,140 m^2
$613 m^2	Covered way	$632 m^2
$5,353 m^2	Swimming pools	$5,339 m^2
$70,350 each	Boilers	$71,178 each
$140,700 each	Lifts – standard (3 floors)	$140,350 each
$7,337 each	Lifts – additional floor	$7,318 each
$20,000 each	Hoists	$20,000 each

The site improvements values are calculated using the average cost (derived from a selected sample) per site based on the school level, size and location, adjusted by the capitalisations and location indices.

School buildings and site improvements useful life

The useful life of school buildings and site improvements are re-assessed annually based on their age and the level of capital expenditure incurred over the last 10 years compared to their replacement cost.

Adjustments have been made to the remaining useful life assumption for school buildings as follows:

Nature of valuation adjustment to replacement costs	Impact on the valuation
Assessment of the remaining useful life	The remaining useful life of components, and consequently value, has been amended based on the level of costs incurred on the component during the course of the last 10 years as an indicator of the condition of the component. Minimum useful lives are used to reflect residual values.
Assessment of the impact of technology change on replacement costs	Consideration is given to the age of each component, and the building code applicable at that time, and a discount applied based on the era during which the asset was constructed.
Condition impact on remaining useful life	The remaining useful life of components, and consequently value, has been amended in consideration of the expected level of expenditure required to renew components during the next 10 years to reflect the actual state of assets in poor or very poor condition.
Expected demolition or significant redevelopment programme	The remaining useful life of components, and consequently value, has been amended in consideration of the expected impact on value and life that planned demolitions or major redevelopments will have on components.

Nature of valuation adjustment to replacement costs	Impact on the valuation
Assessment of weathertightness issues on building condition	The value and remaining useful life of components, and consequently value, has been amended in consideration of the expenditure required to return assets to an expected normal state given the age of an asset component.
Assessment of damage from recent significant weather events	The remaining useful life of components, and consequently value, has been amended in consideration of the expected level of expenditure required to repair damage resulting from the 2023 significant weather events.

Holidays Act 2003 remediation

The Ministry has recognised a liability for Holidays Act 2003 remediation (refer Note 15). The measurement of this liability is the Ministry's best estimate following completion of a project to determine and remediate historic Holidays Act issues. The Ministry has subsequently paid all current employees due a remediation payment and contacted former employees to make payments due.

Long service leave and retirement gratuities

Long service leave and retirement gratuities entitlements that are payable beyond 12 months have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information, and
- the present value of the estimated future cash flows using the discount rates prescribed by the Treasury as at 30 June 2025 and a salary inflation factor of 2.5% (2024: 2.5%). The discount rates used are based on the yields on Government Bonds and range from 3.14% to 5.54% (2024: 4.30% to 5.36%).

An analysis of the exposure in relation to estimates and uncertainties surrounding long service leave and retirement gratuities liabilities is disclosed in Note 16.

Critical judgements in applying accounting policies

Leasing arrangements

The Ministry has exercised judgement in applying its accounting policy on the appropriate classification of leases.

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

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the *Statement of Financial Position* as property, plant and equipment, whereas for an operating lease the costs are recognised as operating expenses in the *Statement of Comprehensive Revenue and Expenses.*

None of the Ministry's leasing arrangements are classified as finance leases.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements, also known as cloud computing arrangements, are service contracts providing the Ministry with the right to access a cloud provider's application software over the contract term.

Judgement is exercised to assess whether the Ministry receives control over an identifiable intangible asset as an result of an SaaS arrangement. The Ministry recognises an intangible asset in the *Statement of Financial Position* when, as a result of the SaaS arrangements, it receives rights beyond a right of access and controls the asset by exercising its power to obtain the future economic benefits or service potential flowing from the asset and restricts the access of others to those benefits. If the SaaS arrangement does not give the Ministry an intangible asset due to the lack of control, the costs are recognised as operating expenses in the *Statement of Comprehensive Revenue and Expense.*

Budget and forecast figures

The budget figures in the financial statements are for the year ended 30 June 2025 and were published in the 2024 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the 2024 Budget Economic and Fiscal Update (BEFU) for the 2024/25 financial year. The figures do not provide for the annual revaluation of school property (land and buildings) assets as it is Crown policy not to budget for annual revaluation movements.

The forecast financial statement figures are for the year ending 30 June 2026 and are consistent with the best estimate financial forecast information submitted to the Treasury for the 2025 Budget Economic and Fiscal Update (BEFU) for the 2025/26 financial year. They have been prepared as required by the PFA 1989 to communicate forecast financial information for accountability purposes and in accordance with PBE Standards.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The forecast financial statements were approved for issue by the Secretary for Education on 14 April 2025. The Secretary for Education is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

The actual financial results to be achieved for 30 June 2026 are likely to vary from the forecast information presented and the variation may be material.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions about what may occur during the 2025/26 year. They have been compiled on the basis of existing government policies and ministerial expectations at the date the information was prepared. The main assumptions were as follows:

- the Ministry's activities and output expectations are focused on the Government's priorities
- personnel costs were based on current wages and salary costs and full-time equivalent (FTE) levels and staff turnover, adjusted for anticipated remuneration changes
- operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred, and
- estimated year-end information for 2024/25 was used as the opening position for the 2025/26 forecasts.

Factors that could lead to differences between the forecast and the actual results include changes to the baseline budget through new initiatives and the transfer of funding across financial years or technical adjustments, such as remeasurement of derivative financial instruments, impairment of school property assets and change in capital charge rate (currently 5%).

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2026 will not be published.

Note 3 – Revenue

The Ministry funds its operations through exchange and non-exchange transactions. These are distinguished by whether there is a direct exchange of approximately equal value with another party or not. Exchange revenue covers goods and services supplied on a commercial basis, including on a cost recovery basis as prevalent in the public sector. Non-exchange revenues are the receipt of funds that do not require an exchange of equal value.

Revenue from the Crown **(Revenue Crown)** is the primary source of funding for the Ministry. Revenue Crown is measured based on the Ministry's funding entitlement for the reporting period. Revenue Crown is a non-exchange transaction because the Crown does not directly receive equal value from the Ministry in return for the funding. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date. There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations. The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

A breakdown of revenue from other sources **(Other revenue)** is as follows:

2024 **Actual** $000		**2025** **Actual** $000
	Non-exchange	
18,495	Third party contributions to development of school building assets	23,728
-	"Weathertightness settlements"	6,745
1,856	Electric vehicle subsidy from Energy Efficiency & Conservation Authority (EECA)	1,272

6	Gains from insurance claims	187
145	ECE licensing application fees	170
90	Policy advice for Export Education Levy	90
	Exchange	
4,909	Gains on sale of property, plant and equipment	146,426
6,039	School house rentals	6,626
3,655	Support services to other public entities	3,439
1,571	Subscription fees for Te Mana Tūhono Opt-in ICT Network and Cyber Security Support Programme for Schools	1,004
518	Miscellaneous revenue	5
37,284	**Total other revenue**	**189,692**

Third party contributions to development of school building assets are recognised as revenue when entitled rather than when cash is received.

Insurance claims are recognised upon settlement of the claim.

Gains arising from sale of property, plant and equipment are recognised when the significant risks and rewards of ownership of the asset have transferred to the acquirer. The gains on sale are primarily from the transfer of school sites (land only) under Deeds of Settlement between the Crown and iwi. The settlements provide for the Ministry to lease back the school sites until they are no longer needed for education purposes.

Rental income, from schoolhouses and subletting of office premises to other public entities, is recognised on a straight-line basis over the lease term. The electric vehicle subsidy from EECA is recognised over the lease term.

Revenue in advance is recognised in the *Statement of Financial Position* (under Creditors and payables) as deferred revenue until the period the service is provided.

Note 4 – Personnel Costs

Employee entitlements to salaries and wages, annual leave, long service leave and retiring leave, and other similar benefits are recognised in net surplus/(deficit) when they accrue to employees.

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are recognised in net surplus/(deficit) as they fall due.

Termination benefits are recognised in net surplus/(deficit) only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant. Termination benefits expected to be settled within 12 months are reported at the amount expected to be paid.

A breakdown of personnel costs is as follows:

2024 Actual $000		2025 Actual $000
555,424	Salaries and wages	409,972
15,125	Superannuation contributions to defined contribution plans	14,097
4,083	Training and development	2,930
4,562	Increase in employee entitlements	1,732
3,511	Other personnel costs	2,026
582,705	**Total personnel costs**	**511,757**

Salaries and wages include the cost of contractors engaged in a contract for service.

Superannuation contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund.

Note 5 – Capital Charge

The Ministry pays a capital charge to the Treasury on its taxpayers' equity as at 30 June and 31 December each year. The rate used for calculation of capital charge is the public sector discount rate. The current capital charge rate is 5% (2024: 5%).

The capital charge reflects the cost of the Crown's investment in the Ministry and is recognised as an element of output expenses.

Note 6 – Finance Costs

Finance costs are recognised in relation to the repayment of the liability associated with the service concession arrangement assets over the contract term as an expense in the financial year in which they are incurred.

Note 7 – Other Operating Expenses

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives for office accommodation received are recognised evenly over the term of the lease as a reduction in operating lease costs. The unexpired portion of non-cancellable operating leases for office accommodation, motor vehicles, IT equipment and school property is shown in the *Statement of Commitments*.

All other operating expenses are recognised when goods or services are received.

A breakdown of other operating expenses is as follows:

2024 Actual $000		2025 Actual $000
675	Fees to auditors for audit of the financial statements	739
321	Fees to auditors for other services	632
179,488	Contracts for services	138,464
118,296	Specialist learning support service costs	128,444
66,243	Operating lease costs – school property	70,315
53,912	Maintenance of school property	67,000
48,159	ICT costs (including cloud-based computing services)	47,189
22,077	Operating lease costs – office accommodation	22,049
15,414	Write-off and impairment of property, plant and equipment	18,732
15,273	Insurance	14,429
9,302	Travel, meetings and conference costs	6,667
3,474	Operating lease costs – motor vehicles	4,516
4,973	Legal fees and litigation costs	3,795
3,176	Operating lease costs – office and IT equipment	2,307
3,095	Consultants	2,183
-	Write-off and impairment of intangible assets	1,946
(165)	Net foreign exchange (gains)/losses	529
63	Risk and Assurance Board member fees and expenses	64
34	Loss on sale of property, plant and equipment	53
41	Increase in provision for impairment of trade debtors	21
15,788	Pacific Education Innovation Fund grants	18
(311)	Decrease in lease reinstatement provision	(449)
7,647	Other	7,862
566,975	**Total other operating expenses**	**537,505**

Fees to auditors for other services

The fees to auditors for other services relate to professional services delivered for Schools Payroll Remediation case management.

Included in the *Schedule of Non-Departmental Expenses* for the year ended 30 June 2025 are $574,500 fees to the auditors for the assurance engagement in relation to Education Payroll Services (2024: $560,410 for Education Payroll Services and $10,500 for Ka Ora, Ka Ako | Healthy School Lunches assurance procedures).

Note 8 – Debtors and Other Receivables

Debtor Crown represents cash which has been appropriated, but yet to be drawn down from, the New Zealand Debt Management Office (NZDMO). The Ministry classifies Debtor Crown as current because it can be realised in cash within three working days.

Debtors and other receivables are recognised initially at fair value and subsequently at amortised cost, less any provision for impairment. Due to their short-term nature, debtors and other receivables are not discounted.

A forward-looking expected credit loss model is used to recognise and calculate impairment losses for trade debtors. Trade debtors are assessed at each reporting date for any significant increase in credit risk since initial recognition. The approach to providing for expected credit losses as prescribed by *PBE IPSAS 41 Financial Instruments* is applied. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses. The provisions for impairment on trade debtors that are individually significant are determined on an individual basis. Those deemed not to be individually significant are assessed on a portfolio basis based on the number of days overdue and taking into account the historical loss experience and incorporating any external and future information.

A breakdown of debtors and other receivables and further information is as follows:

2024 Actual $000		**2025 Actual** $000
	Non-exchange	
296,084	Debtor Crown	567,324
	Exchange	
-	Receivable from sale of property, plant and equipment	12,680
1,548	Trade debtors (net)	1,040
3,009	Other receivables (including accrued revenue)	527
300,641	**Total debtors and other receivables**	**581,571**

The carrying value of trade debtors and other receivables approximates their fair value. The Ministry classifies trade debtors and other receivables as current because they are expected to be realised within 12 months.

As at 30 June, all trade debtors have been assessed for impairment and appropriate provisions applied, as detailed below:

2024 Gross $000	2024 Impairment $000	2024 Net $000		2025 Gross $000	2025 Impairment $000	2025 Net $000
818	-	818	Not past due	431	-	431
344	-	344	Past due 31 - 60 days	280	-	280
293	-	293	Past due 61 - 90 days	276	-	276
203	(110)	93	Past due > 91 days	123	(70)	53
1,658	**(110)**	**1,548**	**Total**	**1,110**	**(70)**	**1,040**

Movements in the provision for impairment of trade debtors are as follows:

2024 Actual $000		2025 Actual $000
84	**Balance as at 1 July 2024**	**110**
41	Increase in provisions made during the year	21
(15)	Debtors written off during the year	(61)
110	**Balance as at 30 June 2025**	**70**

Note 9 – Prepayments

Prepayments are comprised of:

2024 Actual $000		2025 Actual $000
117,578	School property capital expenditure programme	130,497
33,081	Operating expenses	27,024
150,659	**Total prepayments**	**157,521**

Note 10 – Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction and the sale is highly probable. Assets are initially recorded as held for sale when:

- identified as surplus to education requirements and the property is actively marketed for sale at a price that is reasonable in relation to its current fair value, or
- a Deed of Settlement is signed (or initiated) with a claimant group under a Treaty settlement over school sites to be sold and leased back by the Ministry.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in net surplus or deficit. Any increases in fair value (less costs to sell) are recognised in net surplus or deficit up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

Movements for each class of assets held for sale are as follows:

2024				2025		
Land	**Buildings**	**Total**		**Land**	**Buildings**	**Total**
$000	$000	$000		$000	$000	$000
159,919	**4,968**	**164,887**	**Balance as at 1 July 2024**	**173,553**	**6,515**	**180,068**
15,818	2,927	18,745	Transfers from property, plant and equipment	4,003	2,317	6,320
(2,861)	(1,232)	(4,093)	Disposals	(46,983)	(1,026)	(48,009)
677	(148)	529	Net impairment (loss)/reversal recognised in net surplus or deficit	(451)	(418)	(869)
173,553	**6,515**	**180,068**	**Balance as at 30 June 2025**	**130,122**	**7,388**	**137,510**

The accumulated revaluation reserve balance associated with non-current assets held for sale as at 30 June 2025 was $125.606 million comprising of land $117.520 million and buildings $8.086 million (2024: $149.488 million comprising of land $148.595 million and buildings $0.893 million).

Non-current assets held for sale are recognised as current assets as their value is expected, in most instances, to be realised in the 12-month period after balance date. The completion date for Treaty settlement claims may take longer than 12 months due to legal and procedural matters beyond the Ministry's control.

Note 11 – Property, Plant and Equipment

The Ministry is responsible for, and has ownership of, a significant portion of the institutional land and buildings in use by schools, playcentres and kindergartens on behalf of the Government.

Property, plant and equipment consist of the following asset classes: land, buildings, office furniture, fittings (leasehold improvements) and equipment, computer hardware and motor vehicles.

Land is measured at fair value and buildings, including those financed under a service concession arrangement, are measured at fair value less accumulated depreciation and impairment losses. All other assets classes are measured at cost less accumulated depreciation and impairment losses.

Additions

Individual or groups of property assets are capitalised if their cost is greater than $5,000. Individual or groups of assets in other asset classes are capitalised if their cost is greater than $2,500.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

The initial cost of property, plant and equipment is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use. Where an asset is acquired at no cost, or for a nominal cost through a non-exchange transaction, it is recognised at 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 the Ministry 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 net surplus or deficit as they are incurred.

Work-in-progress is recognised at cost less impairment and is not depreciated.

Revaluations

School buildings and site improvements are stated at fair value as determined by an internal valuation process. Fair value is determined using the optimised depreciated replacement cost method due to the specialised nature of the assets. An independent registered valuer reviews the valuation methodology for school buildings and improvements.

The Ministry has adopted a full valuation approach triennially for land, houses and early childhood centres (ECCs). In the intervening years, an indexed valuation is completed. The valuation approach is explained in the critical accounting estimates and assumptions section of Note 2.

Land and houses are recorded at market value (or indexed value) as assessed by an independent registered valuer.

ECC buildings (playcentres and kindergartens) are valued by an independent registered valuer, based on depreciated replacement cost (or indexed value).

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

School demolition costs

Consideration is given to whether school buildings on a closed school site should be demolished or removed. The carrying amounts of the demolished school buildings are written off and recognised in the net surplus or deficit. Land Information New Zealand manages the land disposal process on behalf of the Ministry. The cost incurred in demolishing school buildings on a school site to make the land vacant are capitalised to reflect the work to increase the land valuation.

The cost incurred in demolishing an existing building to give way for the construction of a new building is capitalised as part of the new building. The carrying amount of the replaced building is written off and recognised in the net surplus or deficit.

The cost of demolishing surplus school buildings on an ongoing school site is recognised in the net surplus or deficit as they are incurred along with the carrying amount of the buildings written off.

Disposals

Gains and losses on disposals are recognised in the net surplus or deficit by comparing the sale proceeds with the carrying amount of the asset. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to general funds.

Depreciation

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

Useful lives:	**Years**
Buildings, including those financed under a service concession arrangement:	
• Permanent school building roof, services, fit outs, lifts and boilers	15 – 45
• Ancillary buildings, covered ways, houses, kindergartens, playcentres, site improvements, swimming pools	30 – 50
• Permanent school building structures fabric	75
Office furniture and equipment	4 – 8
Computer hardware	2 – 7

Leasehold improvements (office fittings) are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

Impairment

The Ministry does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment carried at cost or revalued amount are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined using an approach based on either an optimised 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.

For assets carried at cost an impairment loss or a reversal of an impairment loss is recognised in the surplus or deficit.

For a revalued asset, an impairment loss is recognised in other comprehensive revenue and expense to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets. Such an impairment loss on a revalued asset reduces the revaluation reserve for that class of assets. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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

	Land	Buildings	Office Furniture, Fittings and Equipment	Computer Hardware	Total
	Valuation	Valuation	Cost	Cost	
	$000	$000	$000	$000	$000
Cost or valuation					
Balance as at 1 July 2023	**6,116,692**	**24,225,398**	**70,474**	**41,188**	**30,453,752**
Additions	17,912	1,973,343	7,372	9,715	2,008,342
Revaluations	456,050	2,065,542	-	-	2,521,592
Reversal of accumulated depreciation on revaluation	-	(1,286,258)	-	-	(1,286,258)
Reclassified to assets held for sale	(15,818)	(2,927)	-	-	(18,745)
Reclassified between classes and to intangible assets	-	-	178	(357)	(179)
Disposals and write-offs	-	(16,433)	(5,137)	(15,054)	(36,624)
Balance as at 30 June 2024	**6,574,836**	**26,958,665**	**72,887**	**35,492**	**33,641,880**
Additions	28,553	1,669,111	1,086	4,436	1,703,186
Revaluations	(7,965)	(2,126,271)	-	-	(2,134,236)
Reversal of accumulated depreciation on revaluation	-	(1,439,551)	-	-	(1,439,551)
Reclassified to assets held for sale	(4,003)	(2,317)	-	-	(6,320)
Reclassified between classes and to intangible assets	-	-	-	71	71
Disposals and write-offs	-	(19,164)	(12)	(5,352)	(24,528)
Balance as at 30 June 2025	**6,591,421**	**25,040,473**	**73,961**	**34,647**	**31,740,502**
Accumulated depreciation and impairment losses					
Balance as at 1 July 2023	**-**	**-**	**43,792**	**34,713**	**78,505**
Depreciation expense	-	1,287,310	4,373	3,493	1,295,176
Impairment losses	-	-	-	-	-
Eliminate on disposal or write-off	-	(1,052)	(5,104)	(15,054)	(21,210)
Eliminate on revaluation	-	(1,286,258)	-	-	(1,286,258)
Balance as at 30 June 2024	**-**	**-**	**43,061**	**23,152**	**66,213**
Depreciation expense	-	1,439,983	5,145	4,620	1,449,748
Impairment losses	-	-	-	-	-
Eliminate on disposal or write-off	-	(432)	(8)	(5,345)	(5,785)
Eliminate on revaluation	-	(1,439,551)	-	-	(1,439,551)
Balance as at 30 June 2024	**-**	**-**	**48,198**	**22,427**	**70,625**
Carrying amounts					
As at 1 July 2023	**6,116,692**	**24,225,398**	**26,682**	**6,475**	**30,375,247**
As at 30 June 2024	**6,574,836**	**26,958,665**	**29,826**	**12,340**	**33,575,667**
As at 30 June 2025	**6,591,421**	**25,040,473**	**25,763**	**12,220**	**31,669,877**

Work-in-progress

The amount of capital expenditure recognised in the carrying amount of property, plant and equipment in the course of construction for each class of asset is as follows:

2024 Actual $000		**2025 Actual** $000
2,434,684	Buildings, including those financed under a service concession arrangement	2,215,775
5,488	Office furniture, fittings (leasehold improvements) and equipment	1,626
7,441	Computer hardware	534
2,447,613	**Total work-in-progress**	**2,217,935**

Motor vehicles

The Ministry has transitioned from owning to leasing motor vehicles. The financial commitments for the operating leases are reported in the *Statement of Commitments.*

Service concession arrangements

The Ministry has entered into three Public Private Partnership (PPP) Project Agreements (agreements) as detailed below. These are treated as service concession arrangements and accounted for in accordance with *PBE IPSAS 32 – Service Concession Arrangement: Grantor.*

Under the agreements the partner is required to:

› finance, design and construct the schools, and

› provide the operational services, which comprise building maintenance, landscaping, cleaning and other types of services.

Note that the Boards of Trustees remain at all times responsible for the delivery of education to students.

The agreements run for a period of 25 years following operational completion, after which responsibility for ongoing maintenance will revert to the Ministry.

Under the agreements, the Ministry provides the land to the partner to use for the construction and operation of the schools.

The assets in the service concession arrangement are recognised as assets of the Ministry and are accounted for in accordance with the accounting policy applicable to the classes of property, plant and equipment that the specified assets comprise. As the schools are progressively constructed, the Ministry recognises work-in-progress at fair value and a financial liability of the same value is accounted for. When the schools are fully constructed and operational, the total asset cost and matching financial liability reflect the value of the future compensation to be provided to the private-sector partner for the assets. Subsequent to initial recognition, these assets are accounted for at fair value and the financial liabilities are measured at amortised cost.

Following operational completion, the Ministry pays a quarterly unitary charge to the partner that covers various costs. They are allocated between:

› construction of the schools (capital) – these costs are not repriced

- finance costs – these costs are repriced at least every five years following operational completion and the amount the Ministry pays to the contractor is adjusted
- service costs – these costs cover the routine repairs and maintenance required to keep the school running and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index, and
- life-cycle additions – this is additional to routine repairs and maintenance carried out during the contract lifetime which is agreed upfront.

Payments relating to the capital component of the quarterly unitary charge reduce the financial liability when they are made (refer to Note 17 for further information on the service concession liabilities). Finance and service costs are recognised as an expense in the financial year to which they are incurred.

The Ministry has entered into interest rate swaps with the NZDMO to mitigate exposure to interest rate risk for the three service concession arrangements, which includes the Wakatipu High School and Rolleston College expansions. These interest rate swaps go out to the end of the service concession agreements (refer to Note 19 for further information).

There are six PPP schools that are currently going through or have been through an expansion process as a result of high roll growth pressures and are located on the same sites as the original PPP schools. The Wakatipu High School expansion (PPP2) was completed in the 2022/23 financial year and the Rolleston College expansion (PPP2) has been completed in the 2024/25 financial year. Both of these expansions follow the above arrangements. These expansions will not extend the terms of the arrangements in place.

The other four schools Hobsonville Point Primary School (PPP1), Ormiston Junior College (PPP2), Te Uho o te Nikau Primary School (PPP3) and Matua Ngaru School (PPP3) have expansions that are being designed and delivered by the Ministry. This will eliminate the financing, designing and construction components previously performed by the private partners. The operational services will still be delivered through the consortia. As a result, there is no anticipated financial liability that requires to be accounted for. The value of the assets is based on actual costs until revalued. No interest rate swaps are required to be entered into for these expansions.

The agreements provide for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted agreements.

PPP1

The Ministry entered into a PPP agreement with Learning Infrastructure Partners LP in 2012 to provide a primary and a secondary school at Hobsonville Point.

Under the agreement, the Ministry provided two land parcels to Learning Infrastructure Partners LP to use for the construction of the schools.

The Hobsonville Point Primary School opened in January 2013 and the Hobsonville Point Secondary School opened in February 2014.

Carrying value of assets by source:

2024 Actual $000		2025 Actual $000
124,143	Learning Infrastructure Partners LP – Buildings	151,539
57,780	Ministry – Land	57,780
181,923	**Total carrying value**	**209,319**

Hobsonville Point Primary School is currently undergoing an expansion to cater for roll growth in the area.

PPP2

The Ministry entered into a PPP agreement with Future Schools Partners LP in 2015 to provide the following four schools:

- Haeata Community Campus, Christchurch
- Ormiston Junior College, Auckland
- Rolleston College, Christchurch
- Wakatipu High School, Queenstown.

Under the agreement, the Ministry provided four land parcels to Future Schools Partners LP to use for the construction of the schools.

Haeata Community Campus, Ormiston Junior College and Rolleston College opened at the beginning of 2017 and Wakatipu High School relocated to its new site in January 2018. The Wakatipu High School expansion was completed and operational in January 2023. The Rolleston College expansion was completed and operational in January 2025.

Carrying value of assets by source:

2024 Actual $000		2025 Actual $000
389,557	Future Schools Partners LP – Buildings	395,955
56,300	Ministry – Land	57,400
445,857	**Total carrying value**	**453,355**

Ormiston Junior College is in the process of undergoing an expansion to cater for roll growth in the area.

PPP3

The Ministry entered into a PPP agreement with ShapEd NZ LP in April 2017 to provide the following five schools:

- Te Ao Mārama School (originally known as Sylvester Primary School), Hamilton
- Te Uho O Te Nikau Primary School (originally known as Flat Bush South Primary School), Auckland

- Matua Ngaru School (originally known as Kumeu Primary School), Auckland
- Co-location of Shirley Boys' High School and Avonside Girls' High School on one site in Christchurch.

Under the agreement, the Ministry provided four land parcels to ShapEd NZ LP to use for the construction of the schools. The three primary schools opened at the beginning of 2019, while the co-located Shirley Boys' and Avonside Girls' High schools opened in April 2019.

Carrying value of assets by source:

2024 Actual $000		2025 Actual $000
264,691	ShapEd NZ LP – Buildings	292,898
41,870	Ministry – Land	41,860
306,561	**Total carrying value**	334,758

Matua Ngaru School and Te Uho o te Nikau Primary School are both currently undergoing expansions to cater for roll growth in their respective areas.

Revaluations

The valuations are as follows. Also refer to the *Critical accounting estimates and assumptions* section of Note 2, which discloses information about revaluation methods and assumptions.

	Land $000	Buildings $000	Total $000
2024			
Quotable Value Limited	6,574,836	940,446	7,515,282
Internal assessment by experienced Ministry staff	-	26,018,219	26,018,219
Total valuation as at 30 June 2024	**6,574,836**	**26,958,665**	**33,533,501**
2025			
Quotable Value Limited	6,591,421	992,436	7,583,857
Internal assessment by experienced Ministry staff	-	24,048,037	24,048,037
Total valuation as at 30 June 2025	**6,591,421**	**25,040,473**	**31,631,894**

The increase in land value is mainly driven by the market movement. The decrease in building value is driven by the continued level of building activities, offset by the Ministry's value for money approach to building schools that is leading to lower costs per square metre for construction.

Restrictions

There are no restrictions over the title of the Ministry's school land, buildings and chattels, nor are any school land, buildings and chattels pledged as security for liabilities (2024: no restriction).

Risk management of school property

The Ministry has a three-tier approach to the risk management of school property:

- the first tier focuses on:
  - investing in the resilience of its properties through upgrading the seismic resilience of its buildings to a minimum of 67% NBS (or as near as reasonably practicable), and
  - maintaining security and fire protection systems to minimise the incidence and impact of fire and vandalism losses
- the second tier is a policy of self-insurance, up to $75 million in the aggregate for non-catastrophic losses and $75 million for catastrophic losses for each and every loss
- the third tier is covered by an insurance policy placed with the local and international insurance market, which provides cover for the following:
  - $325 million for any one loss and in the aggregate for natural disaster as at 30 June 2025
  - reinstatement to a further $325 million for natural disaster as at 30 June 2025
  - a fire limit of $60 million for any one loss and in the aggregate
  - a deductible amount for non-catastrophic losses of $75 million in the aggregate and then $25,000 for each and every subsequent loss, and
  - a deductible amount for catastrophic losses of $75 million (on and each loss basis) for natural disasters covered under the policy.

Note 12 – Intangible Assets

Intangible assets consist of the following asset classes: acquired computer software and developed computer software.

All individual or groups of acquired computer software are capitalised if their cost is greater than $2,500.

All software developments are capitalised if their cost is greater than $50,000.

Acquired computer software licences 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 by the Ministry are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs, and any directly attributable overheads.

Staff training costs and expenditure associated with the development and maintenance of the Ministry's website are recognised as an expense when incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

At the inception of a SaaS arrangement the Ministry recognises an intangible asset when it receives rights beyond a right of access and controls the asset by exercising its power to obtain the future economic benefits or service potential flowing from the asset and restricts the access of others to those benefits. If the SaaS arrangement does not give the Ministry an intangible asset due to the lack of control, the costs are recognised as operating expenses as incurred (generally over the term of the arrangement).

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 period is recognised in net surplus or deficit.

The useful lives of intangible assets have been estimated as follows:

Useful lives:	Years
Acquired or developed computer software	3 – 10

Impairment

The policy for impairment of property, plant and equipment in Note 11 also applies to the impairment of intangible assets.

Movements for each class of intangible assets are as follows:

	Acquired computer software $000	Developed computer software $000	Total $000
Cost			
Balance at 1 July 2023	**24,054**	**262,375**	**286,429**
Additions	318	42,038	42,356
Disposals and write-offs	(4,400)	(21,011)	(25,411)
Reclassified between classes and from property, plant and equipment	(15,360)	15,539	179
Balance at 30 June 2024	**4,612**	**298,941**	**303,553**
Additions	373	31,509	31,882
Disposals and write-offs	(860)	(5,309)	(6,169)
Reclassified between classes and from property, plant and equipment	(84)	13	(71)
Balance at 30 June 2025	**4,041**	**325,154**	**329,195**
Accumulated amortisation and impairment losses			
Balance as at 1 July 2023	**8,390**	**161,309**	**169,699**
Amortisation expense	181	22,470	22,651
Disposals and write-offs	(4,400)	(21,011)	(25,411)
Balance at 30 June 2024	**4,171**	**162,768**	**166,939**
Amortisation expense	81	25,342	25,423
Disposals and write-offs	(860)	(3,363)	(4,223)
Balance at 30 June 2025	**3,392**	**184,747**	**188,139**
Carrying amounts			
As at 1 July 2023	**15,664**	**101,066**	**116,730**
Balance as at 30 June 2024	**441**	**136,173**	**136,614**
Balance as at 30 June 2025	**649**	**140,407**	**141,056**

There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities (2024: Nil).

There are software assets at a cost of $117.396 million that are fully amortised but that are still in use (2024: $115.105 million).

The total amount of software assets during development is $27.658 million (2024: $20.405 million). This work-in-progress is included in the above figures at cost, less impairment, and is not amortised.

Note 13 – Creditors and Other Payables

Creditors and other payables is comprised of:

2024 Actual $000		2025 Actual $000
	Exchange	
7,284	Creditors	8,412
50,144	Accrued operating expenses	45,403
235,139	Accrued capital expenditure	244,268
20,972	Construction contract retentions	23,816
	Non-exchange	
1,550	Deferred revenue (electric vehicle subsidy from ECCA)	2,476
16,505	Taxes payable	30,950
10,544	Accrued finance costs	10,395
342,138	**Total creditors and other payables**	**365,720**

Creditors and other payables are non-interest bearing and are normally settled within 30 days.

Creditors and other payables are recognised initially at fair value and subsequently at amortised cost.

Due to their short-term nature, creditors and other payables are not discounted and classified as current liabilities.

Note 14 – Return of Operating Surplus to Crown

The Ministry has an obligation to return a portion of its operating surplus to the Crown in accordance with the PFA 1989. The calculation for the operating surplus to be paid to the Crown is as follows:

2024 Actual $000		2025 Actual $000
(536,225)	Net surplus/(deficit)	(296,309)
(230)	(Deduct)/add net unrealised (gain)/loss in fair value of derivative financial instruments	16,255
(529)	(Deduct)/add net unrealised impairment (reversal)/loss of non-current assets held for sale due to movements in the property market	869
(163)	(Deduct)/add unrealised (gain)/loss in fair value for retiring and long service leave due to change in discount rates	64
(18,495)	Deduct retained earnings for the school property capital works programme	(23,728)
-	Deduct retained earnings portion of gain on sale land occupied by 28 schools in the Hutt Valley to fund the annual land lease back cost under a Treaty settlement with Ngāti Toa Rangatira	(72,862)
-	Deduct residual gain on sale achieved through the land transferred to iwi as part of the Ngāti Toa Rangatira Treaty settlement to fund the purchase of new school sites for the 2025/26 construction programme ($50.245 million) and to fund a lease to secure tenure for land required to establish a new Kura ($15 million)	(65,245)
(2,724)	Deduct retained earnings for school property rationalisation	(2,390)
-	Deduct retained earnings for legal costs related to weathertightness issues	(2,012)
(282)	Deduct retained earnings for electric vehicle charging equipment (subsidy from ECCA)	(369)
567,354	Add unfunded increase in depreciation related to the upward revaluation of the school property portfolio as at 30 June 2020, 2021, 2022 and 2023	287,354
-	Add unfunded increase in depreciation related to the upward revaluation of the school property portfolio as at 30 June 2024	139,748
13,397	Add unfunded write-off costs for school property projects that have been closed, primarily due to cancellation and changes in scope	6,058
-	Add unfunded write-off costs for Ministry ICT project to enhance Te Waharoa Ararau (TWA) functionality to support kaiako and Kura to track individual student progress	1,946
-	Realised gain on sale of land sold to Te Nehenehenui Trust and Ngati Ranginui under Treaty Settlements in June 2025	6,952
22,103	**Total return of operating surplus to Crown**	**-**

As the calculation above results in a net operating deficit of $3.668 million, there is no liability for return of operating surplus recognised as at 30 June 2025. This is mainly due to the operating deficit for departmental output expense Support and Resources for Education Providers category of Primary and Secondary Education MCA of $34.810 million, although the MCA as a whole has an operating surplus of $86.129 million.

Note 15 – Provisions

A provision is recognised for future expenditure of an 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 resources embodying economic benefits or service potential will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for net deficits from future operating activities.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. Provisions to be settled beyond 12 months are recorded at the present value of their estimated future cash outflows.

A restructuring provision was recognised in 2023/24 in relation to a significant organisation-wide restructure. Payments have been made to most impacted employees who have left the Ministry. The balance remaining relates to a number of positions which remain to be decided.

A provision for reinstatement of leased premises is recognised as the Ministry is required to make good any damage caused and remove any fixtures or fittings installed by it at the expiry of the lease.

The Ministry has recognised a liability for Holidays Act 2003 remediation. The measurement of this liability is the Ministry's best estimate following completion of a project to determine and remediate historic Holidays Act issues. The Ministry has subsequently paid all current employees due a remediation payment and contacted former employees to make payments due. The balance which remains relates to former employees yet to be located and paid their remediation payments.

2024 Actual $000		**2025 Actual** $000
	Current portion	
1,196	Holidays Act 2003 remediation	1,122
16,950	Restructuring	1,105
209	Reinstatement of leased premises	283
18,355	**Total current portion**	**2,510**
	Non-current portion	
2,156	Reinstatement of leased premises	1,633
-	Restructuring	677
2,156	**Total non-current portion**	**2,310**
20,511	**Total provisions**	**4,820**

Movements for each class of provision are as follows:

	Lease reinstatement	Holidays Act 2003	Restructuring	Total
	$000	$000	$000	$000
Balance as at 1 July 2023	**2,676**	**1,844**	**153**	**4,673**
Additional provisions made	101	-	17,808	17,909
Amounts used	-	(648)	(1,011)	(1,659)
Unused amounts reversed	(412)	-	-	(412)
Balance as at 30 June 2024	**2,365**	**1,196**	**16,950**	**20,511**
Additional provisions made	11	-	6,574	6,585
Amounts used	-	(58)	(15,807)	(15,865)
Unused amounts reversed	(460)	(16)	(5,935)	(6,411)
Balance as at 30 June 2025	**1,916**	**1,122**	**1,782**	**4,820**

Note 16 – Employee Entitlements

Short-term employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, long service leave, and retirement gratuities expected to be settled within 12 months.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis.

Presentation of employee entitlements

Annual leave, vested long service leave, and 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.

2024 Actual $000		2025 Actual $000
	Current portion	
33,097	Annual leave	29,556
2,841	Retirement gratuities	3,850
1,373	Long service leave	1,051
14,087	Other short-term employee entitlements	14,192
51,398	**Total current portion**	**48,649**
	Non-current portion	
8,373	Retirement gratuities	12,284
4,763	Long service leave	5,333
13,136	**Total non-current portion**	**17,617**
64,534	**Total employee entitlements**	**66,266**

The calculations for long service leave and retirement gratuities were determined by an independent actuary, where the main economic assumptions applied were discount rates prescribed by the Treasury, the salary inflation factor and resignation rates. Further information is provided in the *Critical accounting estimates and assumptions* section of Note 2.

The actuary who provided the valuation for long service leave and retiring gratuities as at 30 June 2025 and 30 June 2024 was Jonathan Eriksen, Fellow of the New Zealand Society of Actuaries.

The effect on the valuation of changes in economic assumptions is as follows:

- If the salary inflation factor were to differ by 1% from the estimate, with all other factors held constant, the carrying amount of the combined liability for long service leave and retirement gratuities and the surplus/deficit would be estimated $1.636 million higher/lower (2024: $1.269 million).
- If the resignation rates were to differ by 50% from the estimate, with all other factors held constant, the carrying amount of the combined liability for long service leave and retirement gratuities and the surplus/deficit would be estimated $21,000 higher/lower (2024: $3,000).
- The decrease in liability valuation from 30 June 2024 to 30 June 2025 due to the change in discount rates was $64,000 (2024: $0.163 million).

Note 17 – Service Concession Liabilities

2024 Actual $000		2025 Actual $000
550,491	**Balance as at 1 July 2024**	**582,317**
40,473	Additions	14,812
(8,647)	Repayments	(11,688)
582,317	**Balance as at 30 June 2025**	**585,441**
11,516	Current portion	15,083
570,801	Non-current portion	570,358
582,317	**Balance as at 30 June 2025**	**585,441**

The additions to the service concession liabilities during the year relates to the completion of the Rolleston College expansion and the Ministry's investment in PPP school expansions (refer to Note 11).

The Ministry's service concession liabilities are interest bearing at the following effective interest rates:

2024 Annual %	2024 Quarterly %		2025 Annual %	2025 Quarterly %
7.95%	1.99%	PPP1	7.97%	1.99%
7.72%	1.93%	PPP2	7.71%	1.93%
6.66%	1.67%	PPP3	6.68%	1.67%

The effective interest rate is subject to change at any point of refinancing, which requires the Ministry's consent.

Note 18 – Taxpayers' Equity

Taxpayers' equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Taxpayers' equity comprises of general funds and property revaluation reserves. Revaluation reserves relate to the revaluation of land and buildings to their fair value.

2024 General funds	2024 Revaluation reserves	2024 Total taxpayers' equity		2025 General funds	2025 Revaluation reserves	2025 Total taxpayers' equity
$000	$000	$000		$000	$000	$000
8,014,427	**22,387,144**	**30,401,571**	**Balance as at 1 July 2024**	**8,543,637**	**24,876,837**	**33,420,474**
(536,225)	-	(536,225)	Net surplus/(deficit)	(296,309)	-	(296,309)
-	2,521,592	2,521,992	Net gain/(loss) on property revaluations	-	(2,134,236)	(2,134,236)
31,899	(31,899)	-	Transfers on disposal of property	51,881	(51,881)	-
1,098,159	-	1,098,159	Capital injections	989,288	-	989,288
(42,520)	-	(42,520)	Capital withdrawals	(240,084)	-	(240,084)
(22,103)	-	(22,103)	Return of operating surplus to the Crown	-	-	-
8,543,637	**24,876,837**	**33,420,474**	**Balance as at 30 June 2025**	**9,048,413**	**22,690,720**	**31,739,133**
			Property revaluation reserves consist of:			
	5,759,367		Land		5,719,281	
	19,117,470		Buildings		16,971,439	
	24,876,837		**Total property revaluation reserves**		**22,690,720**	

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 31 December and 30 June each financial year.

Capital injections were for the following:

2024 Actual		2025 Actual
$000		$000
856,703	Construction of new schools and Kura and roll growth classrooms under the National Education Growth Plan, build and expand schools delivering Māori-Medium Education, Christchurch Schools Rebuild Programme, purchase of land, additional non-teaching space in schools primarily for the Learning Support Coordinator roles, and expansion of public private partnership (PPP) schools and repayment of service concession liabilities	812,977
60,000	Learning support modifications to school buildings	60,000
31,253	Restore school property affected by North Island Weather Events	39,620
28,683	Development of Pourato, the online resourcing system for schools, Kura and the early learning sector	20,416
23,000	Expanding the Ngā Iti Kahurangi (Improving Classrooms in Small or Remote Schools) Programme	16,315
13,052	Reform of the Tomorrow's Schools System	13,660

24,817	School property energy efficiency initiatives and coal boiler replacement programme	7,230
16,620	Marlborough Boys' College, Marlborough Girls' College and Bohally Intermediate redevelopments	5,000
5,138	Development of Pokapū Waka Kura, the school transport contract management system	4,938
2,625	Redevelopment of NCEA qualification, including introducing new literacy and numeracy requirements to ensure students have the appropriate skills and knowledge to seek further education or employment	2,625
2,000	Export Education Levy loan repayment	2,000
1,550	Development of the Data for Wellbeing Programme (Te Rito), an initiative focused on making education data more accessible to teachers to improve student outcomes	1,400
2,229	Add functionality and identity records to the Education Sector Logon system for secondary school students so that they can sit NCEA online securely	1,151
6,996	Hāwera Intermediate and Hāwera High School redevelopment programme	1,004
3,088	Development of an IT system to implement the Equity Index in schools and Kura	728
-	Resourcing for the ECE Funding Review	154
1,561	Corporate capacity (facilities and ICT) to support a range of Budget initiatives	70
18,000	School Investment Package for state schools to invest in their school property	-
844	Update e-asTTle online assessment tool, developed to assess students' achievement and progress in reading, mathematics, writing, and in pānui, pāngarau and tuhituhi	-
1,098,159	**Total capital injections**	**989,288**

Capital withdrawals were for the following:

2024 Actual $000		2025 Actual $000
	Transfers to departmental operating expense appropriation School Property Portfolio Management	
-	• to lease back school sites sold to iwi as part of the Treaty settlements process	(108,750)
-	• for school building warrant of fitness and condition assessments	(24,970)
-	• to lease land for new Kura	(15,000)
(14,617)	• to lease school buildings	(12,864)
(1,337)	• for school property repairs and maintenance	(10,000)
(5,666)	• for a Property Portfolio Management Tool	(2,807)
(2,724)	• for school property rationalisation	(2,390)
-	Carry forward of retained gains on sale of school property to fund land purchases in 2025/26	(50,245)
	Transfers over all departmental operating expenditure appropriations	
	• for replacement of digital storage and server assets	(4,120)
(8,200)	• for Te Mahau Service Portal (Salesforce) ICT Application	-
(6,111)	Revision of business case for the Online Curriculum Hub (as part of the Reform of the Tomorrow's School System initiative in Budget 2021), bringing forward capital funding to complete the project earlier than anticipated and converting some capital funding to operating funding	(5,596)
(1,788)	Decisions to procure new schools under Public Private Partnership (PPP) contracts rather than through traditional procurement process	(1,942)
(1,550)	Transfer to departmental operating expense appropriation Stewardship and Oversight of the Education System for the Data for Wellbeing Programme (Te Rito)	(1,400)
(527)	Return of funding to implement the Budget 2023 expansion of 20 Hours Early Childhood Education (ECE) to two-year-olds	-
(42,520)	**Total capital withdrawals**	**(240,084)**

Note 19 – Financial Instruments

Categories

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

2024 Actual $000		2025 Actual $000
	Financial assets	
	Financial assets measured at amortised cost	
101,390	Cash and cash equivalents	83,062
1,548	Trade debtors (refer to Note 8)	1,040
102,938	**Total financial assets measured at amortised cost**	**84,102**
	Financial assets measured at fair value through surplus or deficit	
	Derivative financial instruments	
7,010	• Interest rate swaps	3,092
33	• Forward foreign exchange contracts	5
7,043	**Total financial assets measured at fair value through surplus or deficit**	**3,097**
109,981	**Total financial assets**	**87,199**
	Financial liabilities	
	Financial liabilities measured at amortised cost	
7,284	Creditors (refer to Note 13)	8,412
582,317	Service concession liabilities (refer to Note 17)	585,441
589,601	**Total financial liabilities measured at amortised cost**	**593,853**
	Financial liabilities measured at fair value through surplus or deficit	
	Derivative financial instruments	
-	• Interest rate swaps	11,995
5	• Forward foreign exchange contracts	319
5	**Total financial liabilities measured at fair value through surplus or deficit**	**12,314**
589,606	**Total financial liabilities**	**606,167**

Cash and cash equivalents are cash on hand and funds held at call with Westpac, a registered bank, that form part of the day-to-day cash management of the Ministry. No interest is payable to the Ministry on its bank accounts. The Ministry is only permitted to spend the cash and cash equivalents within the scope of its appropriations.

A separate bank account is used for retention money withheld under commercial construction contracts to meet the requirements of the Construction Contracts Amendments Act 2015. This requirement applies to the Ministry's school property capital works projects where 5% to 10% of the contract value is held for a 12-month retention period.

The liability for the repayment of surplus to the Crown is not a financial liability as defined by *PBE IPSAS 28 Financial Instruments: Presentation,* as the obligation to pay arises from statute. Similarly, Debtor Crown does not meet the definition of a financial asset as the funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year.

The Ministry's derivative financial instruments are interest rate swaps entered with The Treasury – NZDMO and forward foreign exchange contracts entered with Westpac (2024: NZDMO). They are initially recognised at fair value and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in net surplus/(deficit). They are classified as current if they are due for settlement within 12 months of balance date. Otherwise, they are classified as non-current.

The Ministry uses forward foreign exchange contracts to manage exposure to foreign exchange movements. The Ministry does not hold these contacts for trading purposes and has not adopted hedge accounting. The remeasurement loss in fair value of the foreign exchange contracts as at 30 June 2025 of $342,000 (2024: $206,000) has been recognised in the *Statement of Comprehensive Revenue and Expenses.*

Interest rate swaps manage exposure to fluctuating market interest rates under the PPP service concession arrangements (refer to Note 11), which are interest bearing. The Ministry has five (2024: five) interest rate swaps with the NZDMO and these are classified as non-current. As at 30 June 2025, the total notional principal outstanding was $473.749 million (2024: $486.040 million). The following table summarises the service concession interest rate swaps in place as at 30 June 2025:

	Fixed Rate	Maturity Date
PPP1	**4.33%**	**29 Dec 2037**
PPP2	**4.43%**	**23 Dec 2041**
PPP2 (Wakatipu High School expansion)	**3.19%**	**23 Dec 2041**
PPP2 (Rolleston College expansion)	**4.44%**	**23 Jun 2042**
PPP3	**4.55%**	**9 Mar 2043**

The Ministry is paying a fixed rate of interest over the duration of the interest rate swaps in place and receiving the floating rate in return. As a result of a significant drop (~2.3%) in long-term interest rates over the 2024/25 financial year, the fair value of the interest rate swap derivatives has changed from a net asset of $7.010 million at 30 June 2024 to a net liability of $8.903 million as at 30 June 2025. An unrealised loss of $15.913 million has been recognised in the *Statement of Comprehensive Revenue and Expenses.*

Fair value hierarchy

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 technique 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.

The Ministry's interest rate swaps and forward foreign exchange derivatives as at 30 June 2025 and 2024 were valued at fair value using observable inputs (level 2).

The interest rate swaps are measured at fair value, determined by the NZDMO based on a discounted cash flow model, which uses the New Zealand dollar interest rate swap curve and overnight index swap curve. The interest rate swap curve includes bank bill rates out to one year, while both curves use the official cash rate as the overnight rate. The forward foreign exchange contracts are measured at fair value using the exchange rates provided by The Treasury for the financial statements of the Government.

There were no transfers between the different levels of the fair value hierarchy (2024: Nil).

Risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Ministry's Foreign Exchange Management Policy requires the Ministry to manage currency risk arising from future transactions and recognised liabilities by entering into forward foreign exchange contracts when the total transaction exposure to an individual currency exceeds NZ$100,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

The notional principal amounts of outstanding forward exchange contracts in New Zealand dollar equivalent as at 30 June 2025 was:

2024 Actual $000		**2025 Actual** $000
2,046	United States dollar	20,170
576	Australian dollar	-
94	European Union euro	215
2,716	**Total**	**20,386**

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The interest rate swaps with the NZDMO limit the exposure to fluctuations in interest rates arising from the repricing of interest on the service concession liabilities.

The Ministry's service concession liabilities are interest bearing at the following effective interest rates:

2024 Actual %		2025 Actual %
7.95%	PPP1	7.97%
7.72%	PPP2	7.71%
6.66%	PPP3	6.68%

The Ministry has obtained ministerial approval for borrowing in relation to its service concession arrangements.

Sensitivity analysis – Interest rate swaps

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had floating interest rates been 1% (100 basis points) higher or lower than the year-end market rate, with all other variables (including the fixed interest rate) remaining constant.

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the net assets with the change in financial liability at balance date.

2024 Impact on net surplus/(deficit) $000		Change in interest rate %	2025 Impact on net surplus/(deficit) $000
36,007	Interest rate swaps	+1.00%	35,189
(38,956)	Interest rate swaps	-1.00%	(37,949)

The present value changes in this table reflect that the Ministry pays interest at a fixed rate but receives interest at a floating rate.

Sensitivity analysis – Forward foreign exchange contracts

The following sensitivity analysis is based on the foreign exchange rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had foreign exchange rates been 10% higher or lower than the year-end market rates, with all other variables remaining constant.

2024 Impact on net surplus/(deficit)		Change in Foreign Exchange rate	2025 Impact on net surplus/ (deficit)
$000		%	$000
(221)	Forward foreign exchange contracts	+10.00%	(2,139)
333	Forward foreign exchange contracts	-10.00%	1,916

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the net assets with the change in the valuation of the forward foreign exchange contracts at balance date.

Credit risk

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

The Ministry is exposed to credit risk in relation to its trade debtors and other receivables, bank balances and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into derivative financial instruments with the NZDMO (Standard & Poor's credit rating of AA). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and trade debtors (refer to Note 8) and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors forecast cash requirements with expected cash drawdowns from the NZDMO. The Ministry maintains a targeted level of available cash to meet liquidity requirements.

Contractual maturity analysis of non-derivative financial liabilities

The table below analyses the Ministry's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and for the service concession liabilities include all future interest costs and not just the face value reported in the *Statement of Financial Position.*

	Less than 6 months	Between 6 months and 1 Year	Between 1 and 5 years	Over 5 years	Total
	$000	$000	$000	$000	$000
2025					
Creditors	8,412	-	-	-	8,412
Service concession liabilities	29,527	29,397	235,126	754,668	1,048,718
Contractual undiscounted cash flows	**37,939**	**29,397**	**235,126**	**754,668**	**1,057,130**
2024					
Creditors	7,284	-	-	-	7,284
Service concession liabilities	27,424	28,513	233,492	801,161	1,090,590
Contractual undiscounted cash flows	**34,708**	**28,513**	**233,492**	**801,161**	**1,097,874**

Contractual maturity analysis of derivative financial liabilities

The table below analyses the Ministry's derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The table includes contractual amounts to be exchanged regardless of whether their fair value is an asset or liability. The amounts disclosed are the contractual undiscounted cash flows that for the interest rate swaps differ from the net carrying value determined on a discounted basis for the *Statement of Financial Position.*

	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
	$000	$000	$000	$000	$000	$000	$000
Contractual undiscounted cash flows							
2025							
Interest rate swaps	11,995	3,092					
• Outflow			(204,963)	(8,830)	(9,390)	(73,940)	(112,803)
• Inflow			195,680	3,148	6,557	62,105	123,870
Total net cash flows			**(9,283)**	**(5,682)**	**(2,833)**	**(11,835)**	**11,067**
Gross settled forward foreign exchange contracts	319	5					
• Outflow			(20,386)	(18,775)	(1,611)	-	-
• Inflow			20,072	18,501	1,571	-	-
Total settled gross			**(314)**	**(274)**	**(40)**	**-**	**-**
2024							
Interest rate swaps	-	7,010					
• Outflow			(222,858)	(6,621)	(11,274)	(74,972)	(129,991)
• Inflow			233,635	8,301	13,259	71,597	140,478

Total net cash flows			**10,777**	**1,680**	**1,985**	**(3,375)**	**10,487**
Gross settled forward foreign exchange contracts	5	33					
• Outflow			(2,715)	(2,377)	(338)	-	-
• Inflow			2,743	2,398	345	-	
Total settled gross			**28**	**21**	**7**	**-**	**-**

Note 20 – Capital Management

The Ministry's capital is its taxpayers' equity, which comprises general funds and property revaluation reserves. Taxpayers' equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's taxpayers' equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities and compliance with the Government Budget processes, Treasury Instructions and the PFA 1989.

The objective of managing the Ministry's taxpayers' equity is to ensure the Ministry effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

Note 21 – Related Party Transactions and Key Management Personnel

Related party transactions

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the role of the Ministry as well as being its major source of revenue.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect that the Ministry would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other 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 between government agencies and undertaken on the normal terms and conditions for such transactions.

The Ministry has no related party transactions that are required to be disclosed at year end (2024: $Nil).

Key management personnel compensation disclosure

2024 Actual $000		2025 Actual $000
4,443	Remuneration and other benefits	4,710
11	Full-time equivalent staff	11

Key management personnel compensation includes the remuneration for the senior management team, which consists of the Secretary for Education and 10 Deputy Secretaries. The Secretary is an employee of the Public Service Commission (PSC) but the Ministry pays the PSC.

The above key management personnel compensation disclosure excludes the remuneration and other benefits the Minister of Education receives for her role as Minister of the Crown. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, not by the Ministry.

Note 22 – Explanation of Major Variances against Budget

Explanation for major variances from the Ministry's 2024 budget figures are as set out below:

Statement of Comprehensive Revenue and Expenses

Actual expenditure is $337.627 million (9%) higher than Budget, mainly due to a combination of:

- increased depreciation ($139.748 million increase) and capital charge ($126.080 million increase) for 30 June 2024 upward revaluation of the school property portfolio (land, buildings, site improvements, teacher housing and early childhood centres) (totalling $265.828 million increase)
- capital to operating swaps to cover annual building warrant of fitness costs for systems like automatic doors, lifts or sprinkler systems ($16.600 million increase), property maintenance costs ($10 million increase) and condition assessments performed to identify interventions that are needed to meet the basic standards of safe, warm and dry schools ($8.370 million increase) (totalling $34.970 million increase)
- expense transfers from 2023/24 to 2024/25 in the Supplementary Estimates ($24.201 million increase)
- writing-off costs of school property capital projects that have been closed, primarily due to cancellation and changes in scope ($18.020 million increase)
- capital to operating swaps to lease temporary accommodation for relocation of students during a refurbishment or renovation of an existing school building ($7 million increase) and lease arrangements where a building construction solution is not available or is uneconomic to pursue ($5.864 million increase) (totalling $12.864 million)
- additional funding in Budget 2025 for the increasing number of learners who are eligible for the Ongoing Resourcing Scheme ($7.183 million), and
- capital charge savings due to operating deficits resulting from unfunded increases in

depreciation expense for the upward annual revaluation of the school property portfolio (valued on depreciated replacement cost) and changes to timing of drawing down of capital injections ($45.299 million decrease).

A detailed explanation for changes to departmental output expense appropriations since the 2024 Budget Economic and Fiscal Update was approved by Parliament can be found in the Supplementary Estimates of Appropriations 2024/25 for Vote Education and Vote Tertiary Education.

The $279.121 million net operating deficit is mainly due to a combination of:

› unfunded appropriation increases in depreciation of $36 million, $163.108 million, $90.086 million, $278.160 million, and $139.748 million for the upward revaluation of the school property portfolio as at 30 June 2020, 2021, 2022, 2023 and 2024 respectively, partially offset by $280 million revenue Crown funding in Budget 2024 (totalling $427.102 million deficit), and

› retained gains on sale of land under Treaty Settlement with Ngāti Toa Rangatira ($138.107 million surplus) and retained third party contributions to development of school building assets ($23.728 million surplus).

Statement of Financial Position

The carrying value of property, plant and equipment is lower than budgeted by $135.359 million due to combination of:

› the Budget (in May 2024) does not provide for the $387.356 million net gain on school property revaluations as at 30 June 2024 ($2,521.592 million gain) and 30 June 2025 ($2,134.236 million loss) – it is Crown accounting forecasting policy not to budget for annual revaluation movements

› lower than forecast capital expenditure in 2024 and 2025 ($346.803 million decrease)

› impact of increased depreciation for 30 June 2024 upward revaluation of the school property portfolio (land, buildings, site improvements, teacher housing and early childhood centres) and not forecast disposals and write-offs ($150.739 million decrease), and

› reclassifications to non-current assets held for sale and intangible assets ($25.173 million decrease).

The carrying value of debtors and receivables is higher than budgeted by $397,904 million mainly due to impact on Debtor Crown of a lower than forecast level of capital expenditure on property, plant and equipment in 2024 and 2025 ($346.803 million) and recognition of a receivable for sale of school property at 30 June 2025 ($12.680 million).

Note 23 – Events after the Balance Date

The Government announced on 18 July 2025 that it will establish a Crown agent to manage school property, called the New Zealand School Property Agency (NZSPA). The NZSPA is expected to be established during 2026 and will have responsibility for planning, building, maintaining and administrating the school property portfolio. Once the Crown agent is established, the Ministry of Education will remain responsible for education policy and network decisions. This change is expected to have a material impact on the future financial statements of the Ministry.

Stafford v Attorney-General litigation

On 30 October 2024 the High Court delivered a judgment in the Stafford v Attorney-General litigation, in which it found the Crown had breached its fiduciary duties relating to land transactions in the South Island in the 1840s. On 27 August 2025, the High Court issued a further and final judgment on relief (legal remedies). Taken together, the legal implication of these judgments is that:

(a) land owned by the Crown (not including land held by Crown entities or State-Owned Enterprises) within the Spain Award area is held on trust for the benefit of the customary owners;

(b) the Crown must pay monetary compensation in lieu of land (current market value) that is subject to the trust but which the Crown no longer holds;

(c) the Crown must also pay monetary compensation for lost use of the relevant land since 1845 (as proxied by rental proceeds); and

(d) simple interest on the compensation under (c) above.

The judgment did not specify the parcels of land subject to the trust and the precise quantum of the compensation payable to the plaintiff. Both parties have requested any final declaration in relation to remedies, including quantum, is deferred until 31 October 2025 to enable the negotiation of a settlement. In addition, the High Court has granted an interim order prohibiting access to the information and details relating to the remedies until 31 October 2025.

The Attorney-General is the Minister responsible for the negotiation and is supported by the Minister for Māori-Crown Relations. Negotiations remain confidential to the parties.

These financial statements currently include land and improvements that are subject to the litigation and the negotiations. Any settlement package is expected to include a financial component and some land and improvements. However, the exact composition of the settlement package in terms of these components remains uncertain and will depend on the outcome of the negotiations. There is a possibility that a write-off of land and improvements may need to be recognised in the future once the negotiations are concluded.

Ministry of Education Non-Departmental Schedules

for the year ended 30 June 2025

The following non-departmental schedules record the revenue, capital receipts, expenses, assets, liabilities, contingent liabilities and contingent assets that the Ministry manages on behalf of the Crown.

Schedule of Non-Departmental Revenue

for the year ended 30 June 2025

2024 Actual $000		Notes	2025 Actual $000	2025 Budget (unaudited) $000
1,270	Tertiary recoveries		2,019	-
5,680	Export education levies	4	7,314	4,079
2,973	Overseas student fees		2,672	3,757
9,010	Miscellaneous revenue		11,036	2,285
18,933	**Total non-departmental revenue**		**23,041**	**10,121**

Schedule of Non-Departmental Capital Receipts

for the year ended 30 June 2025

2024 Actual $000		2025 Actual $000	2025 Budget (unaudited) $000
2,080	Proceeds from the sale of teacher and caretaker housing	2,855	-
1,265	Partial repayment of concessionary loan	42	-
-	Tertiary Education Commission Balance Sheet Funding (non-cash)	62,000	-
3,345	**Total non-departmental capital receipts**	**64,897**	**-**

The above schedules should be read in conjunction with the accompanying notes.

Schedule of Non-Departmental Expenses

for the year ended 30 June 2025

2024 Actual $000		Notes	2025 Actual $000	2025 Budget (unaudited) $000
	Grant expenditure			
2,696,226	Early childhood education services		2,916,665	2,792,100
204,825	Other grant expenditure		212,041	212,235
	Personnel-related expenses			
217,635	Superannuation contributions and ACC levies		226,611	232,470
57,850	Teacher and support staff entitlements		47,010	-
76,835	Social assistance benefits		80,092	89,708
	Fees to Auditors			
4,525	Fee for audit of schools' financial statements (Office of the Auditor-General appointed auditors)		1,282	1,400
571	Other assurance services (Ernst & Young)		575	578
381	Export Education levy	4	261	-
(1,840)	School contents risk management scheme underwriting result	4	(1,098)	2,276
67,512	Write down of investment		-	-
3,407	Debt impairment	3	1,862	1,500
(248)	Fair value write-down of loans and advances		(129)	-
115	Net unrealised losses (gains) on derivatives		73	-
2	Net foreign exchange losses/(gains)		(152)	-
2,434,146	**GST input expense**		2,494,846	2,518,578
	Other operating expenses			
8,699,968	Operations funding to schools		8,851,581	9,102,578
3,838,347	Services from Tertiary Education Commission		3,880,648	3,883,864
71,196	Services from New Zealand Qualifications Authority		81,604	80,663
27,248	Services from Education New Zealand		24,951	30,282
191	Services from Education Payroll Limited		208	-
621,855	Services from third parties		657,414	576,389
19,020,747	**Total non-departmental expenses**		**19,476,345**	**19,524,621**

The fees to auditors for other assurance services of $574,500 is for the delivery of education payroll services for school employees (2024: $560,410 for Education Payroll Services and $10,500 for Ka Ora, Ka Ako | Healthy School Lunches assurance procedures).

Further details of non-departmental expenditure and appropriations by Vote are provided in the *Appropriations Statements* on pages 156-159. The *Appropriation Statements* cover both operating (above) and capital expenditure.

The above schedules should be read in conjunction with the accompanying notes.

Schedule of Non-Departmental Assets

as at 30 June 2025

2024 Actual $000		Notes	2025 Actual $000	2025 Budget (unaudited) $000
	Current assets			
242,101	Cash and cash equivalents		256,892	250,000
62,400	Debtors and other receivables	3	46,985	34,889
58,309	Prepayments		52,169	44,144
300	School contents risk management scheme recoveries		300	300
10	Derivative financial instruments		-	121
	Non-current assets			
2,073	Concessionary loan	6	2,159	1,681
-	Debtors and other receivables	3	-	-
365,193	**Total non-departmental assets**		**358,505**	**331,135**

The Ministry monitors several Crown entities: the New Zealand Qualifications Authority, the Tertiary Education Commission, Education New Zealand and Te Pūkenga – New Zealand Institute of Skills and Technology. These Crown entities have their own annual reporting obligations. The investment in these entities is consolidated in the financial statements of the Government and not included in this schedule.

The Ministry also has investments in Tertiary Education Institutions (TEIs) and two Crown-owned companies. These entities have their own annual reporting obligations. TEIs are Crown entities and their relationship to the Crown is managed by a plan agreed between them and the Tertiary Education Commission. The Minister of Education and the Minister of Finance are the shareholding Ministers for the Crown-owned companies Network for Learning and Education Payroll Limited. The Treasury is responsible for ownership monitoring. These investments are consolidated in the financial statements of the Government and not included in this schedule.

Schedule of Non-Departmental Liabilities

as at 30 June 2025

2024 Actual $000		Notes	2025 Actual $000	2025 Budget (unaudited) $000
	Current liabilities			
1,308,605	Creditors and other payables	5	1,392,924	1,251,259
782,853	Teacher and support staff entitlements		825,352	633,147
1,111	School contents risk management scheme claims liability	4	633	2,187
4	Derivative financial instruments	6	67	-
2,092,573	**Total non-departmental liabilities**		**2,218,976**	**1,852,593**

The Holidays Act 2003 provision as at 30 June 2025 is $486.279 million (2024: $456.141 million).

The Ministry is undertaking a multi-year programme to remediate 19 historic breaches of the Holidays Act 2003 across 2,500 schools. Initial estimate payments have been made to some current and former employees of $52.132 million, and a remediation calculator is currently being developed to determine individual entitlements calculations, alongside a pre-payment external assurance programme. The programme is currently focused on the 2013–2025 period, with substantive payments planned during 2027. Work to address earlier breaches (2010–2013) will follow, targeting to complete remediation payments for that period by the end of the 2028/29 financial year.

Other provisions include $221.275 million for annual leave (2024: $216.707 million) and $57.612 million to correct the historic underpayment of long-term relievers' holiday pay (2024: $57.612 million).

These provisions are included in the teacher and support staff entitlements above.

Schedule of Non-Departmental Commitments

as at 30 June 2025

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2024: $Nil).

Schedule of Non-Departmental Contingent Liabilities and Assets

as at 30 June 2025

Quantifiable contingent liabilities

The Ministry, on behalf of the Crown, has no quantifiable contingent liabilities (2024: $Nil).

Unquantifiable contingent liabilities

The Ministry, on behalf of the Crown, has no unquantifiable contingent liabilities (2024: $Nil).

Contingent assets

The Ministry, on behalf of the Crown, has no contingent assets (2024: $Nil).

Statement of Funds Held

for the year ended 30 June 2025

	Ngārimu VC and 28th (Māori) Battalion Memorial Fund	Pacific Education Foundation (PEF) Fund
	$000	$000
Balance as at 30 June 2023 or 31 December 2022 for PEF	**1,300**	**41**
Contributions	217	1,450
Distributions	(172)	(542)
Revenue	97	130
Expenses	(83)	(40)
Balance as at 30 June 2024 or 31 December 2023 for PEF	**1,359**	**1,039**
Contributions	217	-
Distributions	(151)	(294)
Revenue	71	9
Expenses	(109)	(146)
Balance at 30 June 2025 or 30 June 2024 for PEF	**1,387**	**608**

The Ngārimu VC and 28th (Māori) Battalion Memorial Scholarship Fund

The Ngārimu VC and 28th (Māori) Battalion Memorial Scholarship Fund (the Ngārimu Fund) was established in 1945 under an Act of Parliament to commemorate the service of Māori and, in particular, of the 28th (Māori) Battalion in World War II, and the award of the Victoria Cross to Second Lieutenant Te Moananui ā Kiwa Ngārimu. The principal purpose for the Ngārimu Fund is to assist Māori education in New Zealand through the provision of scholarships and grants for the education of Māori students, and to encourage the maintenance of the Māori language and of Māori history, tradition and culture through the Ngārimu Video Competition, the Manakura Award and the provision of scholarships. Revenue received from investments and annual government grants are the two primary sources of revenue for the Ngārimu Fund. An Annual Report, including audited financial statements, is presented to Parliament.

The Pacific Education Foundation

The Pacific Education Foundation (PEF) is governed by an Act of Parliament and was established in 1972. The PEF provides scholarships for Pacific Island students undertaking a course of study at any New Zealand tertiary institution, either undergraduate or post-graduate.

The scholarships aim to promote better education for Pacific people in New Zealand. The PEF receives funding from an annual grant given by the Ministry of Education and interest on investments. An Annual Report, including audited financial statements, is presented to Parliament. The PEF has changed its balance date to 30 June in order to comply with the Pacific Education Act. As a result these financial statements are for a period of six months with the comparatives being for the 12 months from 1 January 2023 to 31 December 2023.

The Export Education Levy

Refer to the non-departmental schedules, Note 4 for details on the Export Education Levy.

Notes to the Non-Departmental Schedules

for the year ended 30 June 2025

Note 1 – Reporting Entity

These non-departmental schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the financial statements of the Government. For a full understanding of the Crown's financial position and the results of its operations for the year, reference should be made to the Financial Statements of the Government.

Note 2 – Basis of Preparation and Statement of Significant Accounting Policies

Basis of preparation

The non-departmental schedules have been prepared in accordance with the Government's accounting policies as set out in the financial statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules are consistent with New Zealand generally accepted accounting practice (GAAP) PBE Standards as appropriate for PBEs.

Significant accounting polices

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.

Revenue

Revenue is derived through levies charged to education institutions offering education services to foreign students, fees paid by foreign students attending New Zealand primary and secondary schools (excluding integrated schools), interest paid by tertiary education institutions on loans and advances, recoveries of grants and other funding paid to tertiary Crown entities and education providers in previous financial years, and other miscellaneous Crown receipts that are not separately identified. The revenue from levies and recoveries is non-exchange revenue.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand dollars using the spot exchange rates prevailing 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 *Schedule of Non-Departmental Expenses.*

Concessionary loans

Concessionary loans are loans granted at below market terms. Fair value is determined by discounting all future cash receipts using a market-related rate of interest for a similar loan and concession write-down on initial recognition is recognised in the *Schedule of Non-Departmental Expenditure.*

Concessionary loans are designated at fair value through surplus or deficit under *PBE IPSAS 41 Financial Instruments.* The difference between the amount of the fair value on initial fair value is recognised as an expense. At the end of the year, predictive models are used to compare the carrying value to the fair value and the difference is recognised in the *Schedule of Non-Departmental Expenditure.*

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry or entity administering the grant has no obligation to award the grant on receipt of the application and are recognised as expenditure when approved and the approval has been communicated to the applicant. Approvals are determined by the Minister, the board of the administering entity, a specifically convened panel or committee or a delegated official.

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at balance date. Information on non-cancellable capital and lease commitments are reported in the *Schedule of Non-Departmental Commitments.*

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are reported in the Schedule of Non-Departmental Commitments at the lower of the remaining contractual commitment and the values of those penalty or exit costs (that is, the minimum future payments).

Goods and services tax (GST)

All items in the non-departmental schedules are stated exclusive of GST, except for debtors, creditors and accrued expenses, which are stated on a GST-inclusive basis. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense (*in the Schedule of Non-departmental Expenses)* and eliminated against GST revenue on consolidation of the financial statements of the Government.

Budget figures

The 2025 budget figures are for the year ended 30 June 2025, which are consistent with the best estimate financial information submitted to Treasury for the 2024 Budget Economic and Fiscal Update (BEFU) for the 2024/25 year.

Note 3 – Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default on payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment provision, and the amount of the loss is recognised in the *Schedule of Non-departmental Expenses.* When a debt is uncollectible, it is written off against the impairment provision. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

2024 Actual $000		**2025 Actual** $000
13,657	Debtors	17,906
(9,373)	Less provision for impairment	(9,173)
58,116	Accrued revenue and other receivables	38,252
62,400	**Total debtors and other receivables**	**46,985**
	Represented by:	
62,400	Current	46,985
-	Non-current	-
62,400	**Total debtors and other receivables**	**46,985**

The aging profile of debtors and impairment at 30 June is detailed below:

	2024			2025		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
	$000	$000	$000	$000	$000	$000
Past due 1 - 90 days	3,236	(170)	3,066	8,320	(470)	7,850
Past due 90 - 180 days	669	(98)	571	343	(100)	243
Past due 180 - 360 days	1,990	(1,576)	414	807	(562)	245
Past due > 360 days	7,762	(7,529)	233	8,436	(8,041)	395
Total	**13,657**	**(9,373)**	**4,284**	**17,906**	**(9,173)**	**8,733**

The provision for impairment has been calculated based on a review of specific overdue debtors and an assessment of past collection history and debt write-offs, including the forward-looking information.

Movements in the provision for impairment are as follows:

2024 Actual $000		**2025 Actual** $000
13,291	Balance as at 1 July 2024	9,373
1,599	Increase of impairment during the year	1,688
(5,517)	Debts written-off during the year	(1,888)
9,373	**Balance as at 30 June 2025**	**9,173**

Note 4 – Levies

Export Education Levy

The Export Education Levy (EEL) was established in 2003 under the Education and Training Act 2020 (incorporated and replaced the Education Acts 1964 and 1989). The EEL is collected from providers that enrol international students for the purpose of the development, promotion and quality assurance of the export education sector, including the administration of the Code of Practice for the Pastoral Care of International Students. The EEL also funds reimbursements for international students affected by the closure of Private Training Establishments (PTEs) or PTE programmes.

2024 Actual $000		**2025 Actual** $000
5,680	Levy revenue	7,314
(381)	Levy expenses	(261)
5,299	**Surplus/(deficit) for the year**	**7,053**

School Risk Management Scheme

The School Risk Management Scheme (the scheme) provides protection for school contents (Board of Trustees property), cyber security insurance and legal liability insurance (including public liability) for state and state-integrated schools. School Boards of Trustees can choose to join the scheme or insure with a private insurance company. All school assets, other than land and buildings owned by the Crown, must be insured.

The Ministry acts as insurer for contents insurance in schools and contracts the services of McLarens New Zealand for loss adjustment of contents claims. Cover is described by a 'Deed' for school contents and the Education (Risk Management Scheme) Regulations 2003 and includes the replacement value of contents, refrigerated property, earthquake, subsidence, self-ignition, works of art and money. The excess deductible is $500 per claim for claims over $1,000.

Liability insurance is provided by Lumley General Insurance (NZ) Limited through the scheme's contracted insurance broker, Marsh McLennan Companies Inc., and includes public liability, punitive and exemplary damages, trustees' cover, employers' liability, statutory liability, fidelity guarantee, legal expenses, and specific cover for principals and international students.

The scheme's insurance premium is charged to recover the administration, insurance and claims cost of the scheme. The premium is deducted quarterly from the school's operational funding entitlement. The Ministry operates a separate bank account for the scheme in accordance with section 577(4) of the Education and Training Act 2020.

The liability for outstanding claims as at 30 June 2025 is $633,000 (2024: $1.111 million). The valuation was undertaken as at 30 June 2025 applying revised assumptions to the 30 June 2022 model prepared by independent actuary Jonathan Eriksen (FNZSA) from Eriksen Global Limited. The outstanding claims liability for existing claims was taken as the total claims estimate. The claims incurred but not reported (IBNR) reserve was $238,185 (2024: $196,381) and was calculated as the claim rate (2.53 claims per day) times the average delay (75 days) times the average claims cost ($1,255.26).

The insurance underwriting result is as follows:

2024 Actual $000		**2025 Actual** $000
5,603	Insurance premium revenue	5,831
(2,662)	Outwards re-insurance premium expense	(3,046)
(1,671)	Claims expense	(1,556)
1,077	Claims liability adjustment from valuation	477
(507)	Administration costs	(608)
1,840	**Insurance underwriting result**	**1,098**

Note 5 – Creditors and Other Payables

Creditors and other payables is comprised of:

2024 Actual $000		2025 Actual $000
3,208	Creditors	6,788
163,494	Taxes payable	169,060
590,548	Grants funding payable to the Tertiary Education Commission (net)	656,807
551,355	Accrued expenses	560,269
1,308,605	**Total creditors and other payables**	**1,392,924**

Creditors and other payables are non-interest bearing and are normally settled within 30 days. Therefore, due to their short-term nature creditors and other payables are not discounted and their carrying value approximates their fair value, so are classified as current liabilities.

Note 6 - Financial Instruments

Categories

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

2024 Actual $000		2025 Actual $000
	Financial assets	
	Financial assets measured at amortised cost	
242,101	Cash and cash equivalents	256,892
13,657	Trade debtors (refer to Note 3)	17,906
255,758	**Total financial assets measured at amortised cost**	**274,798**
	Financial assets measured at fair value through surplus or deficit	
2,073	• Concessionary loan	2,159
10	• Forward foreign exchange contracts	-
2,083	**Total financial assets measured at fair value through surplus or deficit**	**2,159**
257,841	**Total financial assets**	**276,957**
	Financial liabilities	
	Financial liabilities measured at amortised cost	
3,208	Creditors (refer to Note 5)	6,788
3,208	**Total financial liabilities measured at amortised cost**	**6,788**
	Financial liabilities measured at fair value through surplus or deficit	
	Derivative financial instruments	
4	• Forward foreign exchange contracts	67

4	**Total financial liabilities measured at fair value through surplus or deficit**	**67**
3,212	**Total financial liabilities**	**6,855**

Cash and cash equivalents are cash on hand and funds held at call with Westpac, a registered bank, that form part of the day-to-day cash management of the Ministry. No interest is payable to the Ministry on its bank accounts. The Ministry is only permitted to spend the cash and cash equivalents within the scope of its appropriations.

The Ministry uses forward foreign exchange contracts to manage exposure to foreign exchange movements. The Ministry does not hold these contacts for trading purposes and has not adopted hedge accounting.

The Ministry's derivative financial instruments are interest rate swaps and forward foreign exchange contracts entered into with The Treasury – NZDMO. They are initially recognised at fair value and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in net surplus/(deficit).

Foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of foreign exchange contracts is classified as non-current.

Fair value hierarchy

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 technique 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.

The forward foreign exchange contracts are measured at fair value using the exchange rates provided by The Treasury for the financial statements of the Government.

There were no transfers between the different levels of the fair value hierarchy.

Risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Ministry's Foreign Exchange Management Policy requires the Ministry to manage currency risk arising from future transactions and recognised liabilities by entering into forward foreign exchange contracts when the total transaction exposure to an individual currency exceeds NZ$100,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

The notional principal amounts of outstanding forward exchange contracts in New Zealand dollar equivalent as at 30 June 2025 was:

2024 Actual $000		**2025 Actual** $000
2,254	Canadian dollar	4,285
882	United States dollar	-
786	European Union Euro	-
3,922	**Total**	**4,285**

Sensitivity analysis – Forward foreign exchange contracts

The following sensitivity analysis is based on the foreign exchange rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had foreign exchange rates been 10% higher or lower than the year-end market rates, with all other variables remaining constant.

2024 Impact on net surplus/(deficit) $000		**Change in foreign exchange rate**	**2025 Impact on net surplus/(deficit)** $000
(351)	Forward foreign exchange contracts	+10.00%	(451)
443	Forward foreign exchange contracts	-10.00%	401

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the net assets with the change in the valuation of the forward foreign exchange contracts at balance date.

Credit risk

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

The Ministry is exposed to credit risk in relation to its trade debtors and other receivables, bank balances and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into derivative financial instruments with the NZDMO (Standard & Poor's credit rating of AA). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and trade debtors (refer to Note 3) and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors forecast cash requirements with expected cash drawdowns from the NZDMO. The Ministry maintains a targeted level of available cash to meet liquidity requirements.

Contractual maturity analysis of non-derivative financial liabilities

The table below analyses the Ministry's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months $000	Between 6 months and 1 Year $000	Between 1 and 5 years $000	Over 5 years $000	Total $000
2025					
Creditors	6,788	-	-	-	6,788
2024					
Creditors	3,208	-	-	-	3,208

Contractual maturity analysis of derivative financial liabilities

The table below analyses the Ministry's derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The table includes contractual amounts to be exchanged in forward foreign exchange contracts regardless of whether their fair value is an asset or liability. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount $000	Asset carrying amount $000	Contractual cash flows $000	Less than 6 months $000	Between 6 months and 1 year $000	Between 1 and 5 years $000	Over 5 years $000
Contractual undiscounted cash flows							
2025							
Gross settled forward foreign exchange contracts	-		-	-	-	-	-
- Outflow	-	-	(4,285)	(2,126)	(2,159)	-	-
- Inflow	-	-	4,218	2,105	2,113	-	-

Total settled gross	**-**	**-**	**(67)**	**(21)**	**(46)**		
2024							
Gross settled forward foreign exchange contracts	-	6	-	-	-	-	-
- Outflow	-	-	(3,923)	(1,936)	(1,987)	-	-
- Inflow	-	-	3,929	1,932	1,997	-	-
Total settled gross	**-**	**-**	**6**	**(4)**	**10**	**-**	**-**

Concessionary loan

In December 2022, Cabinet agreed to provide an interest-free loan to Nelson College. The loan is due to be repaid before 31 December 2025.

	Nelson College $000
Opening fair value as at 30 June 2024	2,073
Fair value write-down	128
Repayments made this financial year	(42)
Closing fair value as at 30 June 2025	**2,159**

Note 7 – Explanation of Major Variances against Budget

Explanations for major variances from the Ministry's non-departmental Budget figures are as follows:

Schedule of revenue

Tertiary recoveries are not budgeted for.

Schedule of expenses

Crown expenditure in Vote Education was $675,000 (less than 1%) greater than the initial Budget. This is due to a combination of lower output expenses mainly due to savings in the Food Programme for Schools and Early Learning which will be returned to the Centre. This has been offset by additional expenditure for the School Managed Network and capital funding for the Network for Learning – Increased investment appropriation which was not forecast at the time of the initial Budget.

Crown expenditure in Vote Tertiary Education was $12.564 million (less than 1%) below Budget. This was mainly due to an underspend in the Strategic Support for National and Regional Priorities following the discontinuation of the Strategic Component of the Unified Funding System for Vocational Education and Training from 1 January 2025. This was offset by higher expenditure than forecast for Fees Free payments.

A detailed explanation for changes to non-departmental appropriations since the Budget was approved by Parliament can be found in the Supplementary Estimates of Appropriations 2024/25 for Vote Education and Vote Tertiary Education.

Appropriation Statements

for the year ended 30 June 2025

The following statements report information about the expenses and capital expenditure incurred against each appropriation under Vote Education and Vote Tertiary Education administered by the Ministry for the year ended 30 June 2025 in compliance with section 45A of the PFA 1989.

Total departmental output expenses and appropriations equal total operating expenses in the Statement of Comprehensive Revenue and Expenses on page 89. Performance information for these outputs is included in Part Four of this Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations

for the year ended 30 June 2025

Annual and permanent appropriations for Vote Education

Expenditure Actual 2024 $000	Appropriation title	Expenditure Actual 2025 $000	Approved appropriation budget[12] 2025 $000	Location of end-of-year performance information[13]
	Departmental output expenses			
3,109,656	School Property Portfolio Management	3,396,080	3,397,530	1
3,655	Services to Other Agencies RDA	3,439	5,500	1
13,778	Support and Resources for Parents and the Community	16,441	16,601	1
3,127,089	**Total departmental output expenses**	**3,415,960**	**3,419,631**	
	Departmental capital expenditure			
2,050,698	Ministry of Education-Capital Expenditure PLA	**1,735,068**	**1,878,708**	1
	Non-departmental output expenses			
7,567	Contributions to Other Education-related Organisations	7,337	9,736	2
2,697,035	Early Learning	2,917,414	3,128,502	2
29,114	School Managed Network Funding	45,247	45,397	5
254,651	School Transport	134,627	134,627	2
-	School Transport Assistance	128,101	132,454	2
34,273	Schooling Improvement	24,037	29,057	2
5,415	Support for Early Learning Providers	1,547	7,500	2
7,046	Supporting Parenting	7,346	7,674	2
3,035,101	**Total non-departmental output expenses**	**3,265,656**	**3,494,947**	
	Benefits or related expenses			
8,773	Home Schooling Allowances	9,533	9,779	3
10,456	Scholarships and Awards for Students	10,664	12,981	3
37,700	Scholarships and Awards for Teachers and Trainees	39,338	46,325	3

12 These are the appropriations from the 2024/25 Supplementary Estimates, adjusted for any transfers under section 26A of the PFA 1989.

13 The key for the numbers in this column is located at the end of the tables.

Expenditure Actual 2024 $000	Appropriation title	Expenditure Actual 2025 $000	Approved appropriation budget[12] 2025 $000	Location of end-of-year performance information[13]
56,929	**Total benefits or related expenses**	**59,535**	**69,085**	
	Non-departmental other expenses			
-	Fair Value Write Down and Impairment of Loans and Advances	-	100	3
3,407	Impairment of Debts and Assets and Debt Write-Offs	1,862	3,000	3
114,365	Integrated Schools Property	136,937	137,060	2
117,772	**Total non-departmental other expenses**	**138,799**	**140,160**	
	Non-departmental capital expenditure			
70,398	Schools Furniture and Equipment	73,451	77,832	2
-	The Network for Learning Limited – Increased Investment	23,689	25,511	5
70,398	**Total non-departmental capital expenditure**	**97,140**	**103,343**	
	Multi-Category Expenses and Capital Expenditure (MCAs)[14]			
388,367	Improved Quality Teaching and Learning MCA	359,369	403,989	1
	Departmental output expense			
171,988	*Support and Resources for Teachers*	*138,701*	*153,516*	
	Non-departmental output expenses			
86,899	*Curriculum Support*	*90,931*	*105,354*	
129,480	*Professional Development and Support*	*129,737*	*145,119*	
1,498,916	Outcomes for Target Student Groups MCA	1,489,495	1,526,107	1
	Departmental output expense			
418,268	*Interventions for Target Student Groups*	*411,501*	*411,816*	
	Non-departmental output expenses			
284,498	*Food Programme for School and Early Learning*	*245,988*	*273,548*	
765,438	*Learning Support and Alternative Education*	*799,760*	*804,925*	
30,658	*Students Attendance and Engagement*	*32,238*	*34,718*	
	Non-departmental output expenses			
54	*Additional School Lunch Expenses*	*8*	*1,100*	
74,419	Oversight of the Education System MCA	52,051	54,798	1
	Non-departmental output expenses			
-	*Monitoring the Education System*	-	*10*	
74,419	*Stewardship and Oversight of the Education System*	*52,051*	*54,788*	
71,681	Oversight and Administration of the Qualifications System MCA	82,201	82,298	4
	Non-departmental output expenses			
44,863	*Secondary School Assessments*	*46,587*	*46,587*	
26,818	*Standards and Qualifications Support*	*35,614*	*35,711*	

[14] A Multi-Category Appropriation (MCA) allows separate categories of departmental output expenses, non-departmental output expenses, departmental other expenses, non-departmental other expenses or non-departmental capital expenditure to be grouped together in one appropriation, provided all the categories contribute to a single overarching purpose.

Expenditure Actual 2024 $000	Appropriation title	Expenditure Actual 2025 $000	Approved appropriation budget[12] 2025 $000	Location of end-of-year performance information[13]
8,258,738	Primary and Secondary Education MCA	8,392,626	8,478,755	1
	Departmental output expenses			
235,989	*Support and Resources for Education Providers*	216,795	182,796	
	Non-departmental output expenses			
4,581,476	*Primary Education*	*4,698,264*	*4,718,610*	
3,764	*School Risk Management Scheme*	*4,733*	*6,800*	
3,437,509	*Secondary Education*	*3,472,834*	*3,570,549*	
-	Redress for Abuse in Care MCA	-	3,268	1
	Departmental Output Expenses			
-	Delivering redress for abuse in care	-	105	
	Non-Departmental Other Expenses			
-	*Redress Payments*	-	*3,163*	
10,292,121	**Total Multi-Category Expenses and Capital Expenditure**	**10,375,742**	**10,549,215**	
18,750,108	**Total annual and permanent appropriations for Vote Education**	**19,087,900**	**19,655,089**	

Annual and permanent appropriations for Vote Tertiary Education

Expenditure Actual 2024 $000	Appropriation title	Expenditure Actual 2025 $000	Approved appropriation budget[12] 2025 $000	Location of end-of-year performance information[13]
	Departmental output expense			
13,890	Stewardship and Oversight of the Tertiary Education System	**12,269**	**13,012**	1
	Non-departmental output expenses			
72,123	Administration of and Support for the Tertiary Education and Careers Systems	69,520	69,520	6
49,800	Centres of Research Excellence	49,800	49,800	6
27,629	International Education Programmes	25,846	30,027	7
77,782	Strategic Support for National and Regional Priorities	38,619	41,420	
12,000	Support for Wānanga	24,000	24,000	6
315,000	Tertiary Education Research and Research-Based Teaching	315,000	315,000	6
15,951	Tertiary Sector/Industry Collaboration Projects	13,258	17,399	6

Expenditure Actual 2024 $000	Appropriation title	Expenditure Actual 2025 $000	Approved appropriation budget[12] 2025 $000	Location of end-of-year performance information[13]
707	University-led Innovation	-	-	
65,000	Workforce Development Councils	65,000	65,000	6
635,992	**Total non-departmental output expenses**	**601,043**	**612,166**	
	Benefits or related expenses			
19,905	Tertiary Scholarships and Awards	**20,557**	**21,428**	3
	Non-departmental other expense			
67,512	Derecognition of Wānanga	-	-	
283,091	Fees-free Payments	148,830	153,000	6
350,603	**Total non-departmental other expenses**	**148,830**	**153,000**	
	Non-departmental capital expenditure			
15,000	Support for a Single National Vocational Education Institution	-	-	
-	Support for Lincoln University	-	5,000	
-	Tertiary Education Commission – Final-year Fees Free	3,257	3,257	6
791	Tertiary Education Institutions' Proceeds from Disposal of Crown Assets	-	20,616	1
7,850	Vocational Education Data System	5,000	5,000	6
23,641	**Total non-departmental capital expenditure**	**8,257**	**33,873**	
	Multi-Category Expenses and Capital Expenditure (MCAs)[14]			
2,914,179	Tertiary Tuition and Training MCA	3,122,821	3,122,906	6
	Non-departmental output expenses			
99,109	*Access to and Success in Tertiary Education*	*99,352*	*99,352*	
299,030	*Foundation and Community Education*	*312,043*	*312,043*	
2,516,040	*Qualification Delivery*	*2,711,426*	*2,711,511*	
3,958,210	**Total annual and permanent appropriations for Vote Tertiary Education**	**3,913,777**	**3,956,385**	

The numbers in the last column represent where end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below.

1. The Ministry's Annual Report in Part Four.
2. In the Ministerial Vote Education report in relation to Non-Departmental Appropriations for the year ending 30 June 2025, appended to the Ministry's Annual Report.
3. No reporting due to an exemption obtained under section 15D of the PFA 1989.
4. The New Zealand Qualifications Authority Annual Report.
5. The Network for Learning Limited Annual Report.
6. The Tertiary Education Commission Annual Report.
7. The Education New Zealand Annual Report.

Statement of Departmental Capital Injections

for the year ended 30 June 2025

Expenditure Actual 2024 $000	Appropriation Title	Expenditure Actual 2025 $000	Expenditure Actual 2025 $000
	Vote Education		
1,098,159	Ministry of Education Capital Injection	989,288	989,288

A breakdown of capital injections is provided in the departmental financial statements under Note 18 – Taxpayers' Equity.

Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority

for the year ended 30 June 2025

There was no unappropriated expenditure for the year ended 30 June 2025.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF MINISTRY OF EDUCATION'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Ministry of Education (the Ministry). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of:

- The annual financial statements of the Ministry that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in taxpayers' 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 89 to 140.

- The end-of-year performance information for appropriations administered by the Ministry for the year ended 30 June 2025 on pages 22 to 43, 49 to 76, and 165 to 172.

- The statements of budgeted and actual expenses and capital expenditure incurred against appropriation and statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry and the statement of departmental capital injections for the year ended 30 June 2025 on pages 156 to 160.

- The schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 141 to 155 that comprise:

  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2025;
  - the schedules of revenue; capital receipts and expenses for the year ended 30 June 2025; and
  - the notes to the schedules that include accounting policies and other explanatory information.

- The statement of funds held for the year ended 30 June 2025 on pages 145 and 146.

Opinion

In our opinion:

- The annual financial statements of the Ministry:
  - fairly present, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year ended on that date; and

  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

- The end-of-year performance information for appropriations administered by the Ministry:
  - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation; determined in accordance with generally accepted accounting practice in New Zealand; and

  - fairly presents, in all material respects:

    - what has been achieved with the appropriation; 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 Standards.

- The statements of budgeted and actual expenses and capital expenditure incurred against appropriation, statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry, and statement of departmental capital injections have been prepared, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- The schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown have been prepared, in all material respects, in accordance with the Treasury Instructions. The schedules comprise:
  - the assets, liabilities, commitments, and contingent liabilities and assets as at 30 June 2025; and
  - the revenues; capital receipts and expenses for the year ended 30 June 2025.

- The statement of funds held for the year ended 30 June 2025 have been prepared, in all material respects, in accordance with the Treasury Instructions.

Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

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, 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 Secretary for Education for the information to be audited

The Secretary for Education is responsible on behalf of the Ministry for preparing:

- Annual financial statements that fairly present the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.

- End-of-year performance information for appropriations that:
  - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation; determined in accordance with generally accepted accounting practice in New Zealand;
  - fairly presents what has been achieved with the appropriation;
  - fairly presents 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.

- The statements of budgeted and actual expenses and capital expenditure incurred against appropriation, statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry, and statement of departmental capital injections have been prepared, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- Schedules of non-departmental activities, prepared in accordance with the Treasury Instructions, of the activities managed by the Ministry on behalf of the Crown.

- Statement of funds held in accordance with the Treasury Instructions.

The Secretary for Education is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Secretary for Education is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern.

The Secretary for Education's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is 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 the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2025. For the forecast financial information for the year ending 30 June 2026, our procedures were limited to checking to the best estimate financial forecast information based on the Budget Economic Fiscal Update for the year ending 30 June 2026.

We did not evaluate the security and controls over the electronic publication of the information we audited.

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 information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Education.

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- We evaluate whether the end-of-year performance information for appropriations:
  - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation. We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
  - fairly presents what has been achieved with the appropriation.

- We evaluate whether the statements of budgeted and actual expenses and capital expenditure incurred against appropriation, statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry, and statement of departmental capital injections, schedules of non-departmental activities, and statement of funds held have been prepared in accordance with legislative requirements.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary for Education.

- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Secretary for Education 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 Secretary for Education is responsible for the other information. The other information comprises all of the information included in the annual report other than the information we audited and our auditor's report thereon.

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

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

Independence

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

In addition to the audit we have carried out an assurance engagement related to school payroll reporting, school healthy lunches reporting and delivered digital technology portal for holiday pay remediation programme.

Other than the provision of these engagements, we have no relationship with, or interests, in the Ministry.

Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Part Seven: Previous Statement of Intent 2021-2026

As noted on page 23, the Statement of Intent 2021-2026 was superseded by our Strategic Intentions 2025-2029.

Some of the key performance indicators from the Statement of Intent 2021-2026 were included in our Strategic Intentions 2025-2029 and these are reported in Part Three.

The measures that were discontinued when the Statement of Intent 2021-2026 expired in December 2024 are included in the tables below.

Performance indicators:

Upwards (positive) trend	Downwards (negative) trend	No change	Not available

Statement of Intent 2021-2026 objective: Ākonga at the centre

Sense of belonging at school for Year 5 ākonga

Proportion who agreed or strongly agreed to "I feel like I belong at school"[15]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2020	Recent trend 2015 to 2020	Latest result	Recent trend	Latest result 2020	Recent trend 2015 to 2020	Latest result 2020	Recent trend 2015 to 2020	Recent trend 2015 to 2020
81%				85%		84%		Maintain or improve

Sense of belonging at school for 15-year-olds

Proportion who agreed or strongly agreed to "I feel like I belong at school"[16]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2022	Recent trend 2018 to 2022	Latest result	Recent trend	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	Recent trend 2018 to 2022
59%				65%		68%		Maintain or improve

Year 5 ākonga feel safe at school

Proportion who agreed or strongly agreed to "I feel like I belong at school"[17]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2020	Recent trend 2015 to 2020	Latest result	Recent trend	Latest result 2020	Recent trend 2015 to 2020	Latest result 2020	Recent trend 2015 to 2020	Recent trend 2015 to 2020
87%				91%		89%		Maintain or improve

15-year-olds who feel safe at school

Proportion who agreed or strongly agreed to "I feel like I belong at school"[18]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2022	Recent trend 2018 to 2022	Latest result	Recent trend	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	Recent trend 2018 to 2022
75%				78%		81%		Maintain or improve

[15] This data is from the Progress in International Reading Literacy Study (PIRLS), IEA and is not provided on an annual basis.
[16] This data is from the Programme for International Student Assessment (PISA), OECD and is not provided on an annual basis.
[17] This data is from PIRLS and IEA and is not provided on an annual basis.
[18] This data is from PIRLS and IEA and is not provided on an annual basis.

Highest qualification ākonga expect to gain

Proportion of 15-year-olds who expect to obtain a degree or higher[19]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2020	Recent trend 2015 to 2020	Latest result	Recent trend	Latest result 2020	Recent trend 2015 to 2020	Latest result 2020	Recent trend 2018 to 2022	
37%				43%		45%		Maintain or improve

Statement of Intent 2021-2026 objective: **Barrier-free access**

Course completion in tertiary education

Proportion of ākonga completing 75% or more of their courses in degree or above study[20]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2023	Recent trend 2019 to 2023	Latest result	Recent trend	Latest result 2023	Recent trend 2019 to 2023	Latest result 2023	Recent trend 2019 to 2023	Recent trend 2019 to 2023
74%				72%		86%		Maintain or improve

Achievement against the Curriculum in Reading

Proportion achieving at curriculum Level 2 or higher in Year 4 or curriculum Level 4 or higher in Year 8[21]

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend	Latest result	Recent trend	Latest result 2015 to 2022	Recent trend	Latest result 2015 to 2022	Recent trend	
Year 4	51%				43%		63%		Maintain or improve

Achievements against the reading curriculum for Year 8 is set out on page 31.

[19] This data is from the PISA and OECD.

[20] This data is from Single Data Return, Ministry of Education and Tertiary Education Commmission.

[21] This data is from the National Monitoring Study of Student Achievement, Otago University. These have been replaced by achievement against the curriculum in reading and maths for Years 3, 6 and 8.

Achievement against the Curriculum in Maths

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8[22]

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend	Latest result	Recent trend	Latest result 2015 to 2022	Recent trend	Latest result 2015 to 2022	Recent trend	
Year 4	70%				63%		82%		Maintain or improve

Achievements against the maths curriculum for Year 8 is set out on page 31.

Achievement against the Curriculum in Science

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8[23]

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend	Latest result	Recent trend	Latest result 2015 to 2022	Recent trend	Latest result 2015 to 2022	Recent trend	
Year 4	90%				79%		94%		Maintain or improve
Year 8	7%				5%		20%		Maintain or improve

Achievement against the Curriculum in Art

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8[24]

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend	Latest result	Recent trend	Latest result 2015 to 2022	Recent trend	Latest result 2015 to 2022	Recent trend	
Year 4	43%				47%		61%		Maintain or improve
Year 8	37%				37%		52%		Maintain or improve

Percentage of children attending early learning services for 10 or more hours a week is set out on page 26.

Percentage of Primary and Secondary students attending school regularly is set out on page 25.

[22] This data is from the National Monitoring Student of Student Achievement, Otago University. These have been relace by achievements against curririculum in reading and maths for Years 3, 6, and 8.

[23] This data is from the National Monitoring Student of Student Achievement, Otago University.

[24] This data is from the National Monitoring Student of Student Achievement, Otago University.

Statement of Intent 2021-2026 objective: Quality teaching and leadership

Students view of support they receive from teachers

Proportion of 15-year-olds who agreed or strongly agreed "I felt that my teacher understood me"[25]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2028	Recent trend	Latest result	Recent trend	Latest result 2018	Recent trend	Latest result 2018	Recent trend	Recent trend
72%				74%		75%		Maintain or improve

Teacher view on their practices in the classroom around inclusion

Proportion who thought their school was moderately like or very like the statement "We effectively include ākonga in our classes whatever their needs, strengths and identities"[26]

Latest result	Latest result	Target
93%		Maintain or improve

Teachers reporting their PLD had a positive impact on their teaching

Proportion who agreed that the professional development they received in the last 12 months had a positive impact"[27]

Latest result	Latest result	Target
87%		Maintain or improve

Ethnic breakdown of early learning, schooling and tertiary teachers

Proportion of teaching staff who are Māori and Pacific

School level	Maori		Pacific		Target
	Latest result 2024	Recent trend 2020-2024	Latest result 2024	Recent trend 2020-2024	
Early learning	8%	↘	6%	↘	Maintain and improved
Primary School	12%	↘	5%	↗	Maintain and improved
Secondary School	14%	→	5%	↗	Maintain and improved
Tertiary School	15%	→	4%	→	Maintain and improved

[25] This data is from PISA and OECD
[26] This data is from Teaching and School Practices tool and NZCER.
[27] This data is from Teaching and Learning International Survey, OECD.

Statement of Intent 2021-2026 objective: Future of learning and work

Proportion of school leavers with NCEA Level 2 or equivalent qualifications is set out on page 32.
Proportion of school leavers enrolled in Level 3 or higher education and training within one year of leaving school[28]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2023	Recent trend 2019 to 2023	Latest result 2023	Recent trend 2019 to 2023	Latest result 2023	Recent trend 2019 to 2023	Latest result 2023	Recent trend 2019 to 2023	
35%	→	34%	→	39%	↘	53%	↘	Maintain or improve

First-time participation rate in Level 3 to 7 education[29]

Maori		Maori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2024	**Recent trend 2023 to 2024**	**Latest result**	**Recent trend**	**Latest result 2024**	**Recent trend 2023 to 2024**	**Latest result 2024**	**Recent trend 2023 to 2024**	
18%	↗			22%	↗	25%	→	→ or ↗

Participation rate in vocation education and training

Proportion of 16- to 24-year-olds enrolled in vocational education and training[30]

Maori		Maori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2024	**Recent trend 2023 to 2024**	**Latest result**	**Recent trend**	**Latest result 2024**	**Recent trend 2023 to 2024**	**Latest result 2024**	**Recent trend 2023 to 2024**	
14%	→			12%	→	14%	→	→ or ↗

Proportion of 25-to 64-year-olds enrolled in vocational education and training

Maori		Maori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2024	**Recent trend 2023 to 2024**	**Latest result**	**Recent trend**	**Latest result 2024**	**Recent trend 2023 to 2024**	**Latest result 2024**	**Recent trend 2023 to 2024**	
9%	→			7%	↘	6%	→	→ or ↗

[28] This data comes from the School Leavers, Ministry of Education, Single Data Return, Ministry of Education and Tertiary Commission, Industry Training Register, Tertiary Education Commission.

[29] This data comes from the School Leavers, Ministry of Education, Single Data Return, Ministry of Education and Tertiary Commission, Industry Training Register, Tertiary Education Commission.

[30] This data comes from the School Leavers, Ministry of Education, Single Data Return, Ministry of Education and Tertiary Commission, Industry Training Register, Tertiary Education Commission.

Adult competencies to participate in society

Proportion of 25-to 64-year-olds with no formal qualification[31]

Maori		Maori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2024	Recent trend 2023 to 2024	Latest result	Recent trend	Latest result 2024	Recent trend 2023 to 2024	Latest result 2024	Recent trend 2023 to 2024	
21%	↘			26%	↗	12%	→	→ or ↗

Proportion of school leavers with NCEA Level 2 or equivalent qualifications. Refer to page 32 of this report.

Statement of Intent 2021-2026 objective: World class inclusive public education

Reading ability of Year 5 ākonga

Percentage of Year 5 ākonga achieving at or above the PIRLS Intermediate Benchmark[32]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2020	Recent trend 2015 to 2020	Latest result	Recent trend	Latest result 2020	Recent trend 2015 to 2020	Latest result 2020	Recent trend 2015 to 2020	Recent trend 2015 to 2020
53%	→			57%	→	71%	→	Maintain or improve

Reading ability of 15-year-olds

Percentage of 15-year-olds achieving proficiency Level 2 or above in PISA[33]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2022	Recent trend 2018 to 2022	Latest result	Recent trend	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	Recent trend 2018 to 2022
68%	→			58%	↘	79%	→	Maintain or improve

[31] This data is from Household Labour Force Survey and Statistics New Zealand.

[32] This data is from PISA and OECD as is not provided on an annual basis.

[33] This data is from Progress in International Reading Literacy Study (PIRLS), IEA and is not provided on an annual basis.

Maths ability of 15-year-olds

Percentage of 15-year-olds achieving proficiency Level 2 or above in PISA[34]

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2022	Recent trend 2018 to 2022	Latest result	Recent trend	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	Recent trend 2018 to 2022
53%				42%		71%		Maintain or improve

Ministerial satisfaction is set out on page 38.

Condition of the school property portfolio is set out on page 43.

[34] This data is from the Progress in International Reading Literacy Study (PIRLS), IEA and is not provided on an annual basis..

Appendix 1: Section 19B – Report in Relation to Non-Departmental Appropriations

Background

Pursuant to section 19B of the Public Finance Act 1989, the Minister of Education is required to prepare a report in relation to the provision of certain non-departmental appropriations supplied to the Crown for Vote Education. Non-departmental outputs are outputs (goods and services) purchased from a provider other than the Ministry of Education, which is administering the appropriation. The provider may be a government agency, a non-governmental organisation or a private sector organisation.

In the Estimates of Appropriations 2024/25 for Vote Education, performance information for the attached appropriations is required to be reported by the Minister of Education. This report is appended to the Ministry of Education's Annual Report for the purpose of tabling in the House. It outlines what was achieved for each appropriation against what was intended to be achieved, as set out in the Estimates of Appropriations for Vote Education and any subsequent changes through the Supplementary Estimates.

This report has been prepared in line with the requirements set out in section 19C of the Public Finance Act 1989. It includes:

- a statement of expenses and capital expenditure incurred against budget for each appropriation
- service performance information.

The performance information contained in this report has not been audited.

Statement of Expenses and Capital Expenditure Incurred against Budget

for the year ended 30 June 2025

Appropriation title	2024 Actual $000	2025 Budget[35] $000	2025 Actual $000
Non-departmental output expenses			
Contribution to Other Education-Related Organisations	7,567	9,736	7,337
Early Learning Education	2,697,035	3,128,502	2,917,414
School Managed Network Funding	29,114	45,397	45,247
School Transport	254,651	134,627	134,627
School Transport Assistance	-	132,454	128,101
Schooling Improvement	34,273	29,057	24,037
Support for Early Learning Providers	5,415	7,500	1,547
Supporting Parenting	7,046	7,674	7,346
Non-departmental other expenses			
Integrated Schools Property	114,365	137,060	136,937
Non-departmental capital expenditure	**-**		
Schools Furniture and Equipment	70,398	77,832	73,451
The Network for Learning Limited – Increased Investment	-	25,511	23,689

Explanations for significant variances against Budget are provided below.

Non-departmental Output Expenses

› **Contributions to Other Education-Related Organisations** was $2.399 million (25%) under budget due to lower expenditure than forecast.

› **Early Learning Education** was $211.088 million (7%) under budget mainly due to $173 million of funding approved in Budget 2025 to manage the risk associated with demand-driven forecasting of early learning subsidies was not required. Expected demand was lower than anticipated in the final quarter of the year resulting in an underspend in Funded Child Hours.

› **School Transport Assistance** was $4.353 million (3%) under budget due to lower daily bus costs than forecast.

› **Schooling Improvement** was $5.020 million (17%) under budget mainly due delays in progressing cyber security initiatives. Consequently, an in-principle expense transfer was approved in June 2025.

› **Support for Early Learning Providers** was $5.953 million (79%) under budget mainly due to lower expenditure than forecast due to delays in Targeted Assistance for Participation (TAP) contracts and closure of the Tamaki Integration Hub project.

› **Supporting Parenting** was $328,000 (4%) under budget mainly due to lower procurement of contracts for the Whānau In-home Learning programme.

[35] These are the appropriations from the Supplementary Estimates.

Non-departmental Capital Expenditure

- **Schools Furniture and Equipment** was $4.381 million (6%) under budget due to a delay in the delivery of the capital programme of work. Consequently, an in-principle capital transfer was requested at the 2025 March Baseline Update
- **The Network for Learning Limited – Increased Investment** was $1.822 million (7%) under budget due to a delays in onboarding resources and contract processes. Consequently, an in-principle capital transfer was approved in June 2025.

Non-departmental Output Expenses

Contribution to Other Education-Related Organisations

Scope of Appropriation

This appropriation is limited to a contribution to the services provided by education-related organisations that benefit the New Zealand education system and fulfil obligations to the United Nations Educational, Scientific and Cultural Organization (UNESCO).

What is intended to be achieved with this Appropriation

This appropriation is intended to provide services to teachers, administrators and institutions that benefit the New Zealand education system, as well as support UNESCO-related activities.

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
99.80%	System availability to teachers of the Teaching Council's online teacher portal Hapori Matatū	98%	99%	**Achieved**
73.00%	The percentage of users who find using Hapori Matatū Very Easy or Easy to Use (see Note 1)	65%	78%	**Achieved**
Achieved	The New Zealand Council for Education Research provides quarterly and annual updates of progress on research initiatives funded through their government grant, Te Pae Tawhiti	Achieved	Achieved	**Achieved**

Note 1: This is measured on a five-point scale: 1 = Very Hard to Use; 2 = Hard to Use; 3 = Neither Easy or Hard to Use; 4 = Easy to Use; and 5 = Very Easy to Use.

Early Learning

Scope of Appropriation

This appropriation is limited to subsidising delivery of early learning services for children under six years of age by licensed and certificated services, and the provision of related funds to such services.

What is intended to be achieved with this Appropriation

This appropriation is intended to achieve access to early learning for all young children.

Output performance measures and standards

Performance 2022/23	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
	Percentage of children attending early learning services for 10 or more hours a week on average at age 3 and at age 4 (see Note 1): › All children			
67.20%	• at age 3	Maintain or improve	74.00%	**Achieved**
74.40%	• at age 4	Maintain or improve	81.00%	**Achieved**
	› Māori			
56.10%	• at age 3	Improve	60.00%	**Achieved**
60.50%	• at age 4	Improve	67.00%	**Achieved**
	› Pacific			
52.80%	• at age 3	Improve	60.00%	**Achieved**
59.40%	• at age 4	Improve	67.00%	**Achieved**
	› Lower socio-economic status			
60.40%	• at age 3	Improve	67.00%	**Achieved**
67.20%	• at age 4	Improve	74.00%	**Achieved**

Note 1: These measures are based on Tatauranga Aotearoa | Statistics New Zealand estimates of the total population of children aged 4 and 5 each year, and their participation intensity from Ministry records in the preceding year. It is assumed that 33% of children have addresses in low socio-economic areas. These measures do not include attendance from services that do not report their data through the Early Learning Information system, such as ngā kōhanga reo or certified playgroups.

School Transport

Scope of Appropriation

This appropriation is limited to transporting eligible students to and from state and state integrated schools and associated facilities.

What is intended to be achieved with this Appropriation

This appropriation is intended to reduce barriers to learning by providing safe transportation for eligible students.

Schooling Improvement

Scope of Appropriation

This appropriation is limited to school support and schooling improvement projects, including iwi-strengthening education projects, to improve the capability of schools and school clusters and their responsiveness to the needs of their communities.

What is intended to be achieved with this Appropriation

This appropriation is intended to achieve improved education outcomes through supporting schools in their responsiveness to the needs of their communities, including iwi-strengthening projects.

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
66	Number of education work plans, developed through the Ministry partnering with iwi and hapū, that focus on strengthening educationally powerful connections for Māori learners to participate, engage and achieve as Māori in and through the education system	60	66	**Achieved**

Support for Early Learning Providers

Scope of Appropriation

This appropriation is limited to assisting early childhood education services and other bodies corporate that provide child places for early learning.

What is intended to be achieved with this Appropriation

This appropriation is intended to achieve increased and equitable participation in early learning by creating more licensed child places through grants in the sector.

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Comment
221	Number of contracted child places created to meet the needs of targeted communities as a result of the Targeted Assistance Participation Programme	350	N/A	**Not achieved**

Note 1: The purpose of the Targeted Assistance for Participation (TAP) property assistance fund is to increase the number of child places available in the community to help remove barriers to participation in high-quality early learning.

Conditions on Use of Appropriation

Reference	Conditions
Education and Training Act 2020	Partial-funding stream – grants to provide incentives or partial contributions towards the total cost of creating early childhood education places in low socio-economic status areas. The locations are determined by the Ministry of Education and include areas with many children missing out on early childhood education. Assistance under this stream shall be preferred and may cover a wide range of activities. Low-cost, high-value stream – grants to provide assistance by capitalising on low-cost but high-value community-driven proposals to create additional early childhood education places, with a maximum grant limit of $100,000. The locations are determined by the Ministry of Education.

Supporting Parenting

Scope of Appropriation

This appropriation is limited to delivery of specific programmes and providing advice and support that enhances the role of parents/caregivers in the development of their children.

What is intended to be achieved with this Appropriation

This appropriation is intended to achieve improved support by parents, families and whānau for their children's education.

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
1,121	Number of children enrolled in early learning as a result of the Engaging Priority Families programme (see Note 1)	870 – 1,000	840	**Not achieved**
	Contracted outcomes required at least 90% of the target caseload to be met and 805 of participating children to have an Early Learning Plan.			

Note 1: Engaging Priority Families is a participation programme that aims to support families to enrol their children into early childhood education. The programme is available to 3 to 5-year-old children in priority areas who are not participating in school.

School Transport Assistance

Scope of Appropriation

This appropriation is limited to transporting eligible students to and from state, state-integrated and Charter Schools and associated facilities.

What is intended to be achieved with this Appropriation

This appropriation is intended to reduce barriers to learning by providing safe transportation for eligible students.

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
99.98%	Percentage of journeys per annum completed without safety incident, in the provision of transport options to eligible students (see Note 1)	99.9%	99.97%	**Achieved**
99.62%	Percentage of scheduled daily bus journeys per annum that provided services to ākonga (see Note 1)	99.5%	99.76%	**Achieved**

Note 1: Two new measures were added to this new appropriation established to fund school transport assistance for state, state-integrated and Charter Schools from 1 January 2025 to 30 June 2025.

Non-departmental Other Expenses

Integrated Schools Property

Scope of Appropriation

This appropriation is limited to providing funding to proprietors of integrated schools for capital upgrade, including modernisation, of their existing school property and facilities as well as expansion of the network of integrated schools.

What is intended to be achieved with this Appropriation

This appropriation is intended to provide funding to the proprietors of integrated schools so they can ensure their learners have equitable (comparable to state schools) access to quality learning environments

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
96.00%	Integrated school proprietors confirm that funding received under Policy One has been used to maintain their school properties to a consistent standard as for state schools (Policy One, see Conditions on Use of Appropriation) (see Note 1)	95%	97%	**Achieved**

Note 1: Proprietors of integrated schools are responsible, as owners, for the upkeep of their schools, including capital works. Although the Ministry has no ownership interest, we do financially assist proprietors to meet their ownership obligations through Policy One funding. The attestation process is a high-level means to ensure proprietors are legally certifying that they are using the funding for its intended purpose.

Conditions on Use of Appropriation

Reference	Conditions
Cabinet Decision	Policy One – Property grants to proprietor of integrated schools are determined by formula, taking into account a per-student rate (based on depreciation on state school sector buildings) and numbers of students in each school
	Policy Two – Discretionary property grant for expanding existing schools and establishment of new schools where the investment will reduce pressure for further expenditure in the state school network. Funding is provided under a Memorandum of Agreement. A construction completion certificate must be provided to the Ministry of Education.

Non-departmental Capital Expenditure

Schools Furniture and Equipment

Scope of Appropriation

This appropriation is limited to providing funding to schools for new furniture and equipment when capital works have been approved or to fund the replacement of furniture and equipment.

What is intended to be achieved with this Appropriation

This appropriation is paid to schools with the intention that they use the funds to pay for furniture and equipment that is fit for purpose and supports educational achievement.

Output performance measures and standards

Performance 2023/24	Performance Measure	Budget Standard 2024/25	Actual Performance 2024/25	Status
289	Number of schools receiving furniture and equipment grants to fit out new, renewed, or replaced teaching and non-teaching spaces as part of approved capital projects	100-150	193	**Achieved**
	Schools are paid their furniture and equipment funding in accordance with their Five-Year Agreement budget allocation or Policy One funding (see Note 1):			
100%	› accurately	98%	100%	**Achieved**
100%	› on-time	98%	100%	**Achieved**
54.00%	Percentage of schools which have received network hardware replacement through Te Mana Tūhono programme (see Note 2)	75%	73%	**Not achieved**
	The delivery of network hardware is contingent upon schools being prepared and accessible. Factors such as school holidays, examination periods, and concurrent Capital Works projects may influence scheduling			
New measure	Number of 'opt in' State and State-integrated schools that have received a wireless hardware (Phase 1) replacement during the year (see Note 3)	Baseline year	0	**Achieved** Phase 1 was completed in 2024.
New measure	Number of 'opt in' State and State-integrated schools that have received switched network hardware (Phase 2) replacement during the year (see Note 4)	Baseline year	474	**Achieved**

Note 1: Between 1,000 and 1,200 state and state-integrated schools are forecast to receive funding through their Five-Year Agreement budget allocation or Policy One funding to upgrade and modernise their furniture and equipment in 2023/24.

Note 2: 2023/24 budget standard changed to a fixed target to improve transparency of performance. Te Mana Tūhono is a long-term programme of support that removes the burden on schools to monitor, maintain and manage their networks. Initiated in 2020/21, this four-year programme is an 'opt in' service to replace school ICT hardware, including network switches and wireless connections in schools, which is being rolled out across New Zealand state and state-integrated schools. It also provides new cybersecurity upgrades and support includes robust internet filtering, threat protection and firewall, plus a dedicated Service Desk/Helpdesk team to operate inside the school(s).

Note 3: Under the above measure a school can only be counted when a full network replacement occurs [(a) wireless network + (b) switched network] normally performed together but due to equipment supply shortages were latterly done across two phases.

Note 4: Phase 2: 373 is the baseline number.

Te Tāhuhu o te Mātauranga
Ministry of Education

Te Kāwanatanga o Aotearoa
New Zealand Government

He mea tārai e mātou te mātauranga
kia rangatira ai, kia mana taurite ai ōna huanga.

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equitable and excellent outcomes.